

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER [17], 2023

ISSUE- BOOK-ENTRY-ONLY

RATINGS: S&P “____”; Moody’s “____”
(See “THE OBLIGATIONS – Ratings” herein.)

CITY OF MILWAUKEE, WISCONSIN
\$21,500,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2023 N7
\$8,500,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023 B8

Issuer City of Milwaukee, Wisconsin (the “City”), is issuing the above-referenced notes and bonds (the “N7 Notes” and the “B8 Bonds”, respectively, and, collectively, the “Obligations”).

Yields See inside front cover.

Interest Rates See inside front cover.

Dated November 14, 2023.

Interest Payment Dates ... Each April 1 and October 1, commencing April 1, 2024.

Principal Payment Dates. See inside front cover (to be designated as maturity dates of serial bonds or sinking fund payment dates of term bonds by the bidder in its offer to purchase the Obligations pursuant to the terms hereof).

Denomination \$5,000 or multiples thereof.

Purpose The Obligations are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects of the City.

Security The Obligations are general obligations of the City, payable out of receipts from an irrevocable *ad valorem* tax levied on all taxable property within the City. See “SECURITY” herein.

Issuance and Payment The Obligations 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 (“DTC”), the securities depository for the Obligations.

Redemption* The N7 Notes are not subject to redemption prior to maturity. The B8 Bonds are subject to (i) mandatory sinking fund redemption and (ii) optional redemption on any date on and after April 1, 2033*. See “THE OBLIGATIONS – Redemption Provisions” herein.

Tax Status In the opinion of Foley & Lardner LLP and MWH Law Group LLP, interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022. See “TAX MATTERS” herein.

Legal Opinions The Obligations are being issued subject to the legal opinions of Foley & Lardner LLP and MWH Law Group LLP, Co-Bond Counsel to the City. See APPENDIX B herein.

Competitive Bid The Obligations are offered for sale by competitive bid in accordance with the Official Notice of Sale attached to this Preliminary Official Statement as APPENDIX E.

Delivery Date The City expects that the Obligations will be available for delivery to DTC on or about November 14, 2023.

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

For Further Information Contact:

Aycha Sawa, Comptroller and Secretary to Public Debt Commission
 City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321
www.MilwaukeeBonds.com

October __, 2023

ELECTRONIC BIDS FOR THE OBLIGATIONS WILL BE RECEIVED ON WEDNESDAY, OCTOBER 25, 2023 UNTIL 10:15 A.M.
 (CENTRAL TIME)

 * Preliminary; subject to change.

MATURITY SCHEDULES

\$21,500,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2023 N7

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP ⁽¹⁾ Base 602366
2025	\$ 2,350,000			
2026	2,360,000			
2027	2,375,000			
2028	2,390,000			
2029	2,390,000			
2030	2,390,000			
2031	2,400,000			
2032	2,415,000			
2033	2,430,000			

\$8,500,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023 B8

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP ⁽¹⁾ Base 602366
2034	\$ 1,670,000			
2035	1,680,000			
2036	1,700,000			
2037	1,720,000			
2038	1,730,000			

* 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 Obligations. The City is not responsible for the selection or use of such CUSIP numbers, and no representation is made as to their correctness on the Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Obligations.

This Official Statement (as defined below) is being distributed in connection with the sale of the Obligations referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. 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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), this document, as it may be supplemented or amended by the City, from time to time (collectively, the “**Official Statement**”), may be treated as a final Official Statement with respect to the Obligations described herein that is deemed final by the City as of the date hereof (or of any such supplement or amendment).

Unless otherwise indicated, the City is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the City or on its behalf from The Depository Trust Company and other non-City sources that the City believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by PFM Financial Advisors LLC (the “**Financial Advisor**”). The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed, and the Underwriters (as hereinafter defined) will review, the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor and the Underwriters do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the City or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are “forward-looking statements” as that term is defined in Section 27A of the Securities Act of 1933, as amended (the “33 Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words “estimate,” “intend,” “project” or “projection,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Obligations will not be registered under the 33 Act, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE OBLIGATIONS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE OBLIGATIONS ARE RELEASED FOR SALE AND THE OBLIGATIONS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE OBLIGATIONS INTO INVESTMENT ACCOUNTS.

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CITY OF MILWAUKEE, WISCONSIN

MAYOR
CAVALIER JOHNSON

COMMON COUNCIL
PRESIDENT - JOSE PEREZ

ALDERPERSONS

ANDREA M. PRATT
MARK CHAMBERS, JR.
JONATHAN BROSTOFF
ROBERT BAUMAN
LAMONT WESTMORELAND
MILELE A. COGGS
KHALIF J. RAINY
JOCASTA ZAMARRIPA
LARRESA TAYLOR
MICHAEL J. MURPHY
MARK A. BORKOWSKI
SCOTT SPIKER
MARINA DIMITRIJEVIC
RUSSELL W. STAMPER, II

COMPTROLLER
AYCHA SAWA

CITY TREASURER
SPENCER COGGS

CITY ATTORNEY
TEARMAN SPENCER

CITY CLERK
JIM OWCZARSKI

PROFESSIONAL SERVICES

CO-BOND COUNSEL

Foley & Lardner LLP
Milwaukee, Wisconsin

MWH Law Group LLP
Milwaukee, Wisconsin

MUNICIPAL ADVISOR

PFM Financial Advisors LLC

SUMMARY OF THE OFFERING

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the Obligations, a prospective investor should read the entire Official Statement, including the Appendices.

Issuer:	City of Milwaukee, Wisconsin (the “ City ”)
Issue:	\$21,500,000* General Obligation Promissory Notes, Series 2023 N7 (the “ N7 Notes ”) \$8,500,000* General Obligation Corporate Purpose Bonds, Series 2023 B8 (the “ B8 Bonds ” and, together with the N7 Notes, the “ Obligations ”)
Dated Date:	November 14, 2023
Principal Due Dates*:	April 1 of the years 2025 through 2033 for the N7 Notes April 1 of the years 2034 through 2038 for the B8 Bonds
Interest Payment Dates:	Each April 1 and October 1, commencing April 1, 2024. Interest is calculated on the basis of 30-day months and a 360-day year
Denominations:	\$5,000 or multiples thereof
Purpose:	The Obligations are being issued to finance various public improvement projects of the City. See “ PLAN OF FINANCE ” herein.
Security:	Principal of and interest on the Obligations will be payable out of receipts from an irrevocable <i>ad valorem</i> 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 Obligations in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes. See “ INTRODUCTION – Authorization ” herein.
Form of Issuance:	The Obligations will be issued in book-entry-only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as security depository for the Obligations. See “ THE OBLIGATIONS – Book-Entry-Only Form ” herein.
Tax Status of Interest:	Co-Bond Counsel are of the opinion that interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022. See “ TAX MATTERS ” herein.
Redemption*	The N7 Notes are not subject to redemption prior to maturity. The B8 Bonds are subject to (i) mandatory sinking fund redemption and (ii) optional redemption on any date on and after April 1, 2033. See “ THE OBLIGATIONS – Redemption Provisions ” herein.
Record Dates:	March 15 and September 15 (whether or not a business day).
Delivery:	Delivery of the Obligations will occur on or about November 14, 2023 at the expense of the City, through the facilities of DTC.
Reoffering:	The public reoffering yields of the Obligations will be set forth on the inside front cover of the Official Statement.

* Preliminary; subject to change.

Ratings:

S&P: “ ”

Moody’s: “ ”

See “THE OBLIGATIONS – Ratings” herein.

INTRODUCTION

General

This Official Statement provides information about the \$21,500,000* General Obligation Promissory Notes, Series 2023 N7 (the “**N7 Notes**”) and \$8,500,000* General Obligation Corporate Purpose Bonds, Series 2023 B8 (the “**B8 Bonds**” and, together with the N7 Notes, the “**Obligations**”), which are being issued by the City of Milwaukee, Wisconsin (the “**City**”).

This introduction is a brief description of certain matters set forth in this Official Statement and is qualified by reference to the entire Official Statement, including the Appendices hereto. Reference should be made to the material under the caption “**THE OBLIGATIONS**” for a description of the Obligations and to **APPENDIX D** for a description of the book-entry system applicable thereto.

Authorization

The City is authorized pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects of the City, and to pay the associated financing costs. The issuance and sale of the Obligations has been authorized and approved pursuant to (i) various initial resolutions adopted by the Common Council of the City on January 15, 2019, January 21, 2020, January 19, 2021, January 18, 2022 and January 17, 2023 authorizing purposes for the B8 Bonds that have been combined into a single corporate purpose bond issue, (ii) separate resolutions adopted by the Common Council of the City on January 17, 2023 authorizing the issuance of general obligation notes and bonds, and (iii) a resolution adopted by the City’s Public Debt Commission on October __, 2023 approving the specific terms of the Obligations and awarding their sale.

Statutory Borrowing Limit

Wisconsin Statutes limit direct general obligation debt the City may issue. In particular, Section 67.03 of the Wisconsin Statutes 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. Not included in such limitation is referendum approved-bonding for school capital purposes, which is authorized by Section 119.49 of the Wisconsin Statutes in an additional amount equivalent to two percent of the equalized value of taxable property within the City.

The issuance of the Obligations does not cause the statutory borrowing limit described above to be exceeded.

The City

The City is located on the western shore of Lake Michigan in the southeast corner of the State of Wisconsin (the “**State**”). The City is the State’s largest city with a population of approximately 577,309 at the 2020 census and is the principal trade, service and financial center of southeastern Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 1.6 million for the Milwaukee-Racine-Waukesha metropolitan area.

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.

For additional information about the City, see **APPENDICES A and F**.

Additional Financing Plans

The City has lines of credit in place with each of U.S. Bank National Association and Huntington National Bank, under which the City may draw on to fund short-term cash flow needs (collectively, the “**Lines of Credit**”). As of October 15, 2023, the City has available \$50 million in liquidity under the Lines of Credit. Draws on the Lines of Credit are primarily made to provide interim financing for expenditures and for short-term cash flow needs. The Lines of Credit expire December 21, 2023. The City intends to renew the Lines of Credit prior to expiration in December, 2023.

THE OBLIGATIONS

General

The Obligations are dated November 14, 2023, and bear interest from that date at the rates, and mature each April 1 in the amounts and years, set forth on the inside front cover of this Official Statement. Interest on the Obligations will be payable commencing April 1, 2024 and thereafter on each April 1 and October 1 and will be calculated on the basis of 30-day months and a 360-day year.

Redemption Provisions*

Optional Redemption

The N7 Notes are not subject to redemption prior to maturity.

The B8 Bonds are subject to redemption prior to their maturity, at the option of the City, on any date on and after April 1, 2033 at a price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The B8 Bonds maturing on April 1 in the years 20__, 20__ and 20__ (the “**B8 Term Bonds**”) are also subject to mandatory partial redemption prior to their stated maturity dates by operation of a sinking fund at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. On the following redemption dates (each a “**Sinking Fund Redemption Date**”), the City will redeem the following principal amounts (subject to reduction as provided in the immediately following paragraph) of the B8 Term Bonds:

<u>Term Bonds Maturing April 1, 20</u>	
<u>Sinking Fund</u> <u>Redemption Date</u> <u>(April 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
20__	\$
20__	
20__ (Stated Maturity)	

Optional redemption (or any purchase by the City in lieu of redemption) of the B8 Term Bonds will be applied to reduce the mandatory sinking fund payments established for the B8 Term Bonds so redeemed in such order and manner as the City may direct.

Selection of Bonds to be Redeemed

If less than all outstanding B8 Bonds are called for redemption, such B8 Bonds shall be called in such order of maturity as shall be determined by the City.

If less than all of the B8 Bonds of the same maturity are called for redemption, the particular B8 Bonds to be redeemed shall be selected by lot. 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.

Notice of Redemption

Notice of redemption shall be sent by first class mail, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the persons in whose name such B8 Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. A redemption notice may be revoked by sending

* Preliminary; subject to change.

notice to the securities depository at least 15 days before the proposed redemption date. So long as the B8 Bonds are in book-entry form, DTC, as the registered owner, will receive any redemption notices. The City is not responsible for DTC's notification of redemption to DTC Participants and Beneficial Owners.

Effect of Redemption

Interest on any B8 Bond called for redemption will cease to accrue on the redemption date so long as the B8 Bond is paid or money is provided for its payment.

Registration and Payment of Obligations

So long as the Obligations are in book-entry-only form, payment of the principal of, and interest on, the Obligations on each payment date will be made by wire transfer to DTC or its nominee by the City Comptroller as Paying Agent.

Ratings

The Obligations have been rated: "____" by S&P Global Ratings and "____" by Moody's Investors Service, Inc.

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. A rating organization may lower or withdraw its rating if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Obligations. The City may elect not to continue requesting ratings on the Obligations from any particular rating organization or may elect to request ratings on the Obligations from a different rating organization.

Book-Entry-Only Form

The Obligations are being initially issued in book-entry-only form. Purchasers of the Obligations ("Beneficial Owners") will not receive bond or note certificates but instead will have their ownership in the Obligations recorded in the book-entry system. Bond and note certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Obligations. Ownership of the Obligations by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system ("DTC Participants"). All transfers of ownership in the Obligations must be made, directly or indirectly, through DTC Participants. A description of DTC and its procedures is attached as **APPENDIX D**.

SECURITY

The Obligations will be general obligations of the City, and payment thereof will be secured by a pledge of the full faith and credit of the City. Pursuant to Wisconsin Statutes Sections 67.05(10) and 67.12(12)(ee), 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 Obligations 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 of the 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) of the 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.

Under Chapter 15-08 of the Milwaukee City Charter it is the duty of the Common Council to levy sufficient tax to pay principal and interest on debt of the City at the same time the general city tax is levied. If the Common Council refuses or neglects to do so, then the commissioners of the public debt are empowered to do the same.

PLAN OF FINANCE

The Obligations are being issued to finance various public improvements of the City as follows:

<u>Estimated Purposes for the N7 Notes (the “N7 Notes Project”)*</u>	
Police	\$ 5,672,949
Streets	5,299,246
Public Buildings	5,214,042
Tax Incremental Districts	2,759,147
Rubbish.....	1,033,333
Fire	920,000
Library.....	206,882
Blight Elimination/Urban Renewal	190,000
Parking.....	157,733
Harbor.....	46,667
Total	<u>\$ 21,500,000</u>

* Preliminary; subject to change.

<u>Estimated Purposes for the B8 Bonds (the “B8 Bonds Project”)*</u>	
Streets	\$ 5,155,958
Tax Incremental Districts	2,066,734
Rubbish.....	516,667
Fire	460,000
Library.....	103,441
Blight Elimination/Urban Renewal	95,000
Parking.....	78,867
Harbor.....	23,333
Total	<u>\$ 8,500,000</u>

* Preliminary; subject to change.

Estimated Sources and Uses - N7 Notes*:

Sources of Funds	
Principal Amount of N7 Notes	\$ 21,500,000
Net Original Issue Premium	
Total Sources of Funds	\$
Uses of Funds	
Deposit to Borrowed Money Fund for N7 Notes Project	\$ 21,500,000
Deposit to Debt Service Fund Account	
Costs of Issuance	
Underwriter Discount	
Total Uses of Funds	\$

* Preliminary; subject to change

Estimated Sources and Uses - B8 Bonds*:

Sources of Funds	
Principal Amount of B8 Bonds	\$ 8,500,000
Net Original Issue Premium	
Total Sources of Funds	\$
Uses of Funds	
Deposit to Borrowed Money Fund for B8 Bonds Project	\$ 8,500,000
Deposit to Debt Service Fund Account	
Costs of Issuance	
Underwriter Discount	
Total Uses of Funds	\$

* Preliminary; subject to change

PRO FORMA FISCAL YEAR DEBT SERVICE REQUIREMENTS

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

Total Fixed Rate G.O. Debt Service as of 10/15/23		N7 Notes and B8 Bonds*		Total Requirements After Issuance*
Principal ⁽¹⁾⁽⁴⁾	Interest	Principal	Interest ⁽⁵⁾	
2023	\$ 925,000	\$ 338,069		\$ 1,263,069
2024	113,925,000	43,429,513	\$ 1,320,833	158,675,346
2025	106,340,000	38,529,122	1,441,250	148,660,372
2026	100,775,000	33,804,796	1,323,500	138,263,296
2027	96,845,000	28,571,022	1,205,125	128,996,147
2028	146,350,000 ⁽²⁾	22,317,851	1,086,000	172,143,851
2029	78,045,000	17,391,228	966,500	98,792,728
2030	188,760,000 ⁽³⁾	13,137,889	847,000	205,134,889
2031	60,095,000	9,276,223	727,250	72,498,473
2032	49,460,000	6,951,809	606,875	59,433,684
2033	42,615,000	5,078,799	485,750	50,609,549
2034	30,165,000	3,642,356	383,250	35,860,606
2035	24,685,000	2,536,384	299,500	29,200,884
2036	18,840,000	1,634,068	215,000	22,389,068
2037	13,240,000	932,170	129,500	16,021,670
2038	7,245,000	462,758	43,250	9,481,008
2039	2,810,000	255,139		3,065,139
2040	2,745,000	163,558		2,908,558
2041	2,320,000	80,146		2,400,146
2042	995,000	21,050		1,016,050
	<u>\$1,087,180,000⁽⁴⁾</u>	<u>\$228,553,950</u>	<u>\$30,000,000</u>	<u>\$1,356,814,533</u>

(1) Assumes Sinking Fund Deposits in year due.

(2) Includes \$62 million for Series 2023 T1 that were issued to permit prepayment of certain municipal expenses. This amount will be repaid from the amount normally budgeted for said expenses.

(3) Includes \$119 million for Series 2020 R9 that were issued for Annual Cash Flow purposes. The amount is intended to be repaid from a State Shared Revenue Payment anticipated to be received in November, 2030.

(4) Excludes \$33,725,000 on deposit in sinking fund accounts.

(5) Assumes a 5.00% interest rate.

* Preliminary; subject to change.

TAX MATTERS

Federal Tax Status

Federal Income Tax

In the opinion of Co-Bond Counsel, under existing law, interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022. The City must comply with certain requirements of the Internal Revenue Code for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The City has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the Obligations are issued. No provision is made for an increase in interest rates or a redemption of the Obligations in the event interest on the Obligations is included in gross income.

The opinions of Co-Bond Counsel will be based on legal authorities that are current as of their date, will cover certain matters not directly addressed by those authorities, and will represent Co-Bond Counsel’s judgment regarding the proper treatment of the Obligations for federal income tax purposes. The opinions will not be binding on the Internal Revenue Service (IRS) or the courts and will not be a guaranty of result. As to questions of fact, Co-

Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Co-Bond Counsel will express no opinion about other federal tax matters regarding the Obligations. Other federal tax law provisions may adversely affect the value of an investment in the Obligations for particular owners of those Obligations. Prospective investors should consult their own tax advisors about the tax consequences of owning an Obligation.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the Obligations would have little or no right to participate in an IRS examination of the Obligations. Moreover, it may not be practicable to obtain judicial review of IRS positions with which the City disagrees. Any action of the IRS, including selection of the Obligations for examination, the conduct or conclusion of such an examination, or an examination of obligations presenting similar tax issues, may affect the marketability of the Obligations.

The Inflation Reduction Act of 2022 (the “Act”) was signed into law on August 16, 2022. For tax years beginning after December 31, 2022, the Act imposes an alternative minimum tax of 15% on the “adjusted financial statement income” of certain corporations. Interest on the Obligations will be taken into account in determining adjusted financial statement income. Other current and future legislative proposals, if enacted into law, may cause the interest on the Obligations to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Obligations from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Obligations. Prospective investors should consult their own tax advisors about the Act and other federal legislative proposals.

Premium Obligations

Obligations purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, such as the Obligations, the interest on which is excluded from gross income for federal income tax purposes.

During each taxable year, an owner of Obligations with amortizable bond premium must reduce his, her, or its tax basis in the Obligation by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Obligation. The adjusted tax basis in an Obligation will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Obligation.

Owners of Obligations purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such Obligations, including computation of their tax basis and the effect of any purchase of Obligations that is not made in the initial offering at the issue price. Owners of such Obligations should also consult their own tax advisors with respect to the state and local tax consequences of owning those Obligations.

Discount Obligations

The Obligations maturing in the years _____ are sold with original issue discount. Under existing law, any original issue discount on the Obligations is excluded from gross income for federal income tax purposes to the same extent as interest payable on such Obligations. The original issue discount is the excess of the principal amount of an Obligation over the issue price of that Obligation. The issue price of a maturity of the Obligations generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of the Obligations were first sold.

Original issue discount on tax-exempt obligations accrues on a constant-yield-to-maturity method based on regular compounding. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner’s tax basis in the obligations. The adjusted tax basis will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the obligations.

Owners of Obligations with original issue discount should consult their own tax advisors with respect to the

federal tax consequences of owning such Obligations, including the computation of accrued original issue discount and the accrual of original issue discount allocable to owners that do not purchase their Obligations in the initial offering at the issue price. For certain corporations, a portion of the original issue discount that accrues in each year will be taken into account in determining “adjusted financial statement income” for purposes of computing federal alternative minimum tax liability. As a result, ownership of Obligations with original issue discount by such a corporation may result in an alternative minimum tax liability in the year of accrual, even though there has not been a corresponding cash payment.

Owners of Obligations with original issue discount should also consult their own tax advisors with respect to the state and local tax consequences of owning Obligations. Under the applicable provisions governing the determination of state and local taxes, ownership of Obligations with original issue discount may result in a tax liability in the year of accrual, even though there will not be a corresponding cash payment until a later year.

State Tax Considerations

General

In addition to the federal income tax considerations described above, potential investors should consider the state income tax consequences of the acquisition, ownership, and disposition of the Obligations. State income tax law may differ substantially from the corresponding federal law, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in the Obligations.

State of Wisconsin Income and Franchise Taxes

Interest on the Obligations is not exempt from current State of Wisconsin income or franchise taxes.

LITIGATION

To the knowledge of the City no litigation, administrative action or proceeding is pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, the validity, issuance and delivery of the Obligations.

The City is a party to numerous legal proceedings. Although none of these legal proceedings relate directly to the Obligations or the security therefor, some involve claims against the City for substantial amounts. While the ultimate disposition of these pending legal proceedings cannot be determined at this time, the City does not expect that the pending legal proceedings will have a material adverse effect on the Obligations or the security for the Obligations.

For additional information regarding current litigation of which the City is a party, see **APPENDIX A**.

CONTINUING DISCLOSURE

The City has made an undertaking to enable brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Obligations to comply with Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Undertaking**”). In the Undertaking, the City has agreed, for the benefit of the Beneficial Owners of the Obligations, to provide to the municipal securities rulemaking board (“**MSRB**”), through the Electronic Municipal Market Access system administered by the MSRB (“**EMMA**”), an annual report presenting certain financial information and operating data about the City. The City has also agreed to provide notices of the occurrence of certain events specified in the Undertaking. The form of the Undertaking is attached as **APPENDIX C**.

If the City fails to comply with the Undertaking, bondholders’ sole remedy is to obtain specific performance of the obligations under the Undertaking. The Undertaking requires certain defaults be reported, which, in accordance with the Rule, must be considered by any broker, dealer or municipal securities dealer before recommending the

purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the liquidity of the Obligations and their market price.

Because the rating agencies and bond insurers are not contractually obligated to notify the City of rating changes, there is a risk that the City will not be able to satisfy the requirement that it post notices of rating changes on EMMA pursuant to the Undertaking.

The City currently contracts with Lumesis Inc. to utilize its DIVER Issuer Disclosure Management service to verify the City's compliance with its continuing disclosure undertakings and proper filing of the notices. DIVER provides the City with a semi-annual analysis of disclosure filings made by the City compared to the City's disclosure obligations. The City may suspend use of DIVER at any time.

In the last five years, the City has not failed to comply in any material respect with the Undertaking or any similar past undertakings.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC has been retained as Municipal Advisor to the City in connection with the issuance of the Obligations.

UNDERWRITING

The Obligations were purchased at competitive bidding conducted on October 25, 2023.

The award of the Obligations was made to _____, its co-managers and associates (the "**Underwriters**"), at a price of \$_____.

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

CLOSING DOCUMENTS AND CERTIFICATES

Simultaneously with the delivery of and payment for the Obligations by the Underwriters, the City will furnish to the Underwriters usual and customary documents, including a closing certificate of the City that includes representations as to due authorization, no default, litigation and the anti-fraud provisions, among others, in form satisfactory to Co-Bond Counsel.

ADDITIONAL INFORMATION

Periodically, the City Comptroller's office updates its website with information regarding prospective financings and financial information. Requests for additional information and inquiries may also be directed to:

Aycha Sawa, City Comptroller
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321
PDC@Milwaukee.gov

Aycha Sawa
City Comptroller
City of Milwaukee, Wisconsin

APPENDIX A

CITY OF MILWAUKEE, WISCONSIN

APPENDIX A

CITY OF MILWAUKEE, WISCONSIN

This APPENDIX A highlights significant aspects of the operations of the City of Milwaukee, Wisconsin (the “*City*” or “*Milwaukee*”) and this offering, but does not contain all of the information an investor should consider before making its investment decision. This APPENDIX A should be read in conjunction with the City’s Annual Comprehensive Financial Report, including the letter of transmittal, management’s discussion and analysis, and accompanying financial statements and disclosures, which is attached as APPENDIX F to this Official Statement.

The City was incorporated on January 31, 1846, pursuant to the laws of the territory of Wisconsin. Milwaukee is nationally recognized for its manufacturing, arts, recreation, museums, academic institutions, revitalized lakefront and rivers, beautiful neighborhoods and well-maintained housing. It is the economic hub of the southeast region and entire State of Wisconsin (“*State*”).

Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, Wisconsin. Milwaukee is the 31st largest city in the United States, with an estimated population of 577,309*. Milwaukee is the largest city, by population, and the only city of the first class within the State. Milwaukee is the main cultural and economic center of the Milwaukee, Racine, Ozaukee, and Waukesha, Wisconsin metropolitan areas, which have a combined population of 1.6 million*.

GOVERNMENT

The City, in operation under a home rule City Charter since 1874, provides for a council-mayor form of government. The Mayor, Comptroller, Treasurer, City Attorney, and 15 Common Council members are elected officials of the City. Local elections are nonpartisan. Officials are elected to four-year terms. The most recent City general election for these positions was held in April 2020. The Mayor is the Chief Executive Officer and maintains a cabinet form of government controlling major City departments by appointing department heads subject to confirmation by the Common Council.

The Mayor is responsible for the preparation of an annual City expenditure budget, subject to review and adoption by the Common Council. The Common Council is responsible for the management and control of the finances and property of the City and has the full power and authority to establish, enforce, and modify all regulations for the government. The Comptroller, as the chief financial officer for the City, is responsible for establishing City accounting policies and procedures, revenue estimating and monitoring, examination and investigation of all matters related to the finances of the City, issuance of debt, and financial reporting. The City Treasurer is responsible for the receipt, disbursement, and investment of all monies accruing to the City, including the collection of property taxes. The City Attorney is responsible for all legal matters of the City, including furnishing legal opinions, drafting all legal documents and defending the City in any legal actions.

The City’s Public Debt Commission supervises the sale and issuance of municipal debt and administers the public debt amortization fund. It is composed of three members, appointed by the Mayor and confirmed by the Common Council to three-year terms. A member continues to serve after the completion of his or her term until reappointed or until a successor has been appointed. Current commissioners include Bernard Allen (Employes’ Retirement System Director), David Misky (Assistant Executive Director of the Redevelopment Authority of the City) and Mary Reavey (Retired City Assessment Commissioner).

* U.S. Census Bureau 2020 decennial census.

ADMINISTRATIVE OFFICERS

Mayor. Mayor Cavalier Johnson took office as Acting Mayor of the City in late 2021. Before taking on his role as Acting Mayor, Mayor Johnson served as Common Council President while representing the City's 2nd Aldermanic District. In April of 2022, Mayor Johnson was elected as the forty-fifth chief executive officer of the City. He is the first Black mayor elected in the City, and the fourth elected mayor in the past sixty-two years. After graduating Bay View High School, Mayor Johnson earned a bachelor's degree from the University of Wisconsin-Madison and returned home to work for the Milwaukee Area Workforce Investment Board (MAWIB), now Employ Milwaukee. Before his election as Alderman, he served as a staff assistant in the Mayor's Office. Mayor Johnson serves on the boards of the Milwaukee YMCA, ACLU-Wisconsin and Milwaukee Community Brainstorming Conference.

Comptroller. In April of 2020, Aycha Sawa was elected as Comptroller for the City, becoming the first woman to serve in that position. She began her work with the City in 2010 as an auditor and, after promotions to several positions at the City, became Deputy Comptroller in 2017. Before that, she worked for Baker Tilly auditing various governments, and as an auditor for the State. Comptroller Sawa received her Accounting Bachelor's of Business Administration degree from the University of Wisconsin-Madison in 2006. She received her CPA certification in 2010 and her auditing certification (CIA) in 2015.

City Attorney. In April of 2020, Tearman Spencer was elected as City Attorney, becoming the first African American to serve in that position. Prior to becoming the City Attorney, he operated a national law practice and, before that, was a safety engineer. He holds a bachelor's degree from the University of Southern California, a Master of Business Administration degree from Golden Gate University, and a law degree from the University of Wisconsin-Madison.

City Treasurer. In April of 2012, Spencer Coggs was elected as Treasurer for the City, becoming the first African American to serve in that position. Prior to becoming the Treasurer, he served in the Wisconsin State Assembly from 1983 until 2003, and in the Wisconsin State Senate from 2003 until 2013. Before his political career, he worked as a City health officer, postal worker, and industrial printer. He holds degrees from Milwaukee Area Technical College and the University of Wisconsin-Milwaukee.

MUNICIPAL SERVICES

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.

In addition, the Milwaukee Public Schools ("MPS") is effectively treated by Wisconsin Statutes as a City department. It was established in 1846, and operates under Chapter 119 of the Wisconsin Statutes. MPS provides elementary, secondary, vocational and special education services for grades K4 through 12. MPS is authorized by law to adopt its own budget, and the City is required to levy and collect property taxes to support that budget. All funds for MPS flow through the City Treasurer who, as the custodian of such funds by Wisconsin Statute, disburses them at the direction of the Superintendent/Auditing Officer of MPS. The City Comptroller, City Treasurer and

City Attorney perform their respective functions for MPS. MPS is governed by a nine-member board of school directors, and maintains a senior administrative leadership team, led by its Superintendent, Dr. Keith P. Posley.

Other major local governmental units and their related government services are 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).

ECONOMIC DEVELOPMENT

The City encourages economic development to increase employment opportunities for its citizens and grow its tax base. The City uses four key development approaches: 1) direct financial assistance to small businesses to help owners take advantage of opportunities to increase sales and employment; 2) use of tax incremental financing to provide public infrastructure improvements or other assistance to encourage private investments to increase the tax base, employment, or availability of commercial services in underserved areas; 3) partnerships with organizations to improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects to redevelop underutilized or vacant properties for eventual sale to private owners.

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. As of December 31, 2022, the City managed 30 active Business Improvement Districts, 10 Neighborhood Improvement Districts, 62 Tax Incremental Districts and various development projects promoting urban renewal throughout the City. The City collaborates with surrounding governmental jurisdictions to promote economic development. The long-term benefit of these efforts is to create economic growth and expand the tax base in the City.

Recent Developments. The City's emphasis on development has resulted in several value-added projects in recent years, including:

- BMO Harris Bank completed a new 25-story office tower directly across from City Hall on Wells Street.
- Northwestern Mutual changed the City's skyline with the construction of a 32-story office tower and a 33-story upscale apartment tower. The office tower, at one million square feet, is the largest office structure in the State.
- The Milwaukee Bucks basketball team has driven development in the downtown area, beginning with the construction of the Fiserv Forum a multi-purpose arena that has the capacity for approximately 17,500 individuals. The Fiserv Forum opened in August 2018 after a \$524 million investment. The venue hosts up to 100 events a year, including the Milwaukee Bucks, major concerts, Marquette men's basketball and other sports and entertainment events. Adjacent to the Fiserv Forum, a \$36.4 million "deer district" was constructed to function as an indoor/outdoor social space, anchoring the retail, living, hotel and restaurant space surrounding the Fiserv Forum.
- A new high-rise, known as the Couture, broke ground in 2021 along Milwaukee's lakefront. The project will include a 44-story, \$188 million mixed-use development with apartments and retail. The development will include a transit concourse to improve Milwaukee County's east-west bus rapid transit system (See "INDUSTRY AND EMPLOYMENT – Transportation" below). The development is expected to be completed in the spring of 2024.
- 333 North Water is an under-construction high-rise apartment building in the City's Third Ward neighborhood. The 342-foot, 31-story high-rise will become the State's sixth tallest residential building

when it is completed, and will include 295 apartments, approximately 10,000 square feet of restaurant and retail space, and an adjoining 7-story parking structure. The development is expected to be completed in 2024.

- Michels Corporation continues construction of its \$100 million development on the Kinnickinnic River. Phase one consists of an eight-story office building to house their infrastructure division headquarters, which is now open. The remaining construction includes an apartment building, hotel, and two additional office buildings, with a number of first-floor and riverwalk commercial spaces.
- Komatsu Mining constructed a \$285 million headquarters and manufacturing facility in the City's Harbor District. The Komatsu facility was placed in service in the summer of 2022.
- The Wisconsin Center District broke ground on its expansion and renovation of the Baird Center in 2021. This phase will double the square footage of the Baird Center, which will total more than 1.3 million square feet, including the expansion of the exhibition hall to 300,000 contiguous square feet. Construction is expected to be completed in May 2024.
- A newly announced mixed-use development known as the Iron District commenced construction in September 2022. Iron District MKE will include an 8,000 square foot stadium that will house the City's recently announced U.S.L. Championship soccer league. In addition to the stadium, the planned district includes an indoor concert venue, a 140-unit residential component, boutique hotel, and dining, nightlife, and retail operations. The stadium and entertainment venues are or is expected to open in 2024.
- The City and private sector interests have joined in a formal partnership to chart a course for development and recreational opportunities in the area around the Milwaukee harbor - the neighborhood that includes the Port of Milwaukee, the University of Wisconsin-Milwaukee's School of Freshwater Science, and the headquarters of Rockwell International.
- The Milwaukee Symphony Orchestra ("MSO") undertook an extensive restoration and renovation of the historic Warner Grand Theater and accompanying 12-story Art Deco office tower on West Wisconsin Avenue in downtown Milwaukee, now known as the Bradley Symphony Center. The Bradley Symphony Center, featuring a 1,650-seat concert hall and a new two-story glass addition as a lobby and event space, became the first permanent home for the MSO. The Bradley Symphony Center was completed in January 2021 and was open to audiences in October 2021.

Tourism. Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract millions of visitors a year. There are 20 major annual festivals hosted in Milwaukee. Summerfest is promoted as the world's largest music festival and attracts about one million attendees each year. Milwaukee's ethnic festivals include the nation's largest Native American, Polish, Italian, Irish and German festivals along with the world's largest Irish festival.

Education. The City's educational institutions include Alverno College, Marquette University, the Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee Institute of Art & Design, Milwaukee School of Engineering, Mount Mary University, University of Wisconsin-Milwaukee and Wisconsin Lutheran College.

Entertainment and Culture. The arts set the Milwaukee metropolitan area apart from other urban areas its size. More than 150 arts and cultural organizations are located in the Milwaukee metropolitan area. The City's venues include the Milwaukee Art Museum, Discovery World, Milwaukee Public Museum, Marcus Performing Arts Center, the new Bradley Symphony Center, Harley-Davidson Museum and more.

Industry and Employment

The largest industry sectors by payroll employment within the Milwaukee metropolitan area include education and health services, trade, transportation and utilities, and manufacturing, as set forth in the table below.

Milwaukee Area Non-Farm Payroll Employment by Sector* (June 2023)

	<u>Employment</u>
Mining and Logging	5,000
Construction	36,300
Manufacturing	116,500
Trade, Transportation & Utilities	150,400
Information	12,000
Finance	50,600
Professional & Business Services	120,700
Education & Health Services	171,200
Leisure & Hospitality	84,700
Other Services	44,800
Government	<u>80,100</u>
	867,800

**Includes Milwaukee, Waukesha and West Allis, Wisconsin metropolitan areas. Numbers do not include farm employment.*

Source: Bureau of Labor Statistics, Milwaukee, Waukesha and West Allis data, for June 2023.

Several industries stand out for the high number of firms located in the Milwaukee metropolitan area and the concentration of talent, including the following:

- Milwaukee is the center of a cluster of energy, power and control companies. This cluster, known as the Smart Energy Hub, includes energy efficiency, renewable energy, distributed generation, control technologies, and energy storage companies and university research. The Mid-West Energy Research Consortium, headquartered in Milwaukee, is focused on the growth and economic competitiveness of the Energy, Power & Controls industry cluster across the Midwest.
- There are more than 240 food and beverage manufacturing companies in the metropolitan area, with a majority in the food ingredients and seasonings/dressings industries.
- The Milwaukee metropolitan area's water industry is a \$10.5 billion market, supporting 20,000 jobs and accounting for 4% of the total world water business. More than 120 water-related companies locate operations here, including five of the 11 largest water firms in the world. Many are headquartered here or nearby, including water industry giants Badger Meter, A.O. Smith and Kohler, along with a number of smaller, emerging firms.
- The Milwaukee metropolitan area is a national leader in precision manufacturing and the production of sophisticated industrial controls and medical imaging equipment. It is also the nation's leading producer of mining machinery, hoists, monorails, speed changers, drives and gears. Sixteen percent of the area's workforce is employed in manufacturing, ranking second in the nation among the top 50 metropolitan areas for manufacturing jobs. The area is especially noted for engine and equipment manufacturing, automation and advanced manufacturing, and medical technology. Locally based manufacturers on the Fortune 1000 list include A.O. Smith, Harley-Davidson, Modine Manufacturing, Rexnord, REV Group, Rockwell Automation and Snap-On. S.C. Johnson, also in the Milwaukee metropolitan area, is on the Forbes list of America's largest private companies. The area's Next Generation Manufacturing Council

serves as an epicenter for manufacturers to come together to address issues common to the cluster industries.

- Approximately seven percent of the area's workforce is employed in the financial services sector, which is second only to Boston. The area's finance and insurance cluster generates \$8.9 billion in gross regional product and employs more than 45,000 workers.
- Northwestern Mutual, the world's largest provider of individual life insurance plans, employs more than 5,000 at its campuses in downtown Milwaukee and suburban Franklin. Mortgage Guaranty Insurance Corp. (MGIC) is the nation's leading provider of private mortgage insurance.
- The area ranks as having among the highest employment specializations in two of four bioscience categories: medical devices & equipment and chemicals & agricultural feedstock. The Milwaukee metropolitan area is home to several internationally recognized medical technology and biotech firms. GE Healthcare Technologies, a global leader in medical imaging and information technologies, patient monitoring systems and healthcare services, is based in Waukesha and has multiple facilities in the area. The Medical College of Wisconsin in Milwaukee ranks as one of the top 100 academic research institutions in the United States. The Milwaukee County Research Park's Technology Innovation Center, one of the largest high-tech incubators in the country, is specifically designed to provide laboratory and office space, networking opportunities and other critical services for biotech and information technology start-ups.
- There are more than 2,500 high-tech firms in the Milwaukee metropolitan area, employing more than 12,000 people. Major area financial industry providers include Fiserv (a Fortune 500 company, which recently announced it will be moving its headquarters to downtown Milwaukee), FIS, and Thomson Reuters BETA Systems.
- The Milwaukee metropolitan area is home to several commercial brands, including Haribo gummi bears; Carmex lip balm, BRP North America's outboard engines, Allen-Edmonds' shoes and Jockey International, among others.

Population Data

Population data from the Wisconsin Department of Administration and the U.S. Census bureau for each of the calendar years ended December 31, 2019 through 2023 is included in the table below.

City Population Data

<u>Year</u>	<u>Department of Administration</u>	<u>U.S. Census</u>
2023		
2022	577,309	
2021	587,976	
2020	587,072	577,922
2019	590,547	

Employment

Annual unemployment rates for the City of Milwaukee, the Milwaukee metropolitan area, the State and the United States for each of the calendar years ended December 31, 2018 through 2022 are set forth below. The monthly unemployment rate for the City as of June 2023 was 3.8%.

Annual Unemployment Rates

<u>Year</u>	<u>City of Milwaukee</u>	<u>Milwaukee Metropolitan Area</u>	<u>State of Wisconsin</u>	<u>United States</u>
2022	4.2%	3.2%	2.9%	3.6%
2021	6.5	4.4	3.8	5.3
2020*	9.3	7.1	6.3	8.1
2019	4.3	3.4	3.2	3.7
2018	4.0	3.2	3.0	3.9

Source: U.S. Department of Labor, Bureau of Labor Statistics. Not seasonally adjusted.

** Reflects the effects of COVID-19 pandemic.*

Employers

The Milwaukee metropolitan area is home to seven 2022 Fortune 500 companies and five 2022 Fortune 1,000 companies, as set forth in the table below.

Fortune 500 and 1,000 Companies Headquartered in the Milwaukee Metropolitan Service Area (2022)

	<u>Fortune Rank</u>
Northwestern Mutual Life Insurance Co.	97
Manpower Group	167
Kohl's Corp.	184
Fiserv, Inc.	227
WEC Energy Group	416
Bath and Body Works	435
Rockwell Automation	472
Harley-Davidson, Inc.	572
Snap-on, Inc.	641
A.O. Smith Corp.	746
Quad/Graphics, Inc.	842
REV Group, Inc.	943

Source: Fortune.com

The non-governmental companies employing the greatest number of workers in Milwaukee County as of August 2023 are set forth below.

Ten Largest City Employers in Milwaukee County

<u>Company</u>	<u>Business Description</u>	<u>Approximate Employment</u>
Advocate Aurora Health Inc.	Health Care System	31,155
Froedtert Health, Inc.	Health Care System	14,796
Ascension Wisconsin	Health Care System	9,200
Roundy's Supermarkets, Inc.	Retail Supermarkets	7,800
Northwestern Mutual	Private Medical School	7,300
Medical College of Wisconsin	Health Care System	6,960
Children's Hospital and Health System	Health Care System	5,773
Kohl's Corp.	Retail	5,500
Quad Graphics	Marketing	5,200
GE Healthcare	Health Care Technology	5,100

Note: Reflects full time equivalent employees of businesses and industrial firms, does not include government employers.

Source: 2023 Business Journal of Greater Milwaukee (August 11-17, 2023, Vol 40, No. 50 printed edition).

Transportation

Public Transportation. Public transportation in the City is mainly provided by the Milwaukee County Transit System (“MCTS”), which contains 60 routes and 5,500 bus stops located in Milwaukee County.

East-West Bus Rapid Transit System. The County has constructed an East-West Bus Rapid Transit System (the “BRT”), which is a nine-mile, regional, modern transit service connecting the major employment, education and recreation destinations through downtown Milwaukee, Milwaukee’s Near West Side, Marquette University, Wauwatosa and the Milwaukee metropolitan areaal Medical Center (the “BRT Corridor”). The BRT offers faster and more frequent service to riders through the use of battery-electric buses, dedicated lanes, raised platforms at optimized stop locations, traffic signal prioritization, off-board fare collections and other features. MCTS expects the BRT to average 9,500 weekday riders by 2035 and increase overall transit ridership in the BRT Corridor by 17%. Along the route are nine colleges and universities; eight high schools; 47,000 residents; 120,000 jobs; over 100 businesses; seven medical facilities; and 25 hotels. The BRT System commenced operations in early June. The County is currently finalizing a feasibility study that recommends a similar north-south BRT, which would be expected to open to the public by 2028. Milwaukee is also home to The Hop, also known as the Milwaukee Streetcar. The Streetcar’s initial line connects the Milwaukee Intermodal Station and Downtown to the Lower East Side and Historic Third Ward neighborhoods.

Milwaukee Intermodal Station. The Milwaukee Intermodal Station serves more than 1.3 million passengers per year, who use the facility to make connections to Amtrak's Hiawatha Service and Empire Builder, as well as to Greyhound and other local and regional bus services. The Amtrak Hiawatha connects Milwaukee to Chicago, with 7 stops daily.

Port of Milwaukee. Of vital importance to both the local and state economies, the Port of Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. The protected harbor permits year-round use of the port with access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through the Mississippi River. The Port of Milwaukee processed 2.3 million metric tons of cargo in 2022. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. A new \$40 million agricultural export facility on Jones Island was completed by the Port and the Delong Company in the summer of

2023. The Board of Harbor Commissioners, which governs the Port of Milwaukee, also facilitates public access including cultural and recreational activities for the public by leasing property to the Milwaukee Art Museum, Milwaukee World Festival, Discovery World, cruise ships and the Lake Express high-speed ferry.

Milwaukee Mitchell International Airport. Milwaukee Mitchell International Airport, also known by its airport code of MKE, is owned and operated by Milwaukee County. The largest and busiest airport in Wisconsin, MKE is a modern air transportation center of 2,386 acres located six miles south of the City of Milwaukee's central business district. Ten airlines provide approximately 250 arriving and departing flights daily. More than 30 cities are served nonstop from MKE, and more than 200 destinations are available worldwide with one connection from Milwaukee. A total of 5,446,751 passengers used MKE in 2022, and approximately 5.9 million passengers are projected for 2023. MKE has earned a Best Airport – North America award for 2021 and 2022 from Airports Council International for providing an outstanding customer experience.

Government

The City has approximately 5,844 full-time employees at August 14, 2023. Of that number, 2,295 employees are part of three public safety unions: the Milwaukee Police Association, the Milwaukee Police Supervisors' Organization and the Milwaukee Professional Fire Fighters' Association (collectively, the "Unions"). The City's contracts with the Unions expired on December 31, 2022. Negotiations with the Unions for new contracts are on-going.

Construction and Housing

Building Permits

The following table indicates building permit activity between 2018 and 2022.

Value of Permits

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2022	\$ 37,236,932	\$ 612,060,189	\$ 649,297,121
2021	36,551,501	444,988,354	481,539,855
2020	47,913,277	473,978,640	521,891,917
2019	16,124,147	506,302,061	522,426,208
2018	17,222,132	614,284,725	631,506,857

Permits Issued

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2022	1,687	1,011	2,698
2021	1,793	1,013	3,544
2020	1,748	1,123	2,871
2019	1,060	1,347	2,407
2018	1,089	1,375	2,464

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.

DEBT STRUCTURE

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for MPS. The City's general obligation bonds are secured by its full faith and taxing power (to the extent not statutorily limited). General obligation bonds that finance governmental activities are retired by future property tax levies and other resources accumulated in the Debt Service Funds (defined below).

The City also issues general obligation notes to purchase a portion of its delinquent taxes and finances certain water system and sewerage system projects through the issuance of revenue bonds. City-issued water system revenue bonds and sewerage system revenue bonds were outstanding in an amount of \$6.9 million and \$143.1 million, respectively, on October 15, 2023.

Certain of the City's general obligation bonds are characterized as self-sustaining, which are described under "Self-Sustaining and Overlapping Debt" below. These bonds include Water Works, Sewer Maintenance, Transportation, and Port of Milwaukee Proprietary Funds, the repayment of which is funded by revenues from those operations or, if the revenues are not sufficient, by future tax levies.

The City maintains ratings on its general obligation bonds and notes of "A-" from S&P Global Ratings, "A3" from Moody's and "BBB+" from Fitch, Inc.

Outstanding Bonds

The City's *pro forma* general obligation debt outstanding totaled \$1,150,905,000 as of October 15, 2023 (assuming the N7 Notes and the B8 Bonds had been issued as of such date). The following table provides a summary of the purposes of the City's *pro forma* general obligation debt as of October 15, 2023.

<u>General Obligation Purpose</u>	<u>Principal Amount</u>
Streets	\$ 296,488,131
Tax Increment Districts	154,544,741
Cash Flow Notes	119,000,000
Public Buildings	101,827,757
Municipal Expenses	90,433,138
Finance Real & Personal Property Tax Receivables	78,383,046
Police	54,895,102
Bridges	53,437,323
Schools	51,187,312
Sanitation	47,072,879
Blight Elimination/Urban Renewal	29,999,314
Library	25,035,456
Fire	22,124,686
Parking	16,649,112
Harbor	5,375,500
Playground/Recreational Facilities	2,952,354
Sewers	<u>1,499,148</u>
Total Outstanding GO Debt	\$ 1,150,905,000

Self-Sustaining and Overlapping Debt

The City issues self-sustaining debt that is payable from certain non-tax revenue streams in addition to its general obligation debt payable from City-wide property tax revenues. This includes general obligation debt payable under its TID program, Parking Program, Water and Sewer Programs, as well as debt issued for delinquent tax purposes and other municipal debt. The City's *pro forma* self-sustaining general obligation debt totaled

\$432,076,046, or 37.5%, of the total *pro forma* general obligation debt outstanding as of October 15, 2023 (assuming the N7 Notes and the B8 Bonds had been issued as of such date).

The City is also obligated for debt other than governmental obligations issued by other governmental units. The governmental unit, debt outstanding, and percentage share of the outstanding obligations as of October 15, 2023 is set forth below.

Governmental Unit	Debt Outstanding	Percentage Applicable	Share of Debt
Area Board of Vocational, Technical and Adult Education, District No. 9	\$ 95,820,000	40.65	\$ 38,947,123
County of Milwaukee	392,670,453	45.58	178,978,796
Milwaukee Metropolitan Sewerage District	<u>745,807,000</u>	51.28	<u>382,421,520</u>
Total Overlapping Debt	\$ 1,234,297,453		\$ 600,347,438

Applicable Debt Limit

Section 67.03 of the Wisconsin Statutes 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 further authorizes referendum approved bonding for school capital purposes in an additional amount equivalent to two percent of the equalized taxable property within the City.

The following table reflects the *pro forma* status of the statutory limitations as of October 15, 2023 (assuming the N7 Notes and the B8 Bonds had been issued as of such date).

Statutory Debt Limit Calculation

Equalized Value of Taxable Property in the City \$ 43,773,838,500

Legal Debt Limitation for City Borrowing

5% of Equalized Value.....	\$ 2,188,691,925
General Obligation Debt Outstanding subject to 5% Limit as of 10/15/23	\$ 1,120,905,000
Plus: N7 Notes and B8 Bonds	\$ 30,000,000
Less: Short Term General Obligation Debt to be Refunded/Redeemed	-
Net General Obligation Debt Outstanding subject to the 5% limit as of 10/15/23.....	\$ 1,150,905,000
Total Debt Margin for City Borrowing (in Dollars).....	\$ 1,037,786,925
As a percentage	47.4%

Legal Debt Limitation for School Purpose Borrowing

2% of Equalized Value.....	\$ 875,476,770
General Obligation Debt Outstanding subject to 2% Limit as of 10/15/23.....	\$ 0
Net General Obligation Debt Outstanding subject to the 2% Limit as of 10/15/23	\$ 0
Total Debt Margin for School Purpose Borrowing (in Dollars).....	\$ 875,476,770
As a percentage	100.0%

General Obligation Bonds – MPS

Under the Wisconsin Statutes, the City is required, if requested by the Board of MPS and approved by referendum, to issue general obligation bonds under MPS' 2% debt limit to finance purchases of school sites and

to construct or remodel school buildings (with an exception from the referendum requirement for certain pension obligations).

As of October 15, 2023, \$51,187,312 of debt for school purposes was issued under the City's 5% debt limit and no debt was outstanding incurred under MPS' 2% debt limit.

Under the Wisconsin Statutes, the City has title to MPS' land and buildings. However, the City does not control the use of the assets or receive proceeds upon distribution. The City does not include MPS assets on its financial statements.

Safe Drinking Water and Clean Water Loans

The City participates in the State of Wisconsin Safe Drinking Water Loan Program and Clean Water Fund Program. Under these programs, subsidized loans are available for certain projects; are secured by revenues of the related utility; and are repayable over a period of 20 years. As of October 15, 2023, the outstanding balance of Safe Drinking Water loans was \$89.7 million and the outstanding balance of Clean Water Fund loans was \$155.4 million. The City intends to maximize its borrowings under the programs to fund its capital expenses for sewer and water services.

Tax Increment Districts Financings

The City has financed public improvements and provided grants to the Redevelopment Authority of the City of Milwaukee ("RACM") for redevelopment purposes within tax increment districts (each, a "TID") through the issuance of its general obligation bonds. As of October 15, 2023, \$149 million of general obligation debt for TID purposes was 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 MPS.

RACM has approximately \$88 million of debt payable from tax increment revenues, subject to appropriation by the Common Council. 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 Section 66.1105 of the Wisconsin Statutes, the allowable life of TIDs generally varies from 20 to 27 years, depending upon the date of creation and nature of the TID.

Conduit Bonds

To encourage economic development within the City and surrounding areas, the City issues bonds as a conduit issuer and loans proceeds thereof to non-governmental entities (the "**Conduit Bonds**"). The Conduit Bonds issued by the City are not a debt of the City. The City is not obligated to levy any tax or make any appropriation for the payment of the Conduit Bonds.

The City's conduit bond programs include the following:

Industrial Revenue Bonding Program. The City maintains an Industrial Revenue Bonding Program. The primary goals of this program are to create additional tax base and additional jobs. Eligible projects include industrial land, buildings, and machinery and equipment used in the manufacturing process and pollution abatement equipment of new or expanding industries. Since 1973, the City has closed over 125 issues amounting to over \$265 million.

Redevelopment Authority of the City of Milwaukee. RACM is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to Section 66.1333 of the Wisconsin Statutes. RACM's purpose is to carry out blight elimination, slum clearance, and urban renewal programs and projects. RACM is typically the issuer of conduit bonds under 66.1333, with proceeds made available to third parties who

agree to enter into qualified projects. However, RACM also issues revenue bonds to finance certain City functions, including MPS and Port of Milwaukee.

As of October 15, 2023, RACM bonds outstanding for MPS expenditures (“**RACM-MPS Bonds**”) totaled \$265 million. The RACM-MPS Bonds are comprised of nine issues secured by leases or loan agreements with the Milwaukee Board of School Directors (“**MBSD**”). RACM-MPS Bonds do not constitute general obligations of the City or MBSD, and do not constitute or give rise to a charge against their respective taxing powers. The loan agreements with MBSD include a pledge of certain State aid payable to MBSD.

As of October 15, 2023, RACM had one bond issue outstanding for the Port of Milwaukee in a principal amount of \$5.4 million, secured by payments under a lease between the City and RACM. Rental payments under the lease are derived from net revenues of the Port of Milwaukee.

Housing Authority. The Housing Authority of the City of Milwaukee (“**HACM**”) is a public body corporate and politic formed in 1944 by action of the Common Council of the City pursuant to Section 66.1201 of the Wisconsin Statutes. HACM’s purpose is to provide public housing and services for residents of the City. HACM is governed by a board of commissioners appointed by the Mayor.

HACM issues revenue bonds and notes, which are typically secured by a lien on the revenues of its low-income housing program. HACM has also issued debt for stand-alone projects. The City does not guaranty HACM bonds and notes, which are limited obligations of HACM and not general obligations of the City.

As of October 15, 2023, HACM had \$12.9 million of mortgage revenue bonds outstanding.

Debt Funds

The City maintains two separate debt service funds, the General Obligation Debt Service Fund and the Public Debt Amortization Fund (“**PDAF**”).

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 2022 fund balance of the General Obligation Debt Service Fund increased by \$4.3 million to \$34.3 million compared to the 2021 balance of \$29 million.

The PDAF is governed by Section 67.101 of the Wisconsin Statutes, which provides that accumulated funds can be used for the retirement of public debt, among other things. The Public Debt Commission oversees the use of the PDAF. The primary sources of revenue for the fund are one-third of earnings on City investments and earnings on the fund’s investments. The PDAF withdrawal for 2021 to use for the 2022 budget was \$5 million and the 2022 withdrawal to use for the 2023 budget was \$3 million. The Mayor’s proposed budget for 2024 does not include a withdrawal from the PDAF.

The PDAF unsegregated balance for the period from 2020 to 2022 is below.

<u>Year</u> <u>(December 31)</u>	<u>PDAF Balance</u>
2022	\$ 43,898,485
2021	43,131,377
2020	44,655,674

FINANCIAL POSITION

The information below represents a summary of certain portions of the City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022, and other available information. The information below is not intended to be inclusive, but rather to highlight specific information relating to the City's financial position. It should be read in conjunction with the information presented in the City's Annual Comprehensive Financial Report, including the letter of transmittal, management's discussion and analysis, and the accompanying financial statements and disclosures, which are included as APPENDIX F to the Official Statement.

The City's financial operations are categorized by governmental activities, which consist of basic services such as police, fire, and public works that are supported by taxes and general revenue ("government activities"); business-type activities, which are self-supporting operations, include its Sewer Maintenance and Parking funds, the Milwaukee Water Works, and the Port of Milwaukee ("business-type activities"). This section focuses on the City's governmental and business-type activities, which are typically broken out in the information provided below. Unless otherwise noted, RACM and the Neighborhood Improvement Development Corporation, Inc. (a nonprofit corporation organized by the City), are not discussed below.

Revenue

Revenue for the City's governmental activities is generated from five categories: property taxes, State aids, charges for services, grants and contributions, and miscellaneous. Revenue amounts for the years ended 2021 and 2022, by category, are set forth below.

Governmental Activities Revenues (Thousands of Dollars)

<u>Category</u>	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property taxes	\$ 368,200	34%	\$ 369,565	37%
State aids	273,305	25	273,422	27
Charges for services	177,642	17	167,975	17
Grants and contributions	209,219	19	124,546	12
Miscellaneous	<u>50,366</u>	<u>5</u>	<u>70,004</u>	<u>7</u>
Total	\$1,081,732	100%	\$ 1,005,512	100%

Property Tax

The City levies property taxes for general City operations and collects the City's share of tax levies of certain other governmental units that are certified to the City. The Common Council levies taxes. The City collects taxes and offers citizens two types of payment options. The first option is a lump sum payment due on or before January 31. The second option is four installment payments due on or before January 31, March 31, May 31, and July 31.

The table below sets for the property tax levies for Common Council controlled purposes.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City (Controlled by the Common Council): General City Purpose	\$ 119,704,126	\$ 115,229,998	\$ 112,786,102	\$ 85,038,772	\$ 88,461,529
Provision for Employee Retirement	86,619,281	96,710,343	97,347,853	129,314,718	118,230,671
Capital Improvement Program	1,114,000	566,000	620,115	315,000	965,000
City Debt (including MPS debt)	68,558,500	73,512,200	83,446,500	85,434,549	98,545,626
Common Council Contingent Fund	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total	\$ 280,995,907	\$ 291,018,541	\$ 299,200,570	\$ 305,103,039	\$ 311,202,826

City Property Values

The City Assessor has the statutory duty to determine the full market value of all locally assessable, nonexempt property in the City to ensure that property taxes are levied uniformly and equitably. The City Assessor assesses all property at full market value as of January 1 and publishes an annual assessment roll that describes the property, lists the owners' names and addresses, and sets forth the assessed valuations that are used in computing property tax statements for City taxpayers.

The "equalized value," also called the "full value assessment" or the "aggregate full value," attempts to equalize the various local assessment policies so that a basis for uniformity of property values throughout the State is established. Under Section 70.57 of the Wisconsin Statutes, the State Department of Revenue is required to determine the equalized value of all taxable property in each county and taxation district. Based on several economic factors, including past sales studies, the State Department of Revenue calculates a percentage which, when applied to the assessed value, produces a value which most closely approximates the full market value of each county and taxation district. The State Department of Revenue shall notify each county and taxation district of its equalized value on August 15; with school districts being notified on October 15. All municipalities must assess taxable property at a minimum of 90% of State equalized values at least once every five years.

2019-2023 Equalized Value by Class of Property

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	\$ 16,367,808,300	\$ 16,400,446,700	\$ 19,741,611,600	\$ 22,242,016,900	\$ 24,991,737,900
Commercial	11,904,363,700	13,486,451,500	14,001,423,300	15,698,245,500	16,936,832,300
Manufacturing	794,891,100	816,715,100	841,168,500	861,103,500	1,098,507,600
Total Real Estate	29,067,063,100	30,703,613,300	34,584,203,400	38,801,365,900	43,027,077,800
Personal Property	<u>679,282,800</u>	<u>771,489,000</u>	<u>754,070,600</u>	<u>646,873,100</u>	<u>746,760,700</u>
Total Taxable Assessed Valuation	\$ 29,746,345,900	\$ 31,475,102,300	\$ 35,338,274,000	\$ 39,448,239,000	\$ 43,773,838,500

Top Ten Property Taxpayers by EAV

The top 10 property taxpayers in 2023, based on the 2022 Equalized Assessed Valuation (“EAV”), are shown in the following table.

<u>Taxpayer</u>	<u>2022 EAV</u>
Northwestern Mutual Life	\$ 535,394,200
Mandel Group	352,640,300
Berrada Properties	332,949,300
Weidner Investments	246,328,600
US Bank Corp.	237,444,700
Komatsu Mining	196,675,400
Irgens	194,907,400
Katz Properties	148,826,500
Metropolitan Associates	140,172,300
Marcus Corp.	137,493,800

Source: City Assessor's Office January 2023.

Delinquent Property Taxes, Special Assessments and Charges

On December 31, 2022, delinquent property taxes included 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:

	<u>City Levy</u>	<u>Purchased Taxes Receivables</u> (Thousands of Dollars)	<u>Total</u>
2017 and Prior	\$ 7,449	\$ 978	\$ 8,427
2018	2,338	254	2,592
2019	3,042	333	3,375
2020	5,195	579	5,774
2021	<u>14,952</u>	<u>1,953</u>	<u>16,905</u>
Total delinquent property taxes receivable	\$ 32,976	\$ 4,097	\$ 37,073
Property taxes receivable on foreclosed property			43,561
Less: Allowance for uncollectable taxes.....			(37,011)
Net delinquent property taxes receivable, including tax deeded property.....			\$ 43,623

The City issues general obligation notes to provide funds for purchases of delinquent taxes. The City issued \$16.9 million in general obligation notes to finance delinquent tax borrowing in the spring of 2023.

State Aid

Primary Sources are described below.

- Shared Revenue Program (general, unrestricted aid that can be used for any activity approved by the local governing body). The shared revenue program consists of an Expenditure Restraint Program (“ERP”) and County and Municipal and Utility Aid Programs (“CRP”). The ERP provides targeted general aid to municipalities if a municipality qualifies based on its property tax rate (which must be at least five mills) and satisfaction of budgetary constraints (the municipal general fund budget for the year before the payment has not increased over the prior year’s budget by more than the inflation factor plus a valuation factor).

Payments under the ERP are calculated based on a set formula, and the aggregate amount provided by the State to all qualifying municipalities has been unchanged since 2003. The amount of CRP aid is a fixed number, which had not changed since 2004. However, 2023 Wisconsin Act 12 (“**2023 Act 12**”), which is described in “Employes’ Retirement System”, has increased the CRP for the City.

- Transportation Aid (General Transportation) – Long-term, financial assistance to local governments for their transportation-related costs, including the construction and maintenance of roads under their jurisdiction. General Transportation Aid payments are made from the State's segregated transportation fund, which includes revenues from motor fuel tax, vehicle registration fees, and other transportation-related taxes and fees. Aid is distributed under a formula that considers the number of miles, types of roads in a municipality and local costs of maintaining the roads. Each municipal government's initial entitlement equals the greater of its share of costs aid or mileage aid amounts. This revenue is utilized by municipalities for transportation related expenditures.

Grant and Aid Projects

Grant and aid projects include federal and State grants whose proceeds are legally restricted to expenditures for a specific purpose. This has included federal ARPA funds, State funding for transportation and public works, among others.

Charges for Services

Charges for services are revenues received for services delivered by City departments. Wisconsin Statutes specify the types of services for which user fees can be assessed and prohibit the establishment of fee amounts that exceed the cost of service (*e.g.*, snow and ice fees only can be used to support the cost of snow and ice removal, as opposed to general government expenditures). Major charges for services include solid waste, snow and ice, street lighting, and sewer maintenance.

Other

- Miscellaneous Revenues: Miscellaneous revenues include the transfer from the transportation fund, interest on investments, funds from the sale of surplus property, real estate property sales, several spending offset accounts, and other revenues not included in any other category. In 2023, these revenues are projected to total \$35.9 million.
- Fines and Forfeitures: In 2023, revenue from licenses and permits is estimated at \$3.3 million. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The revenue in this account reflects collections made by the Municipal Court.
- Licenses and Permits: In 2023, revenue from licenses and permits is estimated at \$17.8 million. This revenue includes charges administered by various departments for legal permission to engage in a business, occupation, or other regulated activity.
- Fringe Benefit Offset: The fringe benefit costs associated with reimbursable, grant, enterprise fund, and capital activity are gross budgeted in the General Fund. These other funds make a payroll payment to the General Fund to offset the cost of their General Fund budgeted fringe benefits, which is anticipated to be \$52.0 million in 2023.
- Tax Stabilization Fund: The tax stabilization fund accumulates unexpended appropriations and revenue surpluses. It assists in stabilizing the City's tax rate and protects citizens from tax rate fluctuations that can

result from variations in non-property tax revenues. The balance of the fund as of January 1, 2023 was \$31.7 million.

The total amount that can be withdrawn from the tax stabilization fund in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate 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 budget, 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. The 2023 budget did not include a budgeted withdrawal on the tax stabilization fund balance.

Revenue from the City's business-type activities for 2022, by category, are set forth below.

Business-Type Program Revenues
(Millions of Dollars)

		<u>Percentage of Total</u>	
	<u>Amount</u>	<u>Revenue</u>	<u>Expense</u>
Water.....	\$ 99	35%	42%
Sewer.....	77	27	33
Transportation.....	35	13	15
Port.....	15	5	6
MMSD sewer user charges.	<u>57</u>	<u>20</u>	<u>24</u>
Total.....	\$ 283	100%	120%

Establishment of a City Sales and Use Tax

On June 20, 2023, 2023 Act 12 was enacted into law. It provides for, among other things, the City to impose a sales and use tax at a rate not exceeding 2% of the sales price of tangible personal property, goods, and services sold or used in the City, subject to City authorizing legislation. On July 11, 2023, the Common Council adopted an ordinance that established a 2% sales and use tax applying to the sale of goods and services and provided for such tax be used to fund public safety services and payments to the City's retirement system. The effective date of the tax is January 1, 2024.

Under 2023 Act 12, the State retains 1.75% of the revenue from the additional tax for administrative expenses.

In addition to the local sales and use tax, 2023 Act 12 provides for an increase the amount of shared revenue the City receives from the State by approximately 10%, or \$21.7 million. The entire allotment of shared revenue from the State will be subject to inflationary adjustments in the future.

The Mayor's proposed budget for 2024 includes an estimate of \$184 million for revenue generated from the sales and use tax, net of administrative expenses.

Expenses

Expenses for the City's governmental activities are either governmental or business-type activities. The two major business-type, or proprietary, activities for the City are water services and sewer maintenance. General government includes most City departments, such as: the Mayor, Common Council, Administration, Employee

Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public Safety includes Fire, Police and Neighborhood Services.

Governmental Activities

The table below presents the gross and net costs (total costs less the revenues generated by the activities) of each of the City's largest programs. The "Net Cost of Services" column shows the remaining costs, by function that are funded by non-program revenues such as City taxes and State aids.

Governmental Activities - Cost of Services
(*Thousands of Dollars*)

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2022</u>	<u>% of Total</u>	<u>2021</u>	<u>% of Total</u>	<u>2022</u>	<u>2021</u>
General government.....	\$ 195,073	19%	\$ 290,849	21%	\$ 139,207	\$ 236,637
Public safety.....	469,99	47	624,406	46	325,161	547,157
Public works.....	201,732	20	234,986	18	74,686	125,705
Health.....	33,242	3	50,530	4	8,031	17,835
Culture and recreation.....	30,531	3	35,827	3	23,754	30,846
Conservation and development.....	51,738	5	78,832	6	24,015	64,729
Interest on long-term debt.....	28,235	3	25,627	2	28,235	25,627
Total Governmental Activities.....	\$ 1,009,950	100%	\$ 1,341,057	100%	\$ 623,089	\$ 1,048,536

Long-Term Liabilities

As of December 31, 2022, the City's unaudited long-term liabilities were \$3.377 billion (which included \$159 million of short-term amortization), as set forth in more detail below.

Total Long-term Liabilities
(*Millions of Dollars*)

	<u>2022</u>	<u>2021</u>
Outstanding debt.....	\$ 1,659	\$ 1,651
OPEB.....	1,229	1,681
Pension.....	381	928
Compensated absences.....	48	48
Claims and judgments ⁽¹⁾	60	87
Total.....	\$ 3,364	\$ 4,395

⁽²⁾ Includes \$43.0 in legal claims, \$15.5 of workers' compensation claims, \$1.0 in environmental impairment/pollution remediation obligations and \$0.5 of unemployment benefits.

Major Governmental Funds

The City maintains several major governmental funds including the General Fund, which is used to account for substantially all of the City's financial resources, as well as a General Obligation Debt Service Fund, the PDAF, the economic development fund, grant and aid projects fund and capital projects fund. See "Debt Funds" above for a description of the PDAF and the General Obligation Debt Service Fund. The General Fund is described below.

General Fund

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. General Fund revenues increased \$22 million from December 31, 2021 to December 31, 2022, mainly due to a change in the presentation of charges for services for accounting purposes.

The table below presents a summary of revenues and expenditures of the General Fund compared to the prior year.

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

	<u>Revenues and Other Financing Sources</u>			
<u>Revenues:</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Property taxes	\$ 219,354	\$ 216,995	\$ 216,940	1.1%
Other taxes	3,183	4,286	3,508	-25.7
Licenses and permits	19,801	17,197	13,978	15.1
Intergovernmental	273,305	275,702	273,422	-0.9
Charges for services	165,994	147,310	135,582	12.7
Fines and forfeits	3,162	2,578	2,008	22.7
Contributions received	2,865	2,235	3,159	28.2
Other	<u>15,168</u>	<u>14,648</u>	<u>9,975</u>	3.6
Total Revenues	\$ 702,832	\$ 680,951	\$ 658,572	3.2%
Excess of Revenues over Expenditures	(7,756)	(49,699)	(32,258)	-84.4
Other Financing Sources Debt proceeds	7,351	900	19,234	716.8
Transfers in	<u>33,762</u>	<u>38,921</u>	<u>151,036</u>	-13.3
Total Revenues and Other Financing Sources	\$ 743,945	\$ 720,772	\$ 828,842	2.9%

	<u>Expenditures and Other Financing Uses</u>			
<u>Expenditures</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
General government	\$ 297,247	\$ 273,787	\$ 260,956	8.6%
Public safety	285,902	312,937	304,765	-8.6
Public works	95,916	107,360	96,939	-10.7
Health	7,432	12,687	8,575	-41.4
Culture and recreation	19,903	19,203	15,484	3.6
Conservation and development	<u>4,188</u>	<u>4,676</u>	<u>4,111</u>	-10.4
Other Total Expenditures	\$ 710,588	\$ 730,650	\$ 690,830	-2.7

	<u>Other Financing Uses</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Transfers out	8,260	2,109	2,109
Total Expenditures and Other Financing Uses	<u>\$ 718,848</u>	<u>\$ 732,759</u>	<u>\$ 692,939</u>
Net Change in Fund Balance	\$ 25,097	\$ (11,987)	\$ 135,903
			-309.4%

Proprietary Funds

The City also maintains certain proprietary funds, including Water Works and Sewer Maintenance, among others.

Capital Assets

The City's capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. A schedule comparing the assets by type for 2021 and 2022 for both governmental and business-type activities is shown in the table below. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund.

Net Capital Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital assets not being depreciated:						
Land	\$ 166,469	\$ 166,495	\$ 19,252	\$ 19,252	\$ 185,721	\$ 185,747
Construction in progress	148,073	153,549	32,871	27,376	180,944	180,925
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated						
Right of use lease assets*	4,985	4,985	-	-	4,985	4,985
Buildings	401,274	388,959	135,087	135,086	536,361	524,045
Infrastructure	1,886,815	1,877,214	1,412,998	1,382,337	3,299,813	3,259,551
Improvements other than buildings	11,966	11,966	15,550	15,112	27,516	27,078
Machinery and equipment	267,284	262,980	322,258	321,008	589,542	583,988
Intangible software	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,791	3,918	3,791	3,918
Accumulated depreciation	(1,557,135)	(1,523,773)	(647,101)	(618,121)	(2,204,236)	(2,141,894)
Total	\$ 1,345,795	\$ 1,358,439	\$ 1,294,706	\$ 1,285,968	\$ 2,640,501	\$ 2,644,407
Net investment in capital assets	\$ 963,538	\$ 939,647	\$ 837,114	\$ 824,814	\$ 1,800,652	\$ 1,764,461

* Amounts were adjusted to reflect the implementation of GASB 87

Major Capital Projects

The City maintains an annual plan for capital projects that includes a listing of large-scale projects each year. Major projects implemented in or planned for 2023 include improving the useful life of 24 miles of streets and funding for 1,300 lead water service line replacements. The City has a Capital Improvements Committee to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

The City also maintains a Capital Improvement Plan ("CIP"), which outlines planned capital improvement projects and programs for five-year periods. Some school purpose improvements are financed by the City for MPS, but are not included in the CIP. Future amounts are for planning purposes and are likely to be reduced. The table below sets forth the CIP for 2023-2028.

2023-2028 Capital Improvement Plan
(Thousands of Dollars)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
Transportation	\$ 117,240	\$ 99,518	\$ 138,545	\$ 105,840	\$ 157,737	\$ 100,800	\$ 719,680
Redevelopment and Blight Elimination	6,300	7,900	6,572	9,595	6,400	6,150	42,917
Public Safety	21,984	18,353	16,590	16,608	6,552	14,136	94,222
Miscellaneous	<u>33,477</u>	<u>31,811</u>	<u>29,511</u>	<u>27,041</u>	<u>29,591</u>	<u>37,073</u>	<u>188,504</u>
Total General City Levy supported GO Borrowing	\$ 179,001	\$ 157,582	\$ 191,218	\$ 159,084	\$ 200,280	\$ 158,159	\$ 1,045,324
Grants	47,595	35,167	71,604	39,624	87,476	43,362	324,828
Cash Levy	965	216	316	316	316	318	2,447
Special Assessment	3,720	3,670	3,720	3,740	3,839	3,577	22,266
Cash Revenues	<u>38,280</u>	<u>33,580</u>	<u>25,652</u>	<u>28,925</u>	<u>24,980</u>	<u>24,980</u>	<u>176,397</u>
Total Revenues for General City Tax Incremental Districts	\$ 184,343	\$ 166,201	\$ 205,141	\$ 171,772	\$ 212,968	\$ 170,847	\$ 1,111,272
GO Debt repaid by TID Increment	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 150,000
Developer Financed	12,000	13,000	13,000	13,000	13,000	13,000	77,000
Total for Tax Incremental Districts	37,000	38,000	38,000	38,000	38,000	38,000	227,000
Water (primarily funded by revenue bonds)	47,010	49,175	43,135	45,740	46,520	43,050	274,630
Sewer (primarily funded by revenue bonds)	<u>28,400</u>	<u>28,900</u>	<u>28,900</u>	<u>28,400</u>	<u>28,400</u>	<u>28,400</u>	<u>171,400</u>
Total Capital Improvements	<u>\$ 291,411</u>	<u>\$ 273,657</u>	<u>\$ 301,253</u>	<u>\$ 271,224</u>	<u>\$ 313,200</u>	<u>\$ 267,609</u>	<u>\$ 1,718,354</u>

Investment Practices

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Proprietary Fund and component entities that maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments was 1.53% in 2022. The City uses the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. The investable balance generates interest earnings for the City, which is used to offset the property tax levy. The City's long-term pooled cash investment program is in accordance with Section 66.0603 of the Wisconsin Statutes, and earned an annualized net investment rate of return in 2022 of 1.08% on about \$25.7 million in investments.

Employes' Retirement System

The Employes' Retirement System ("ERS") of the City manages the City's retirement funds. The ERS was created by an act of the State Legislature in 1937 to provide retirement-related benefits for members and their beneficiaries.

The Annuity and Pension Board (“**Board**”) governs the ERS, and serves as trustee of the City’s retirement funds. The ERS’ executive director is responsible for daily operations and also serves as secretary for the Board. The Board consists of three representatives appointed by the President of the Common Council, three representatives elected by the active members of the ERS, one member elected by retired members of the ERS, and the City Comptroller, who serves as an *ex officio* voting member.

Membership in the ERS is comprised of active, inactive and benefit recipients (mainly retired employees) of the City. The main benefit of the plan, which is a defined benefit plan, is a retirement allowance for eligible employees. On January 1, 2023, the measurement date, the membership of the plan was as follows:

Plan members currently receiving benefits	13,853
Inactive plan members entitled to, but not yet receiving benefits	5,960
Current employees:	
Vested	6,967
Non-Vested	<u>2,833</u>
Total	29,613

In June 2023, ERS’ actuary presented the January 1, 2023 actuarial valuation to the Board. The valuation was based on the actuarial assumptions and methods adopted by the Board, taking into account investment results, actual experience of the ERS, and actuarial assumptions consistent with accepted actuarial principles.

The actuarial valuation showed the actuarial value of assets was \$5.85 billion as of January 1, 2023. The actuarial liability was \$7.07 billion, the unfunded actuarial liability was \$1.22 billion, and the present value of future normal costs was \$738 million. The ERS’s funded ratio, which is the ratio of actuarial assets to actuarial liability, decreased from 83.4% in 2022 to 82.7% in 2023.

Required Contributions and Net Pension Liability
(*\$ amounts in thousands*)

Year Ended <u>Dec. 31</u>	Required Contribution	Percentage of Required Contribution Contributed	Net Pension Liability
2022	\$ 75,721	101.9%	\$ 380,776
2021	76,660	97.1	927,864
2020	77,295	106.8	850,751
2019*	76,657	92.8	1,145,601
2018	74,884	93.4	303,583

* Assumptions and methods were updated based on the recommendations of a new actuary.

Source: City’s 2022 and prior years’ Annual Comprehensive Financial Reports.

Schedule of Funding Progress

Valuation As of Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (UAAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2022	\$ 5,847,404	\$ 7,067,109	\$ 1,219,705	82.7%	\$ 599,284	203.5%
2021	5,734,986	6,875,927	1,140,941	83.4	579,351	196.9
2020	5,440,867	6,745,299	1,304,432	80.7	586,369	222.5
2019	5,285,205	6,597,457	1,312,252	80.1	596,386	220.0
2018*	5,219,184	6,400,901	1,181,717	81.5	581,663	203.2

*Assumptions and methods were updated based on the recommendations of a new actuary. This increased the actuarial accrued liability by \$449.6 million.

Source: Table 15 of the Actuarial Valuation Report as of January 1, 2023.

The required employer contribution is determined actuarially, based on the annual cost of accrual of benefits and amortization of the unfunded actuarial liability offset by employee contributions. The recommended employer contribution for 2022 was \$88.1 million for all ERS employers and is due to ERS by January 31, 2023. This contribution represents 15.2% of employees' pensionable compensation.

The Board is responsible for the investment of the ERS assets. The responsibilities of the Board relating to the investment management of the ERS's assets include: establishing reasonable investment objectives and policy guidelines; using reasonable care, skill and caution in selecting investment professionals; and evaluating performance results of investment managers and other investment professionals on a systematic and regularly scheduled basis. Net of fees, return on the ERS for 2022 was -6.5%, which outperformed the investment policy benchmark, but underperformed the long-term expected return assumption, for 2022.

The January 1, 2023 actuarial valuation report can be found at: [2023-CMERS-Valuation-Document-Final_06192023.pdf](https://www.cityofmadison.com/ers/documents/2023-CMERS-Valuation-Document-Final_06192023.pdf).

2023 Act 12 includes, as a prerequisite to implementation of the sales tax increase, a requirement that the City close ERS enrollment to employees hired after December 31, 2023, who must now be enrolled in the Wisconsin Retirement System ("WRS"). In September 2023, the City passed a charter amendment closing the ERS to new hires after December 31, 2023 in favor of enrollment in the WRS.

2023 Act 12 also mandates certain funding policy requirements for the ERS, including limiting the actuarial discount rate to no more than that of the WRS for its active employees, which is currently 6.8%. As a result, ERS liabilities and required employer contributions are anticipated to be materially greater than those reported in the January 2023 actuarial valuation. An additional actuarial valuation as of January 2023, applying the requirements of 2023 Act 12, is currently underway.

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 a 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.

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 2022, the City paid approximately \$35.3 million and \$4.0 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.

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

Year Ended <u>Dec. 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2022	\$ 54,960	71.6%	\$ 1,228,831
2021	134,199	30.8%	1,680,554
2020	145,270	25.1	1,690,355
2019	107,412	38.0	1,444,166
2018	80,742	44.5	1,212,927

Source: City's 2022 and prior years' Annual Comprehensive Financial Reports.

Schedule of Funding Progress
(*\$ amounts in thousands*)

Valuation <u>As of Jan. 1</u>	Actuarial <u>Value of Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded <u>AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2022	\$ 0	\$ 1,228,831	\$ 1,228,831	0.0%	\$ 358,672	343%
2021	0	1,680,665	1,680,665	0.0	346,833	484
2020	0	1,690,355	1,690,355	0.0	388,040	436
2019	0	1,444,166	1,444,166	0.0	375,432	385
2018	0	1,212,927	1,212,927	0.0	422,509	287

Source: City's 2022 and prior years' Annual Comprehensive Financial Reports.

Budget

The City's budget must be adopted by the 14th of November of each year. In preparation thereof, each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year that is filed with the Mayor in each May, 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 City's 2023 budget was adopted by the Common Council on November 4, 2022 and finalized on November 22, 2022. The 2023 Budget is available at <https://city.milwaukee.gov/doa/budget/Milwaukee-Budgets>.

The 2024 Proposed Executive Budget was presented by the Mayor to the Common Council on September 19, 2023. The Mayor and Common Council held a Joint Public Hearing on the 2024 Proposed Budget on October 2, 2023. The 2024 Proposed Budget, which is subject to amendment by the Finance and Personnel Committee, can be found at <https://city.milwaukee.gov/doa/budget/Milwaukee-Budgets>.

Adopted Budget – Combined Revenues – 2023

	<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	\$ 88,471,529		\$ 98,535,626	\$ 965,000		\$ 187,972,155
Provision for Employee Retirement (1)	118,230,671					118,230,671
Contingent Fund	<u>5,000,000</u>					<u>5,000,000</u>
Total Taxes	<u>\$ 211,702,200</u>		<u>\$ 98,535,626</u>	<u>\$ 965,000</u>		<u>\$ 311,202,826</u>
Revenues						
Taxes and PILOT	\$ 20,489,000					\$ 20,489,000
Licenses and Permits	17,247,000					17,247,000
Intergovernmental Revenues	273,173,000	\$ 116,841,112				390,014,112
Charges for Service	173,328,780					173,328,780
Fines and Forfeitures	3,302,000					3,302,000
Miscellaneous Revenues	25,890,000	9,505,000				35,395,000
Fringe benefits (2)	52,000,000					52,000,000
Parking	10,000,000		\$ 3,663,780		\$ 26,112,345	39,776,125
Water Works			2,224,375	\$ 10,000	98,628,225	100,862,600
Sewer Maintenance Fund			1,668,271	5,700,000	73,279,253	80,647,524
Retained Earnings					18,497,762	18,497,762
Delinquent Taxes		13,892,708				13,892,708
Tax Incremental Districts		22,128,326				22,128,326
Transfers In		61,125,000				61,125,000
Other Self Supporting Debt		10,345,004				10,345,004
Cash Flow borrowings		114,500,000				114,500,000
Special Assessments			3,720,000			3,720,000
Capital Revenue			<u>38,280,000</u>			<u>38,280,000</u>
Total Revenues	<u>\$ 575,429,780</u>	<u>\$ 126,346,112</u>	<u>\$ 229,547,464</u>	<u>\$ 47,710,000</u>	<u>\$ 216,517,585</u>	<u>\$ 1,195,550,941</u>

**Tax Stabilization
Fund**

Transfer from			
Reserves	\$ 1,272,000		\$ 1,272,000

**Sale of Bonds and
Notes**

General City		\$ 120,573,000	120,573,000
Enterprise Funds		<u>72,110,000</u>	<u>72,110,000</u>
Grand Total	<u>\$ 788,403.980</u>	<u>\$ 126,346,112</u>	<u>\$ 328,083.090</u>
		<u>\$ 241,358,000</u>	<u>\$ 216,517,585</u>
			<u>\$ 1,700,708,767</u>

(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 – 2023

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Expenditures						
Administration, Dept. of	\$ 16,299,963			\$ 2,095,000		\$ 18,394,963
Assessor's Office	4,455,048					4,455,048
City Attorney	7,071,179			\$750,000		7,821,179
City Treasurer	3,907,011					3,907,011
Common Council – Clerk	9,689,900					9,689,900
Municipal Court	3,132,137			265,000		3,397,137
Comptroller	4,418,537					4,418,537
Dept. of City Development	5,045,180			39,600,000		44,645,180
Election Commission	1,980,569					1,980,569
Emergency Communications, Dept. of	18,408,014			789,000		19,197,014
Employee Relations, Dept. of	5,045,664					5,045,664
Fire and Police Commission	4,418,365					4,418,365
Fire Department	48,334,973			3,000,000		51,334,973
Health Department	16,394,174					16,394,174
Library Board	25,792,779			1,600,000		27,392,779
Mayor's Office	1,453,616					1,453,616
Neighborhood Services	19,857,118			3,200,000		23,057,118
Police Department	300,860,638			17,930,000		318,790,638
Port of Milwaukee	6,423,600			3,319,000		9,742,600
DPW – Administration	3,054,004					3,054,004
DPW – Infrastructure	42,798,112			69,058,000		111,856,112
DPW – Operations	90,229,784			11,817,000		102,046,784
Water Works Fund			\$ 2,224,375	47,010,000	\$ 110,522,308	159,756,683
Special Purpose Accounts	164,179,754			1,668,271	28,400,000	79,882,932
Pension Funds	143,868,851					109,951,203
Debt Service – City			197,839,654			197,839,654
Debt Service – Schools			8,187,010			8,187,010
Debt Service – Cash Flow			114,500,000			114,500,000

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Contingency	5,000,000					5,000,000
Delinquent Tax Fund		\$ 9,505,000				9,505,000
Parking			3,663,780	2,410,000	26,112,345	32,186,125
Grant & Aid Fund		116,841,112				116,841,112
Special Capital Projects				10,115,000		10,115,000
Economic Development						
Fringe Benefit Offset		(163,714,990)				(163,714,990)
Grand Total	<u>\$ 788,403,980</u>	<u>\$ 126,346,112</u>	<u>\$ 328,083,090</u>	<u>\$ 241,358,000</u>	<u>\$ 216,517,585</u>	<u>\$ 1,700,708,767</u>

Budgetary Comparison Schedule – General Fund
For the Years Ending December 31, 2018 Through 2022
(Thousands of Dollars)

Revenues:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Property Taxes	\$ 198,951	\$ 204,786	\$ 216,940	\$ 216,995	\$ 219,354
Other Taxes	2,831	3,821	3,508	4,286	3,183
Licenses and Permits	17,232	18,502	13,977	17,197	19,801
Intergovernmental	268,792	270,575	273,422	275,702	273,305
Charges for Services	119,579	125,728	119,608	131,251	148,879
Fines and Forfeitures	3,297	2,633	2,008	2,578	3,162
Other	26,764	23,971	9,975	14,648	15,168
Total General Fund Revenues	<u>\$ 637,446</u>	<u>\$ 650,016</u>	<u>\$ 639,438</u>	<u>\$ 662,657</u>	<u>\$ 682,852</u>
Tax Stabilization Fund Withdrawals	19,000	16,000	10,000	6,500	4,000
Other Financing Sources and Equity Transfers (Net)	<u>59,927</u>	<u>71,380</u>	<u>168,379</u>	<u>37,880</u>	<u>28,994</u>
Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources	<u><u>\$ 716,373</u></u>	<u><u>\$ 737,396</u></u>	<u><u>\$ 817,817</u></u>	<u><u>\$ 707,037</u></u>	
Expenditures:					
General Government	\$ 274,345	\$ 275,018	\$ 244,495	\$ 257,271	\$ 279,635
Public Safety	317,095	319,348	304,221	312,277	284,772
Public Works	103,588	107,133	96,564	107,321	95,861
Health	9,867	11,818	8,561	12,623	7,335
Culture and Recreation	18,416	18,078	13,965	18,359	18,961
Conservation and Development	4,544	4,506	4,108	4,673	4,185
Total Expenditures	<u>\$ 727,855</u>	<u>\$ 735,901</u>	<u>\$ 671,914</u>	<u>\$ 712,524</u>	<u>\$ 690,749</u>
Sources Over (Under) Expenditures	(11,482)	1,495	145,903	(5,487)	25,097
Fund Balance - January 1 (excludes reserved for use during the year)	78,476	50,994	42,489	181,892	176,405
Fund Balance - December 31	<u>\$ 66,994</u>	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>
Fund Balance Components:					
Nonspendable	\$ 19,476	\$ 21,621	\$ 21,206	\$ 23,377	\$ 31,509
Restricted	-	-	-	-	-
Committed	3,066	2,949	123,007	122,337	123,261
Assigned	26,450	20,580	27,220	21,610	26,588
Unassigned	<u>18,002</u>	<u>7,339</u>	<u>16,959</u>	<u>9,081</u>	<u>20,144</u>
Total Fund Balance	<u>\$ 66,994</u>	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>
Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget	\$ 19,000	\$ 16,000	\$ 6,500	\$ 4,000	-
Reserved for Subsequent Years' Budget	\$ 44,182	\$ 24,327	\$ 23,854	\$ 14,696	\$ 29,385

CARES Act and ARPA

Pursuant to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), approved by the United States Congress and signed by former President Trump on March 27, 2020, the City was allocated approximately \$103 million of grant assistance under the CARES Act. The City used the CARES Act funds to reimburse itself for eligible costs incurred beginning March 1, 2020 and ending December 31, 2020 that were related to necessary expenditures incurred due to the public health emergency declared with respect to the COVID-19 pandemic, primarily in the areas of public safety and public health.

The American Rescue Plan Act of 2021 (“ARPA”) was approved by the United States Congress and signed by President Biden on March 11, 2021. ARPA provides, among other funding, \$350 billion for state and local

governments. The City has been awarded a direct ARPA payment totaling \$394.2 million. The first half of these funds was received in 2021, with the second half received on June 6, 2022.

ARPA generally provides that such aid to state and local governments may be used to cover costs incurred to (i) mitigate the public health impacts of COVID-19; (ii) address negative economic impacts caused by the public health emergency; (iii) replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic; (iv) provide premium pay for essential workers; and (v) invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet. To date, approximately \$192 million has been allocated to the General Fund to offset lost revenues. The deadline to obligate (through expenditure or contract) the allocated funds is December 31, 2024, and the deadline to fully expend the funds is December 31, 2026.

OTHER

Litigation

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the City's General Fund. These proceedings involve: (i) environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; (ii) contract disputes and other commercial litigation; (iii) union arbitrations and other employment-related litigation; (iv) potential and certified class action suits; (v) civil rights litigation; and (vi) property tax challenges. The ultimate outcome and fiscal impact, if any, on the General Fund of the claims and proceedings described in this paragraph are not currently predictable. The City accrues for legal claims, which included approximately \$43.0 million in 2022.

Cybersecurity

The City has implemented security measures to protect data and limit financial exposure, including securing cyber security insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. The City maintains an Information Technology Management Division ("ITMD") to support actively monitored technology infrastructure to provide confidentiality, integrity and accessibility of the City's data and information systems. ITMD's responsibilities include managing technology projects and ensuring that the systems, applications, networks, end user devices, and communications systems, are continuously available and operating effectively.

The City initiated a Cybersecurity Program in 2019 with the addition of a Security and Compliance Analyst position, and introduced information security policies and standards along with security awareness training in accordance with City goals, business objectives, risk tolerances, and regulatory compliance requirements. The program is designed to increase organizational awareness of informational security threats and employee responsibilities. The City also employs a Chief Information Officer (CIO) who works with departments to develop a strategic plan for the development and implementation of information technology.

Risk Management

The City is self-insured for workers' compensation, health and dental insurance, uninsured motorist motor vehicle coverage for City employees, and general liability claims. With certain exceptions, it is the policy of the City not to purchase commercial insurance against property or liability risks. Instead, the City has found it is more economical to manage its risk internally, setting aside funds as needed for estimated current claim settlements and judgments through annual and supplemental appropriations as needed. The City also purchases and maintains limited coverage for certain facilities and employee bonding. Indemnity and insurance protection is also required of City contractors, vendors, lessees and permit holders. The City has property insurance coverage in the amount of \$1 billion with Travelers, subject to a \$500,000 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.

City Environmental Considerations

The City strives to make Milwaukee a world class eco-city. Through its Environmental Collaboration Office ("ECO"), the City collaborates with the community, develops global partnerships, implements environmental programs, and is responsible for the City's ReFresh Milwaukee sustainability plan. The ReFresh Milwaukee sustainability plan, initially adopted in 2013, sets goals, targets, and strategies in all areas of environmental sustainability.

The City has adhered to the Paris Agreement, a global plan to counteract climate change and prevent the average global temperature from increasing by 2 degrees Celsius above pre-industrial levels. Milwaukee is part of a national coalition of local governments committed to strong action on climate that collectively represent nearly 70% of U.S. GDP, nearly two-thirds of the U.S. population, and over half of U.S. Greenhouse Gas ("GHG") emissions. Within Wisconsin, Milwaukee was a founding member of the Wisconsin Local Government Climate Coalition, which advocates for state policies that are necessary for local governments to achieve their ambitious climate goals.

The City is currently developing a Climate and Equality Plan designed to combat climate change and address racial disparities in employment that exist within the City. The Climate and Equity Plan's goal is reducing GHG emissions 45% from 2018 levels by 2030, and achieving net zero GHG emissions by 2050 follows the target set in the IPCC Special Report published in 2019 to keep global temperature rise to 1.5 degrees Celsius. To advance racial equity, ECO and other City workforce development partners are participating in the Department of Energy's Better Buildings Workforce Accelerator. The goal is to help at least 30 people of color to find work in the energy efficiency sector with family supporting wages while supporting on-going systemic change in the industry.

Other City activities include:

- The City maintains several core programs, including the Better Buildings Challenge for municipal and commercial buildings including property assessed clean energy ("PACE") financing, Me2 home energy efficiency program, HOME GR/OWN vacant lot revitalization program, the Water Centric City program, and Milwaukee Shines solar program. The Milwaukee Shines solar program is collaborating on a county-wide group-buy program that is expected to facilitate solar installations on at least 40 homes. In 2020 and 2021, ECO's Water Centric City program supported the Plastic Free Milwaukee coalition's Lake Friendly Pledge, completed a Commercial Rainwater Harvesting Guide, and worked to implement the City's Green Infrastructure Plan in partnership with the Department of Public Works, MPS, and the Milwaukee Metropolitan Sewerage District. ECO also

supports public outreach efforts in preparation of major efforts to clean up the Milwaukee River Estuary Area of Concern through the U.S. EPA.

- The City, through the ECO, is heavily engaged with opening pathways for solar energy in Milwaukee. In 2021, ECO and its partners completed the largest solar project in the City's history. This 2.25 MW solar field on a City-owned landfill is owned and maintained by We Energies, which pays an estimated \$96,000 per year to the City to lease the land. This revenue supports the City's Climate Action Planning and Program special fund.
- The City maintains a HOME GR/OWN program and Eco-Neighborhood Initiative. HOME GR/OWN empowers residents to transform neighborhoods by repurposing vacant lots into community assets that foster new economic opportunities around local, healthy food production, and distribution. In 2021 and 2022, HOME GR/OWN concentrated its vacant lot beautification efforts on commercial corridors, maintaining pocket parks that had been previously built, and completing major renovations at Victory over Violence Park on MLK Drive. The Eco-Neighborhood Initiative is currently supporting Sherman Park Neighborhood in their efforts to spur collective actions in support of the environment. Additionally, in 2021, the City received a two-year U.S. EPA Environmental Justice Grant that will support environmental education in target neighborhoods in partnership with Walnut Way Conservation Corporation, Sixteenth Street Community Health Centers, the Milwaukee Health Department, and Wisconsin Department of Health Services.
- The City maintains an Energy Reduction Team that supports the City's energy efficiency and renewable energy goals as outlined in ReFresh Milwaukee. This includes improving efficiency in municipal buildings by 20% from the year 2009 and getting 25% of the City's electric power from renewable energy sources by 2025. In 2020, ECO worked with the Milwaukee Public Library to complete a multi-million dollar energy saving performance contract at Central Library. Coupled with the new solar installation, the Central Library is achieving a 20% energy reduction from its 2009 baseline. In 2020, ECO completed an Energy Efficiency Plan for all City facilities and the municipal fleet. The 2023 budget includes \$45,000 in a Better Buildings Challenge capital account to implement projects identified in the Energy Reduction Plan, which will be leveraged using additional energy saving performance contracts.
- The City has implemented interdepartmental plans for Electric Vehicle Charging Infrastructure and the purchase of electric and hybrid vehicles in City fleets, including the purchase of hybrid interceptors in the Milwaukee Police Department ("MPD") and electric vehicles for DPW-Parking. This effort has resulted in MPD making the hybrid interceptor their standard vehicle. DPW-Parking has also committed to using electric vehicles for their parking enforcement fleet.

In addition to the above, the City expanded the Better Buildings Challenge to include a comprehensive energy efficiency program for commercial building owners, including PACE financing. In 2021, ECO outsourced administration of the PACE program to the firm that operates the multi-county PACE Wisconsin program. Since its inception, PACE has leveraged private capital to finance 16 building retrofits totaling over \$27.5 million in commercial energy efficiency and renewable energy projects since 2014.

APPENDIX B
EXPECTED FORM OF LEGAL OPINIONS

November ___, 2023

City of Milwaukee
200 East Wells Street
Milwaukee, Wisconsin 53202

Subject: \$21,500,000*
City of Milwaukee, Wisconsin
General Obligation Promissory Notes, Series 2023 N7

and

\$8,500,000*
City of Milwaukee, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2023 B8

We have acted as co-bond counsel to the City of Milwaukee, Wisconsin (the “**Issuer**”) in connection with the issuance of its \$21,500,000* General Obligation Promissory Notes, Series 2023 N7 and its \$8,500,000* General Obligation Corporate Purpose Bonds, Series 2023 B8 (collectively the “**Obligations**”).

We examined the law, a certified copy of the proceedings relating to the issuance of the Obligations, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Obligations are valid and binding general obligations of the Issuer.
2. All taxable property in the Issuer’s territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Obligations. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Obligations except to the extent that the Issuer has deposited other funds, or there is otherwise surplus money, in the account within the debt service fund created for the Obligations under Wisconsin law.
3. Interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022. The Issuer must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Obligations are issued for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has agreed to comply with those requirements. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Obligations were issued. We express no opinion about other federal tax law consequences relating to the Obligations.

* Preliminary; subject to change.

The rights of the owners of the Obligations and the enforceability of the Obligations may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Obligations.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In acting as co-bond counsel, we have established an attorney-client relationship only with the Issuer.

Very truly yours,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of February 1, 2019 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 181110 duly adopted by the Common Council of the City on December 18, 2018 (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; 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) “Event” means such events as described in Addendum Describing Enumerated Events.

(5) “Event Notice” means notice of an Enumerated Event.

(6) “GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

(7) “GASB” means the Governmental Accounting Standards Board.

(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.

(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 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 audited.

(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 paragraph (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 Unaudited Financial Statements by the dates required, and will also provide Audited Financial Statements, when and if available, to the Repository.

Section 2.4. Notices of Enumerated Events. (a) If an Enumerated Event occurs, the City shall provide, in a timely manner (as may be further defined in the Addendum Describing Enumerated Events), an Enumerated 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 Enumerated 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 Enumerated 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 Enumerated 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. Enumerated Event Notices. Each Enumerated 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 February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING ENUMERATED EVENTS

This Addendum Describing Listed Events (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 February 1, 2019. This Addendum describes specific events required to be reported by Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (the “Rule”). Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate. “Obligor” shall mean the entity specified in the Addendum Describing Annual Report.

Enumerated Event: 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, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Obligor. Note: 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 or 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.
- (xiii) 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;
- (xiv) appointment of a success or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used in clauses (xv) and (xvi), the term financial obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

For purposes of reporting the above enumerated events, “timely manner” shall mean not in excess of ten (10) business days after the occurrence of the event.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of February, 2019.

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 February 1, 2019. 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. 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 February, 2019.

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 February 1, 2019. 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

Information and operating data included in the Annual Financial Information for Issuer:

1. Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.
2. Operating data for the reporting year of the type included in the City’s Comprehensive Annual Financial Report (“CAFR”) for the year ending December 31, 2017, Required Supplementary Information Exhibit E-1, and Statistical Section Tables 5, 6, 7, and 8. If the CAFR does not contain the information, then the City agrees to provide such operating data, to the extent such information is prepared by the City. No separate filing is required if the operating data is included in the document filed pursuant to paragraph 1.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

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 February 1, 2019. 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:

\$ _____ General Obligation Promissory Notes, Series 2023 N7
\$ _____ General Obligation Corporate Purpose Bonds, Series 2023 B8

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT FOR GENERAL OBLIGATION DEBT

Date of Issues:

_____, 2023

No Previous Non-Compliance. The Issuer represents that for the period beginning 5 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 _____ day of _____, 2023.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

APPENDIX D

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 underwriters of the Obligations take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Obligations. The 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 or bond certificate will be issued for each maturity of each series of the 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 S&P Global 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“*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 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all 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 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 B8 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Participants and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note and bond 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 and 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 the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OBLIGATIONS; OR (5) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF B8 BONDS.

APPENDIX E

OFFICIAL NOTICE OF SALE

OFFICIAL NOTICE OF SALE

CITY OF MILWAUKEE, WISCONSIN

**\$21,500,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2023 N7
\$8,500,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023 B8**

ELECTRONIC BIDS will be received by the City of Milwaukee, Wisconsin (the “**City**”) for all, but not part, of its \$21,500,000* General Obligation Promissory Notes, Series 2023 N7 (the “**Notes**”) and its \$8,500,000* General Obligation Corporate Purpose Bonds, Series 2023 B8 (the “**Bonds**” and, together with the Notes, the “**Obligations**”), until **10:15 a.m. (Central Time) on Wednesday, October 25, 2023** (the “**Sale Date**”), at which time the bids will be publicly opened and read in the office of the City’s Comptroller, 200 East Wells Street, Room 404, Milwaukee, Wisconsin. The bids will be presented to the City’s Public Debt Commission (the “**Commission**”) for consideration for award by resolution (the “**Award Resolution**”) at a meeting of the Commission to be held at 3:00 p.m., Central Time, on the Sale Date.

Bids must be submitted electronically via PARITY as described herein.

Terms of Obligations. The Obligations will be dated November 14, 2023 and will be payable as to principal on April 1 of each year, in the years and the respective principal amounts, as follows:

Notes:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$ 2,350,000	2030	\$ 2,390,000
2026	2,360,000	2031	2,400,000
2027	2,375,000	2032	2,415,000
2028	2,390,000	2033	2,430,000
2029	2,390,000		

Bonds:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2034	\$ 1,670,000	2037	\$ 1,720,000
2035	1,680,000	2038	1,730,000
2036	1,700,000		

** Following the receipt of the bids, the City reserves the right to adjust the principal amount. If the issue size is adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Obligations to the public and the price to be paid to the City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Obligations) remains constant.*

* Preliminary; subject to change.

Interest on the Obligations will be payable on each April 1 and October 1, beginning on April 1, 2024, and will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption Provisions. The Notes are not subject to optional redemption prior to maturity. The Bonds will be subject to redemption prior to maturity at the option of the City, in whole or in part, on April 1, 2033 and on any date thereafter, at a price of par plus accrued interest to the date of redemption, and without premium. The Bonds may be redeemed in the order of maturity selected by the City.

Term Bond Option. Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, as described below under “**Bid Specifications**”. The term bonds, if any, shall be subject to mandatory partial sinking fund redemption in the amounts and years designated in the winning bid, at a price of par plus accrued interest to the redemption date, and without premium. The principal amount of Bonds maturing or subject to mandatory partial sinking fund redemption in each year must conform to the schedule set forth above under “**Terms of Obligations**”. Term notes are not allowed.

Book-Entry Form. The Obligations will be issued as fully registered notes and bonds without coupons and, 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 single note or bond certificate for each separate maturity of each series will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry form pursuant to the rules and procedures established between DTC and its participants, in the principal amounts of \$5,000 and multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of Obligations purchased. The City will deliver the note and bond certificates to DTC, and will release the Obligations to DTC on or about November 14, 2023 (the “**Closing Date**”).

Security and Purpose. The Obligations will be general obligations of the City. The principal of and interest on the Obligations will be payable from *ad valorem* taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the City. The Obligations are to be issued to finance various public improvement projects of the City.

Tax Status. In the opinion of Foley & Lardner LLP and MWH Law Group LLP, co-bond counsel, under existing law, interest on the Obligations will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations will be taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022. Interest on the Obligations will not be exempt from current State of Wisconsin income or franchise taxes.

Not Qualified Tax-Exempt Obligations. The City will not designate the Obligations as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Bid Specifications. Each bid must indicate a purchase price for the Obligations and an interest rate for each maturity of each series, which must be multiples of one-eighth (1/8) of one percent or one-twentieth (1/20) of one percent. All Obligations of the same maturity and series shall bear the same interest rate. A rate of interest must be named for each maturity, and a zero rate of interest shall not be named. No supplemental interest shall be specified. Each bid must include the initial offering price at which the bidder reasonably expects to sell each maturity of the Obligations to the public, which shall not be less than 99% of par, and the winning bidder must agree that each maturity of the Obligations will be offered to the public at such price plus accrued interest, if any, to the Closing Date. Each bid shall offer to purchase all the Obligations.

Each bid must specify whether the principal amount of Bonds due on a particular date will be a maturity date of a serial bond or a mandatory sinking fund payment date of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual principal payment dates immediately preceding the maturity date of such term bond. The mandatory sinking fund payment specified for any year must be equal to the full principal amount of Bonds listed as payable in that year in the table above under "**Terms of Obligations**". The same interest rate specified for the nominal maturity date of a term bond must also be specified for all mandatory sinking fund payment dates of such term bond.

For informational purposes only, bidders are requested to state in their bids the true interest cost to the City, as described in this Notice of Sale.

All bids shall be deemed to incorporate the provisions of this Notice of Sale. All bids shall remain firm until 6:00 p.m. Central Time on the Sale Date, by which time the official award of the Obligations will be made or all bids rejected. Each bid for the Obligations shall constitute a valid offer that, if accepted by the Commission, will form a binding contract. The City reserves the right, in its discretion, to reject any or all bids, and to waive any informality or non-complying provision in any bid.

PARITY. Bids must be submitted electronically through PARITY in accordance with this Notice of Sale. No bids will be received after the time on the Sale Date established above for the opening of bids. If any provisions in this Notice of Sale conflict with any instructions or directions set forth in PARITY, then this Notice of Sale shall control. Information regarding the fee for use of PARITY may be obtained from PARITY, and payment of such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders should refer to their contract/agreement with PARITY, or contact munis@ihsmarkit.com or by telephone at 212-849-5023. The City assumes no responsibility or liability for bids submitted through PARITY.

PARITY is an independent service offered by i-Deal LLC; i-Deal LLC is not an agent of the City.

Participating Underwriters. The winning bidder agrees to provide the Commission with a list of all firms that are participating 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. The winning bidder further agrees to supply to the City all necessary pricing information and any participating underwriter identification necessary to complete the City's Official Statement within 24 hours after the award.

Good Faith Deposit. A good faith deposit in the amount of \$300,000 (the "**Good Faith Deposit**") shall be provided by the winning bidder by federal wire transfer pursuant to wire instructions provided by the City. The Good Faith Deposit must be received by the City no later than 12:30 p.m. Central Time on the Sale Date (the "**Due Time**"). The City reserves the right to award the Obligations to the winning bidder in the event a Good Faith Deposit sent by wire has not been received by the Due Time as long as the wire has been initiated and a federal wire reference number has been provided by the Due Time. In the event the Good Faith Deposit is not received by the Due Time, the City may award the Obligations to the bidder submitting the next best bid. The Good Faith Deposit is a guarantee of good faith on the part of the winning bidder to ensure performance of the requirements of the sale if the bid is accepted by the Commission and the award of the Obligations is confirmed by the adoption of the Award Resolution. The failure of the winning bidder to pay for and accept delivery of the Obligations as provided herein shall constitute a default and entitle the City to retain the Good Faith Deposit as the City's agreed liquidated damages. The Good Faith Deposit will be retained by the City and applied to the purchase price of the Obligations on the Closing Date (no interest will accrue to the winning bidder on the Good Faith Deposit amount held by the City).

The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the required amount of the Good Faith Deposit represents liquidated damages for the City in the event that the

winning bidder fails to provide the Good Faith 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 Good Faith 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.

Only the winning bidder is required to submit a Good Faith Deposit.

Award. Unless all bids are rejected, the Obligations shall be awarded, by adoption of the Award Resolution, to the bidder whose qualifying bid results in the lowest true interest cost to the City, subject to receipt of the Good Faith Deposit as described above. The computation by a bidder of the true interest cost contained in any bid shall be for informational purposes only and shall not constitute a part of the bid. 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 (principal plus premium), the future debt service payments from the payment dates to the date of the Obligations, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding.

The City will contact the winning bidder shortly after opening of the bids. If the City adjusts the principal amounts of the Obligations in any maturities, the purchase price will be adjusted to maintain the same gross spread per \$1,000. The City will recalculate the underwriting discount, which shall be a fixed percentage of the par amount of each Obligation, and the adjusted purchase price. The City will inform the winning bidder as soon as possible of the adjusted amounts. The winning bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the principal amounts.

Bond Insurance at Winning Bidder's Option. A policy of municipal bond insurance or commitment therefor may be purchased at the option of the winning bidder, provided that the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole expense of the winning bidder. In the event an insurance policy is purchased for the Obligations, the winning bidder shall also be responsible for ascertaining whether or not the municipal bond insurer requires specific language to be included in the Award Resolution with respect to the insurer and the insurance policy. However, the City does not have the authority to enter into agreements with the bond insurer. *The winning bidder shall provide, or cause the insurer to provide, any such required language to co-bond counsel no later than 12:30 p.m. Central Time on the Sale Date.* Any increased costs of issuance for the Obligations resulting from the purchase of bond insurance shall be paid by the winning bidder.

The use of bond insurance will require insurance related certifications by the winning bidder in the issue price certificate described below under "**Establishment of Issue Price**".

Failure of the municipal bond insurer to issue the policy after Obligations have been awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Obligations.

Rating. The Obligations have been assigned a rating of "[__]" by S&P Global Ratings and "[__]" by Moody's Investors Service, Inc.

Paying Agent. The City Comptroller will act as authentication agent, paying agent, and registrar for the Obligations (the "**Paying Agent**"). The Paying Agent is *not* a FAST agent for DTC.

Closing and Delivery. The Obligations shall be delivered to DTC for receipt at least one business day prior to the Closing Date for credit to the account of the winning bidder on the Closing Date. Payment

of the purchase price on the Closing Date, including accrued interest, if any, from the date of the Obligations to the Closing Date, must be made by federal wire transfer or other immediately available funds.

Establishment of Issue Price. The winning bidder shall assist the City in establishing the issue price of the Obligations and shall execute and deliver to the City on the Closing Date an “issue price” or similar underwriter certificate for the Obligations setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Obligations, together with the supporting pricing wires or equivalent communications, and compliance with the representations and covenants below, and identifying all underwriters for purposes of the issue price rules, and shall certify that it is an underwriter with an established industry reputation for underwriting municipal bonds.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Obligations) will apply to the initial sale of the Obligations (the “**competitive sale requirements**”) because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Obligations to the bidder who submits a firm offer to purchase the Obligations at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Obligations, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. In that event, *the winning bidder shall be required to elect at the time of the acceptance of the bid on the Sale Date whether to comply with its obligation to assist the City in establishing the “issue price” of the Obligations on the basis of the “general rule” or on the basis of the “hold-the-offering price rule”, as further described below.* If the winning bidder makes no express election, it shall be treated as having elected to apply the “general rule”.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all the maturities of the Obligations will be subject to either the “general rule” or the “hold-the-offering price rule”, as applicable, to establish the issue price of the Obligations.

For purposes of the agreements and representations of the underwriters, the “**10 percent test**” is met when the first 10% of a maturity is first sold to the public at a single price. The winning bidder shall advise the City if any maturity of the Obligations satisfies the 10% test as of the time of the award of the Obligations on the Sale Date. The winning bidder shall also promptly advise the City, at or before the time of award of the Obligations on the Sale Date, which maturities of the Obligations shall be subject to the “general rule” and which shall be subject to the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**general rule**”, the City intends to treat the first price at which 10% of a maturity of Obligations is sold to the public as the issue price of that

maturity, applied on a maturity-by-maturity basis. The City, however, may in its sole discretion choose to apply one or more different interpretations of the issue price rule for purposes of its federal income tax compliance (for example, by averaging the prices at which the first 10% is sold). Until the 10% test has been satisfied as to each maturity of the Obligations, the winning bidder agrees to promptly report to the City and to its municipal advisor the prices at which the unsold Obligations of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Obligations of that maturity or until all Obligations of that maturity have been sold. If such election is made, the City will not require bidders to comply with the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**hold-the-offering-price rule**”, then the City may determine to treat (i) the first price at which 10% of a maturity of the Obligations is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the Sale Date of any maturity of the Obligations as the issue price of that maturity, in each case applied on a maturity-by-maturity basis.

By electing the hold-the-offering-price rule, the winning bidder (i) agrees to confirm that the underwriters have offered or will offer the Obligations to the public on or before the date of award at the offering price or prices set forth in the bid submitted by the winning bidder (the “**initial offering price**”), or at the corresponding yield or yields, and (ii) agrees, on behalf of the underwriters participating in the purchase of the Obligations, that the underwriters will neither offer nor sell unsold Obligations of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the 5th business day after the Sale Date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City and its municipal advisor when the underwriters have sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the Sale Date.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires and representations relating to actual sales, (ii) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires and representations relating to actual sales, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires, and representations relating to actual sales.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it

sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Obligations to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this section of the Notice of Sale:

- (i) **“maturity”** means each maturity of substantially identical Obligations. For this purpose, Obligations are not treated as substantially identical if they have different credit or payment terms. For example, Obligations having the same nominal maturity are not treated as having the same “maturity” for this purpose if they have different interest rates.
- (ii) **“public”** means any person (including any individual, trust, estate, partnership, association or corporation) other than an underwriter or a related party.
- (iii) a purchaser of any of the Obligations is a **“related party”** to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (iv) **“underwriter”** means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Obligations to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the public).

Closing Deliveries. The legality of the Obligations will be approved by Foley & Lardner LLP and MWH Law Group LLP, co-bond counsel, whose unqualified approving opinions will be furnished to the winning bidder on the Closing Date without cost. There will also be furnished on the Closing Date customary closing documents, including a certificate of the City to the effect that the official statement with respect to the Obligations did not, as of its date, and does not, as of the Closing Date, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in

light of the circumstance under which they were made, not misleading, and stating that there is no litigation pending or threatened affecting the validity of or security for the Obligations.

CUSIP Numbers. CUSIP identification numbers will be specified on the Obligations, but the CUSIP numbers shall not constitute a part of the purchase agreement for the Obligations, and any error or omission with respect thereto shall not constitute cause for refusal by the winning bidder to accept delivery of and pay for the Obligations in accordance with the terms of its bid.

Continuing Disclosure. In order to assist bidders in complying with Section (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, the City will enter into a continuing disclosure undertaking to provide annual financial information and notices of the occurrence of certain events to the Municipal Securities Rulemaking Board for the benefit of the owners of the Obligations. The undertaking will consist of four existing documents—a Master Continuing Disclosure Certificate, an Addendum Describing Enumerated Events, an Addendum Describing Repository and SID, and an Addendum Describing Annual Report for General Obligation Debt—supplemented by a Supplemental Certificate, which will specify that the existing documents apply to the Obligations (collectively, the “**Disclosure Undertaking**”). The details and terms of the City’s reporting obligations are set forth in the form of the Disclosure Undertaking attached as an appendix to the Preliminary Official Statement (as defined below). As a condition of closing for the Obligations, the City will deliver the fully executed Disclosure Undertaking on the Closing Date.

Official Statement. The preliminary official statement dated October [17], 2023 prepared in connection with the initial sale of the Obligations (the “**Preliminary Official Statement**”) is in a form which the City deems final as of its date for purposes of Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, except for the omission of information described in such Section (b)(1). The Preliminary Official Statement is subject to revision, amendment, and completion in a “final official statement” as defined in Section (e)(3) of Rule 15c2-12.

The Preliminary Official Statement, when supplemented with information specifying the maturity dates, principal amounts, and interest rates of the Obligations, together with any other information required by law, shall constitute the “**Final Official Statement**” of the City with respect to the Obligations. The City agrees that, pursuant to Section (b)(3) of Rule 15c2-12, no more than seven business days after the Sale Date, it shall provide, without cost, an electronic version of the Final Official Statement to the managing underwriter of the winning bidder. Immediately upon receiving the Final Official Statement, the winning bidder agrees to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

Further Information. Additional information with respect to the Obligations may be obtained by contacting the undersigned:

Aycha Sawa
City Comptroller and Secretary of the
Public Debt Commission
City of Milwaukee
200 East Wells Street, Room 404
Milwaukee, Wisconsin 543202
414-286-3321
PDC@Milwaukee.gov

APPENDIX F

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MILWAUKEE, WISCONSIN FOR THE YEAR ENDED DECEMBER 31, 2022

The independent auditor has not been engaged to perform, and has not performed since the date of its report (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 its report in this **APPENDIX F**.



Annual Comprehensive Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2022

Office of the Comptroller

**Aycha Sawa
Comptroller**

CITY OF MILWAUKEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

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**Aycha Sawa, CPA, CIA**

Comptroller

Toni Biscobing

Special Deputy Comptroller

Bill Christianson

Deputy Comptroller

Richard Bare, CPA

Special Deputy Comptroller

July 21, 2023

Honorable Cavalier Johnson, Mayor
Members of the Common Council
and the Citizens of the City of Milwaukee

Dear Mayor, Council Members, and Citizens:

I am pleased to present the Annual Comprehensive Financial Report of the City of Milwaukee (the "City") for the fiscal year ended December 31, 2022. This report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee. The report was prepared by the Office of the Comptroller in conformity with accounting principles generally accepted in the United States of America ("GAAP") as set forth by the Governmental Accounting Standards Board ("GASB") and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units separately. The Annual Comprehensive Financial Report reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's annual budget.

This Annual Comprehensive Financial Report consists of management's representation concerning the finances of the City of Milwaukee. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Milwaukee and the component units are responsible for establishing and maintaining an internal control structure designed to ensure that the assets entrusted are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this Annual Comprehensive Financial Report is complete and reliable in all material respects.

An independent firm of licensed certified public accountants, Baker Tilly US, LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP.

The GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the report of the independent auditors.

The Annual Comprehensive Financial Report is presented in three sections. The **Introductory Section** includes a list of principal officials, an organizational chart, and this letter of transmittal, which highlights significant aspects of the City and particular financial issues. The **Financial Section** includes the independent auditors' report, the MD&A, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, required supplementary information, combining financial statements and other financial schedules. The **Statistical Section** includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.



THE REPORTING ENTITY AND ITS SERVICES

The City of Milwaukee was incorporated as a city on January 31, 1846, pursuant to the laws of the territory of Wisconsin. The City, in operation under a Home Rule Charter since 1874, provides for a council-mayor form of government. The Mayor, Comptroller, Treasurer, City Attorney, and 15 Common Council members are elected officials of the City. Local elections are nonpartisan. Officials are elected to identical four-year terms. The most recent City of Milwaukee general election for these positions was held in April 2020. The Mayor is the Chief Executive Officer and maintains a cabinet form of government controlling major City departments by appointing department heads subject to confirmation by the Common Council. The Mayor is responsible for the preparation of an annual City expenditure budget, subject to review and adoption by the Common Council. The Common Council is responsible for the management and control of the finances and property of the City and has the full power and authority to establish, enforce, and modify all regulations for the government. The Comptroller, as the Chief Financial Officer for the City, is responsible for establishing City accounting policies and procedures, revenue estimating and monitoring, examination and investigation of all matters related to the finances of the City, issuance of debt, and financial reporting. The City Treasurer is responsible for the receipt, disbursement, and investment of all monies accruing to the City, including the collection of property taxes. The City Attorney is responsible for all legal matters of the corporation, including furnishing legal opinions, drafting all legal documents and defending the City in any legal actions.

The City of Milwaukee provides a full range of municipal services, including police and fire protection, sanitation, health, culture and recreation, public works, conservation and development and administrative support services. Also included in this report are the proprietary operations of the Metropolitan Sewerage District User Charge, Port, Sewer Maintenance, Transportation, and Water Works. These activities are under the direct oversight responsibility of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability or for which the nature and significance of their relationship with the City would cause these financial statements to be misleading or incomplete, known as component units, are a part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units for fiscal year 2022: Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Common Council of the City of Milwaukee. Activities of the general, certain special revenue and proprietary fund types (exclusive of the component units) are included in the City's annual budget. Annually, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires this submittal on or before September 28th. The Common Council must complete its review and adopt the budget on or before November 14th. The component units' respective Boards approve their separate budgets. Once adopted, a department's total appropriation cannot be amended without Common Council approval. Budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the object class level (i.e., salaries, operating expenditures, equipment) for each department. The budgetary control for capital and certain special revenue funds is set over the life of the project rather than the current fiscal year. The General Obligation Debt Service Fund uses a non-appropriated budget. The City of Milwaukee maintains an encumbrance accounting system as an additional method of accomplishing budgetary control. Budget-to-actual comparisons for the general fund, are provided in the Required Supplemental Information section of this report.

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, WI. It is the 31st largest city in the United States with a 2022 Wisconsin Department of Administration estimated population of 577,309. Milwaukee is the largest city, by population, and the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 2.05 million for the Milwaukee-Racine-Waukesha metropolitan area.

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. The area is not dominated by any large employers. Less than two percent of the manufacturers have employment levels greater than 500. Less than one percent of the employers in finance, insurance, and services have more than 500 employees.

Milwaukee is the economic hub of the southeast region and entire state of Wisconsin. It is a premiere center for advanced manufacturing, fresh water research and development, clean and green technology, health care, biomedical technology and financial services. These core industries spur innovation, business formation and growth, a strong and growing entrepreneurial climate, and provide a boost to Milwaukee's national and global competitiveness. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth and economic development.

Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In the past few decades, major new additions to the City include the Milwaukee RiverWalk, the Wisconsin Center, American Family Field, Fiserv Forum, the Calatrava (an internationally renowned addition to the Milwaukee Art Museum) and Pier Wisconsin, as well as major renovations to the University of Wisconsin – Milwaukee Panther Arena. Many new lofts and apartments have been completed or are under construction in neighborhoods on and near the lakefront and riverbanks.

Milwaukee plays an important role in international and domestic trade. Of vital importance to both the local and state economies, the Port of Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. The protected harbor permits year-round use of the port with access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through overland connections to the Mississippi River. The Port of Milwaukee processed 2.27 million metric tons of cargo in 2022. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. In 2021, the Port and the DeLong Company broke ground on a new \$40 million agricultural export facility on Jones Island which was completed in early 2023. In addition the city had a record breaking year for cruise ship arrivals in 2022. 33 trips brought 13,611 cruise passengers to Milwaukee in 2022, and the future looks bright with the announcement of a new \$7.3 million dollar cruise ship dock to be built beginning in 2023. Completion of the dock is expected in 2024, and will be located at the southern tip of the harbor near the Bay View neighborhood. The new South Shore Cruise Dock will be built to accommodate "Seawaymax" size cruise ships, the largest international vessels built to operate on the Great Lakes. The Harbor Commission also facilitates public access including cultural and recreational activities for the public by leasing property to the Milwaukee Art Museum, Milwaukee World Festivals, Discovery World at Pier Wisconsin, and the Lake Express high-speed ferry.

Economic development is encouraged to promote the growth of employment opportunities for the citizens of Milwaukee and support private investment to grow the City's tax base. Four key development approaches are utilized: 1) direct financial assistance to small businesses that helps owners take advantage of opportunities to increase sales and employment; 2) use of tax incremental financing to provide public infrastructure improvements or other assistance to encourage private investments that will increase the tax base, employment or availability of commercial services in underserved areas; 3) partnerships with organizations that improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects to redevelop underutilized or vacant properties for eventual sale to private owners.

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. As of December 31, 2022 the City managed 30 active Business Improvement Districts, 10 Neighborhood Improvement Districts, 62 Tax Incremental Districts and various development projects promoting urban renewal throughout the City. The City of Milwaukee collaborates with surrounding governmental jurisdictions to promote economic development. The long term benefit of these efforts is to create economic growth and expand the tax base in the City. Future tax abatement payments related to these programs total \$148 million as depicted in Note 14.

The City of Milwaukee continues an amazing revitalization including a downtown building boom. BMO Harris Bank completed a new 25 story office tower directly across from City Hall on Wells Street. Northwestern Mutual changed the City's skyline with the construction of a 32-story office tower, and completed a 33-story upscale apartment tower. The office tower, at one million square feet, is the largest office structure in the state of Wisconsin. In February of 2023, Northwestern Mutual announced plans for a \$500 million renovation to its North Office Building adjacent to the recently constructed office tower which is expected to bring an estimated 2,000 additional employees downtown by 2030.

The Milwaukee Bucks, the NBA basketball team have driven development with their new arena, and the Deer District, an entertainment destination created just to the east of the arena featuring an outdoor plaza and many amenities. The Deer District continued expansion in 2022 with the announcement of The Trade, a new 200 room hotel just steps away from the Fiserv Forum. The Trade opened its doors in May 2023.

A new high-rise, known as the Couture, continued construction and is expected to be completed in late 2023. The 44 story skyscraper will feature 312 apartments, as well as a restaurants, retailers, 1,100 new parking spaces, and the final stop of the Lakefront Line of the City of Milwaukee's Streetcar known as "The Hop". The \$188 million mixed used development is expected to create an estimated 2,000 jobs which, similar to other downtown projects, emphasize the hiring of City residents.

Michels Corporation completed construction of their \$100 million development on the Kinnickinnic River. Phase one saw the creation of an eight-story office building to house their infrastructure division headquarters which is now open. The mixed use development that also includes shops, a restaurant, and 95 apartments was completed in 2022.

Komatsu Mining completed construction on their new \$285 million headquarters and manufacturing facility in the City's Harbor District. This marks the return to Milwaukee of the global corporation, which has its roots in Walker's Point. Komatsu began moving operations to the new campus in 2021 and completed its move in 2022.

Ascent, the world's tallest mass timber structure, was completed in July 2022. The apartment complex is located at 700 E. Kilbourn Avenue, and brings 259 new apartment units to downtown. The structure of the building is unique in that the entire building above the parking garage is supported entirely by mass timber.

The Wisconsin Center District continued on Phase Three of their expansion and renovation in 2022. This phase will double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Construction is expected to be completed in 2024.

A newly announced mixed-use development known as the Iron District broke ground in the fall of 2022. The development will include an 8,000 seat soccer stadium, an indoor concert venue, a 140 room hotel, housing, retail stores, bars, and restaurants. This new district will be placed southwest of the intersection of W. Michigan St and N. 6th Street, revitalizing an area of downtown that had not seen the rapid pace of development found in other parts of downtown. In addition to hosting the City's new professional soccer team, the \$160 million dollar complex will also be home to the Marquette Men's and Women's soccer teams. The stadium and entertainment venue are expected to open in 2024. The new professional outdoor soccer team will compete in the USL Championship League starting in 2026, and will mark the return of professional outdoor soccer in Milwaukee for the first time since 2002.

The Milwaukee Public Museum announced that they will be building a brand new 200,000 square foot building inspired by geological formations found at Mill Bluff State Park. The project is expected to break ground in 2023 and be completed by 2026. The project will be in a new location separate from the current public museum, on 6th Street across from the Deer District. The museum is expected to bring 5.5 million visitors within the first decade.

On July 15th, 2022 Milwaukee was selected as the host city for the 2024 Republican National Convention over Nashville, Salt Lake City, Pittsburgh, and Kansas City. This is the first time that a city was elected to host major political party conventions in back-to-back election cycles since New York City hosted in both 1976, and 1980. The event has the potential to attract around 50,000 visitors to the region and generate an estimated economic impact of up to \$200 million for the area. This large event will further show that Milwaukee is a first class city capable of hosting first class events.

In addition to new construction projects, several underutilized buildings continue to see reinvestment. The historic Grand Avenue Mall was redeveloped into The Avenue, a multi-use urban space made up of apartments, offices, and the 3rd St. Market Hall which features numerous food vendors in addition to several popular amenities. Major downtown redevelopment projects recently announced or completed include the Milwaukee Tool office building.

The City continues to progress in strengthening its neighborhoods. In 2022, City resources contributed to the creation of 342 new housing units, improvements to 68 existing housing units through the Home Rehab and Strong Homes Loan Programs totaling over \$1.3 million, and the assistance of 303 individuals in home buying through the Homebuyer Assistance and Down Payment Assistance Programs, totaling over \$1.9 million.

The City's Commercial Corridor team provided 92 revitalization grants totaling more than \$1.6 million to business and commercial property throughout the City in 2022. These investments helped launch 60 new businesses, expand 17 businesses, and improve 15 business sites.

The City and private sector interests have joined in a formal partnership to chart a course for development and recreational opportunities in the area around the Milwaukee harbor – the neighborhood that includes the Port of Milwaukee, the University of Wisconsin-Milwaukee's School of Freshwater Science, and the headquarters of Rockwell International.

Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract millions of visitors a year. There are 20 major annual festivals hosted in Milwaukee. Summerfest is promoted as the world's largest music festival and attracts roughly one million attendees each year. Milwaukee's ethnic festivals include the nation's largest Native American, Polish, Italian, and German festivals along with the world's largest Irish festival.

The educational opportunities in Milwaukee offer a wide variety of choices within the City. The City's educational institutions include Alverno College, Marquette University, the Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee School of Engineering, Mount Mary University, University of Wisconsin-Milwaukee, and Wisconsin Lutheran College.

ECONOMIC OUTLOOK

For the year 2022, the City's unemployment rate averaged approximately 4.2% (see Table 13 in Statistical Section); compared to the State of Wisconsin average of 2.9% and the United States average of 3.6% (from U.S. Department of Labor, Bureau of Labor Statistics).

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain investment grade ratings of BBB+ from Fitch Ratings, Inc. and A- from S&P Global Ratings, for the City's most recent 2023 General Obligation Bonds and Notes. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best) rating with D being the lowest (worst). The BBB+/A- rating indicates the City's bonds are considered high credit quality investment grade issues. As the ratings indicate, the City has the capacity to meet its financial commitments on outstanding obligations. The rating agencies indicate that the ratings reflect a combination of strong liquidity, rapid debt repayment, manageable capital needs, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City ever issued any new debt for the purpose of paying the principal or interest on current debt, in an effort to prevent default.

The 2022 property tax rate for 2023 purposes decreased from \$10.16 to \$9.16 compared to the prior year's per \$1,000 of assessed value. The 2023 budgetary City property tax levy of approximately \$311 million represents a \$6 million increase compared to the \$305 million in 2022. The estimated assessed value used for 2023 budget purposes increased to approximately \$34 billion from \$30 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2022 was 31.8% compared to 30.5% for 2021 as depicted in Exhibit E-1. Property tax increases are limited by state legislation.

The 2023 budget estimates intergovernmental revenues of \$273 million which is a decrease of \$412 thousand from 2022. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be \$219.4 million in 2023, which is an increase of \$267 thousand from 2022. The State Transportation Aids (the second largest category) total \$29.5 million for 2023, a \$647 thousand decrease from 2022. Another large state aid is the Expenditure Restraint Payment. The intent of this program is to reward communities who control their General Fund expenditures and is estimated to be \$10.3 million in 2023. Due to stagnant or declining State aids in recent years, revenue diversification and enhancement are essential to retaining existing service levels. However, State restrictions on the type of charges for service that are available to municipalities erode the ability to diversify revenue. The two largest 2023 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of \$48.6 million and the storm water management charges for services to the sewer fund of \$24.4 million. The snow and ice fee is estimated in 2023 to generate a total of \$10.7 million. The street lighting fee is estimated to generate \$9.6 million in 2023. Total Charges for Services are estimated to increase by \$3.9 million to \$148.5 million in 2023.

The City remains in good financial condition, as is depicted in Note 9 of the Notes to the Financial Statements. The General Fund maintains a Reserve for Tax Stabilization (a fund balance account) that accumulates the net of revenues and other financing sources less expenditures and other financing uses, and, less other fund reserves. For 2022, this reserve has a year-end balance of \$31 million compared to \$19 million for 2021. The 2023 budget reflects that no funding is withdrawn for tax stabilization, leaving the portion of the Reserve for Tax Stabilization available for future years at \$22 million.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. The pandemic affected the entire world, and the City was no different. However, the majority of the City's revenue sources are fairly stable, and not materially affected by economic activity, which lessened the impact to the City on a financial basis. In addition, the City has received \$171.4 million through the Coronavirus Aid, Relief, and Economic Security Act and \$394.2 million through the American Rescue Plan Act in assistance to cover costs associated with combating the virus and the associated economic losses.

MAJOR CAPITAL PROJECTS

The 2023 capital budget includes funds for various infrastructure and building projects. For 2023, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals \$164 million, an increase of 20% or \$27.3 million from the 2022 budget of \$136.7 million. Funding of \$40.1 million for various tax incremental districts and development projects comprises 24% of the total capital budget for 2023. The Department of Public Works budget for bridges (\$3.4 million), street/paving construction (\$58.6 million), various building, equipment and forestry projects (\$18.9 million) with a total of \$80.9 million or approximately 49% of the total 2023 capital budget. Police projects (\$17.9 million), Fire projects (\$3 million), and Library projects (\$1.6 million) in the aggregate total \$22.5 million or 14% of the total capital budget.

The annual plan for capital projects budget includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose components total at least \$2 million. Some major projects planned for 2023 include improving the useful life of 24.6 miles of streets and funding for 1,200 lead water service line replacements. The City has a Capital Improvements Committee to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

The City continued its use of the State of Wisconsin's Safe Drinking Water and Clean Water Funds to finance water and sewer system capital projects. Clean Water Fund loans of \$15.1 million were obtained during 2022, compared to \$22.1 million in 2021 for sewer projects. Safe Drinking Water loans of \$4.8 million were obtained during 2022 compared to \$28.0 million in 2021 for water projects. The Clean Water Fund and Safe Drinking Water Loan programs provide below market interest loans to communities to finance storm-water control projects and drinking water projects.

CASH MANAGEMENT

Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments by the City Treasurer was 1.53% in 2022 compared to 0.06% in 2021. The City's long-term pooled cash investment program is in accordance with State Statute 66.0603, and earned an annualized net investment rate of return of 1.08% on about \$25.7 million in investments.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City in connection with its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, dedication, and extensive involvement of the entire staff of the Office of the Comptroller and the able assistance of our independent auditors, Baker Tilly US, LLP, as well as the accounting personnel of our component units. Special commendation and appreciation should be accorded to the dedicated staff of the Comptroller's Office in the preparation of this Annual Comprehensive Financial Report. In addition, I convey my appreciation to you and members of your respective staffs for your interest and support in planning and conducting the fiscal affairs of the City throughout the past year. The City will continue to remain fiscally sound through our cooperative efforts.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Milwaukee
Wisconsin**

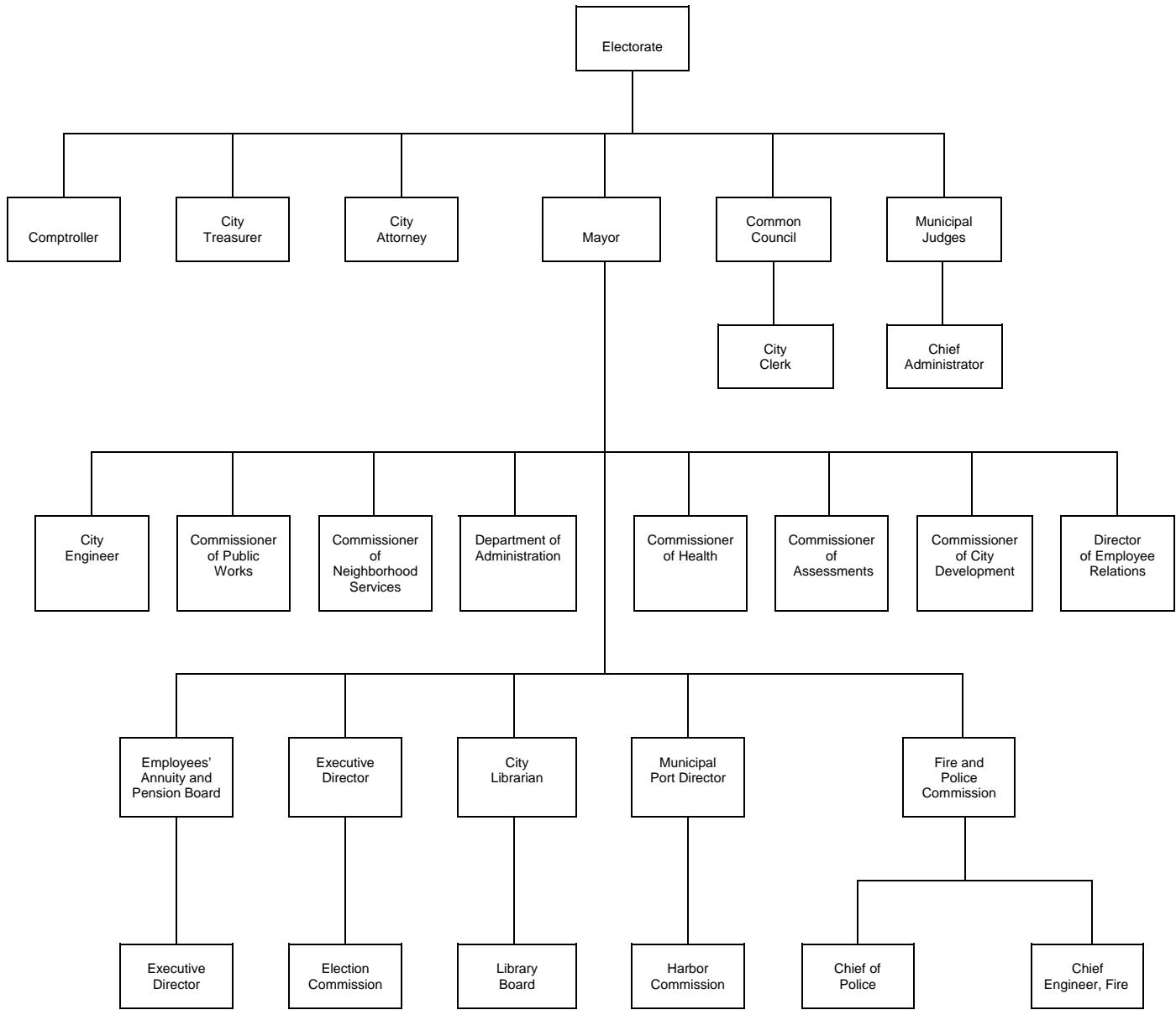
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Monell

Executive Director/CEO

**CITY OF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2022**



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2022

ELECTED

Mayor	Cavalier Johnson
Comptroller	Aycha Sawa
City Treasurer	Spencer Coggs
City Attorney	Tearman Spencer
Municipal Judge	Phillip M. Chavez
Municipal Judge	Valarie A. Hill
Municipal Judge	Derek C. Mosley

COMMON COUNCIL

President	Jose G. Perez
Aldermanic District	
First	Vacant
Second	Mark Chambers Jr.
Third	Jonathan Brostoff
Fourth	Robert J. Bauman
Fifth	Vacant
Sixth	Milele A. Coggs
Seventh	Khalif J. Rainey
Eighth	JoCasta Zamarripa
Ninth	Vacant
Tenth	Michael J. Murphy
Eleventh	Mark A. Borkowski
Twelfth	Jose G. Perez
Thirteenth	Scott P. Spiker
Fourteenth	Marina Dimitrijevic
Fifteenth	Russell W. Stamper, II

FINANCE RELATED (Non-Elected)

Administration Director	Sharon D. Robinson
Budget & Management Director	Nik Kovac
City Purchasing Director	Rhonda Kelsey
Commissioner of Assessments	Nicole F. Larson
Chief Information Officer	David Henke

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Independent Auditors' Report

To the Honorable Members of the
Common Council

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2022 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.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note 15 to the financial statements, net position as of December 31, 2021 has been restated for the implementation of GASB Statement No. 91. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises of the Introductory Section and Statistical Section listed in the accompanying table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Milwaukee, Wisconsin
July 21, 2023

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (the "City") Annual Comprehensive Financial Report provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The MD&A is an integral portion of the Annual Comprehensive Financial Report and information reported herein should be read in conjunction with the information presented in the letter of transmittal and the accompanying financial statements and disclosures, which follow this section. 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

Statement of Net Position

- Total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) at the close of fiscal year 2022 was (\$856) million, a 12% increase compared to the previous year's total of (\$975) million. This increase was related to the reductions in pension and other post employment benefits actuarial liabilities. Of the (\$856) million net position, a \$1.693 billion deficit was related to governmental activities and \$838 million was related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled (\$2.867) billion. This deficit is caused in part, by the City's significant investments in private-purpose developments, which do not produce any direct financial return to the City. The City is also required to record long-term liabilities for certain future costs rather than recording them when they are payable.
- The vast majority of the City's net position is capital assets, most of which do not generate revenues by their use. Total net position is comprised of the following:
 - Capital assets, including property and equipment, net of related debt and accumulated depreciation: \$1.8 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations: \$233 million.
 - Unrestricted net deficit: (\$2.889) billion.
- The 2022 year-end, net pension liability is \$381 million compared to the 2021 total of \$928 million. This \$547 million decrease is due to a decrease in the actuarial liability, accompanied by a realized 2021 net investment return of 18.9% compared to the actuarial assumption of 7.5%. The 2022 liability is based on an actuarial valuation performed on January 1, 2021, rolled forward to December 31, 2021. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.
- Total 2022 long-term liabilities were \$3.377 billion of which \$225 million was short-term compared to the 2021 total of \$4.395 billion of which \$159 million was short-term. The long-term portion of total liabilities, including amounts due within one year, is shown below.

Total Long-term Liabilities

(Millions of Dollars)

	<u>2022</u>	<u>2021</u>
Outstanding debt.....	\$ 1,659	\$ 1,651
OPEB.....	1,229	1,681
Pension.....	381	928
Compensated absences.....	48	48
Claims and judgments.....	60	87
Total.....	<u>\$ 3,377</u>	<u>\$ 4,395</u>

Statement of Activities

- Governmental expenses were \$1.01 billion while combined program revenues were \$178 million, a difference of \$832 million. However, general revenues and transfers plus capital grants and contributions were \$931 million, resulting in a \$99 million increase to net position for the year. Business-type activity expenses were \$236.8 million while combined program and general revenues were \$282.7 million plus \$1.7 million of miscellaneous revenue, resulting in a surplus of \$48 million. Transfers out reduced this excess by \$27 million, resulting in a net increase in net position of \$21 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

- Governmental revenues and transfers of \$1.108 billion, which supported 109% of the total 2022 governmental expenses of \$1.01 billion, were comprised of the following.

Government type revenues

(Millions of Dollars)

	<u>Amount</u>	<u>Percentage of Total</u>	
	<u>Revenue</u>	<u>Expense</u>	
Program, grant and contribution revenues.....	\$ 386	35%	38%
Property and other taxes.....	368	33%	36%
State aids for the general fund.....	273	25%	27%
Miscellaneous revenues and transfers.....	81	7%	8%
Total.....	\$ 1,108	100%	109%

- Business-type activity program revenue of \$283 million, which supported 120% of the total 2022 business-type expenses of \$237 million, was comprised of the following.

Business type program revenues

(Millions of Dollars)

	<u>Amount</u>	<u>Percentage of Total</u>	
	<u>Revenue</u>	<u>Expense</u>	
Water.....	\$ 99	35%	42%
Sewer.....	77	27%	33%
Transportation.....	35	13%	15%
Port.....	15	5%	6%
MMSD sewer user charges.....	57	20%	24%
Total.....	\$ 283	100%	120%

Fund Financial Statements

- The total governmental fund, year-end 2022 fund balance was \$421 million, compared to the 2021 ending fund balance of \$352 million, an increase of \$69 million or 20%.
- The 2022 General Fund year-end fund balance totaled \$202 million, a \$26 million increase compared to the 2021 balance of \$176 million. The 2022 ending fund balance is approximately 28% of the \$719 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were \$1.144 billion at year-end 2022, an increase of \$7 million compared to the 2021 total of \$1.137 billion. In addition, revenue bonds of \$164 million, state loans of \$249 million and \$5 million of lease obligations were outstanding at year-end. Total outstanding debt at the end of 2022, including unamortized premium, totaled \$1.66 billion, a \$8 million increase over the 2021 total of \$1.652 billion.

Required Supplementary Information

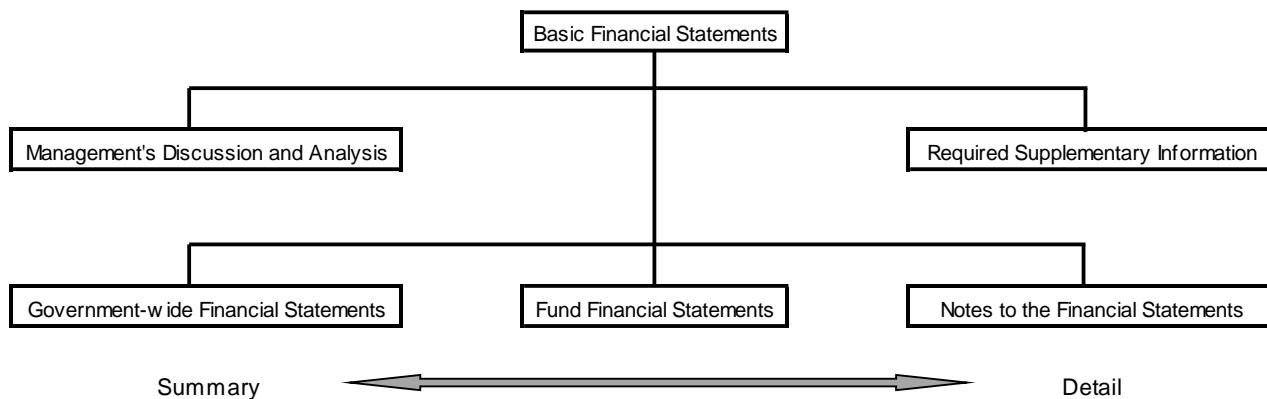
- General Fund operating revenues were \$8.2 million greater than budgeted while operating expenditures were \$13.2 million less than budgeted in 2022. Property taxes were as budgeted while revenues other than property taxes were \$8.2 million more than budget. Other revenue was under budget \$6.3 million, while charges for services were \$11.1 over budget. Operating expenditures were under budget in all categories, including general government of \$9.9 million, public safety \$1.0 million and public works \$1.9 million. The primary reason for the general government category being under budget is unfilled budgeted positions due to the difficult hiring environment.
- Total OPEB liability decreased approximately \$452 million to \$1.229 billion as of December 31, 2022, compared to \$1.681 billion as of December 31, 2021 primarily due to an increase in the discount rate used by the actuary.
- Due to a decrease in the actuarial determined liability along with an increase in the net assets of the plan, the 2022 pension liability decreased \$547 million to \$381 million compared to the 2021 pension liability of \$928 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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.

Figure A-1
Components of the Financial Section



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 custodian for the benefit of others to whom the resources belong.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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

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 wherewithal. 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 divided 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 water, sewer user charge, sewer maintenance, transportation, and port. User charges or fees primarily support these activities.
- The *component units* include two other entities in its report: The Redevelopment Authority of the City of Milwaukee, and The Neighborhood Improvement Development 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, 2022
(Unaudited)

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 reconciliations in Exhibits A-2 and A-4.
- **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 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 non-major governmental funds and non-major proprietary funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each non-major 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

Summary of Statement of Net Position

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 in Table 1a. Table 1a focuses on the net position and Table 2a focuses on the changes in net position.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,330,001	\$ 1,090,658	\$ 212,044	\$ 181,080	\$ 1,542,045	\$ 1,271,738
Capital assets	1,345,795	1,353,454	1,294,706	1,285,968	2,640,501	2,639,422
Total assets	<u>2,675,796</u>	<u>2,444,112</u>	<u>1,506,750</u>	<u>1,467,048</u>	<u>4,182,546</u>	<u>3,911,160</u>
Deferred Outflows of Resources:						
Deferred outflows for pensions.....	157,374	261,548	5,071	9,008	162,445	270,556
Deferred outflows for OPEB.....	192,172	257,676	10,263	14,187	202,435	271,863
Total deferred outflows.....	<u>349,546</u>	<u>519,224</u>	<u>15,334</u>	<u>23,195</u>	<u>364,880</u>	<u>542,419</u>
Long-term obligations	2,845,141	3,821,191	531,362	574,276	3,376,503	4,395,467
Other liabilities	449,552	283,276	70,996	82,640	520,548	365,916
Total liabilities	<u>3,294,693</u>	<u>4,104,467</u>	<u>602,358</u>	<u>656,916</u>	<u>3,897,051</u>	<u>4,761,383</u>
Deferred Inflows of Resources:						
Gain on Refunding.....	2,305	2,352	420	1,194	2,725	3,546
Subsequent years property taxes.....	369,514	361,606	-	-	369,514	361,606
Pension, OPEB & Lease related.....	1,052,115	287,022	81,667	15,076	1,133,782	302,098
Total deferred inflows.....	<u>1,423,934</u>	<u>650,980</u>	<u>82,087</u>	<u>16,270</u>	<u>1,506,021</u>	<u>667,250</u>
Net position:						
Net investment in capital assets.....	963,538	939,647	837,114	824,814	1,800,652	1,764,461
Restricted	210,671	209,636	22,025	20,657	232,696	230,293
Unrestricted (deficit)	(2,867,494)	(2,941,394)	(21,500)	(28,414)	(2,888,994)	(2,969,808)
Total net position	<u>\$(1,693,285)</u>	<u>\$(1,792,111)</u>	<u>\$ 837,639</u>	<u>\$ 817,057</u>	<u>\$ (855,646)</u>	<u>\$ (975,054)</u>

Net position of the City's governmental activities increased to (\$1.693) billion for 2022. The portion of net position restricted as to use totaled \$211 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$964 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 \$2.867 billion at year-end does not imply that the City has inadequate financial resources to meet its current obligations. Rather, the deficit is caused, in part, by the full accrual of future expenses (expenditures) in the current year. The City's annual budgets, however, only include funding (revenue) for one year of multi-year liabilities such as property-casualty claims, employee leave balances and post-employment benefits. This difference between future expenditures and current year revenue is mostly responsible for the deficit.

The net position of business-type activities was \$838 million in 2022. The City, generally, can use the net position of business-type activities only to finance the continuing operations of those specific proprietary activities.

Year-end 2022 long-term obligations for governmental activities were \$2.845 billion, a decrease of 26% over the 2021 amount of \$3.821 billion. Most of this decrease is attributable to the decreases in pension and OPEB liabilities, as previously noted. Year-end long-term obligations related to business-type activities were \$531 million, a decrease of 7% over the 2021 amount of \$574 million. This \$43 million decrease is due mainly to reduction in the pension and OPEB liabilities.

Total 2022 year end primary government assets, including capital assets, were \$4.183 billion, an increase of \$272 million or 7% from the 2021 amount of \$3.911 billion, some of which is due to the implementation of GASB 87. At year-end 2022, Water Works and Sewer Maintenance Fund net capital assets comprised 92% of the City's total net capital assets for business-type activities. These two funds are the City's largest proprietary (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.

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Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2022 totaled \$1.082 billion. The composition of this revenue, by category, is reported on Table 2a while the percentage of each revenue category to the total is shown on Chart 4.

Governmental Activity expenses include a wide range of services. Governmental Activity 2022 expenditures were \$1.01 billion. The composition of these expenditures, by category, is reported on Table 2a while the percentage of each expense category to the total is shown on Chart 3.

Program-specific revenues (charges for services) generated about 17% (see Table 2b) of total governmental activity revenue. General revenues (taxes, State aids, grants, and miscellaneous) account for the remaining 83%.

Governmental Activity revenue for 2022 were \$72 million above expenditures, and \$99 million above after \$27 million of transfers from business-type activities. Business-type activity revenues exceeded expenditures and transfers during 2022 by \$21 million. Chart 1 presents *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict the comparison of revenues vs. expenditures, by major function. Table 2a and the narrative that follows, report the operations of governmental and business-type activities separately.

Table 2a
Changes in Net Position
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 177,642	\$ 167,975	\$ 267,981	\$ 267,477	\$ 445,623	\$ 435,452
Operating grants and contributions	208,211	122,845	-	-	208,211	122,845
Capital grants and contributions	1,008	1,701	14,672	18,786	15,680	20,487
General revenues:						
Property taxes and other taxes	368,200	369,565	-	-	368,200	369,565
State aids for General Fund	273,305	273,422	-	-	273,305	273,422
Miscellaneous	53,366	70,004	1,751	2,054	55,117	72,058
Total revenues	<u>1,081,732</u>	<u>1,005,512</u>	<u>284,404</u>	<u>288,317</u>	<u>1,366,136</u>	<u>1,293,829</u>
Expenses						
General government						
General government	195,073	290,849	-	-	195,073	290,849
Public safety	469,399	624,406	-	-	469,399	624,406
Public Works	201,732	234,986	-	-	201,732	234,986
Health	33,242	50,530	-	-	33,242	50,530
Culture and recreation	30,531	35,827	-	-	30,531	35,827
Conservation and development	51,738	78,832	-	-	51,738	78,832
Interest on long-term debt	28,235	25,627	-	-	28,235	25,627
Water	-	-	81,481	85,287	81,481	85,287
Sewer Maintenance	-	-	58,645	61,147	58,645	61,147
Transportation	-	-	28,626	28,375	28,626	28,375
Port of Milwaukee	-	-	13,592	10,184	13,592	10,184
Metropolitan Sewerage District User Charges	-	-	54,434	54,375	54,434	54,375
Total expenses	<u>1,009,950</u>	<u>1,341,057</u>	<u>236,778</u>	<u>239,368</u>	<u>1,246,728</u>	<u>1,580,425</u>
Increase (Decrease) in net position before transfers..	71,782	(335,545)	47,626	48,949	119,408	(286,596)
Transfers	<u>27,044</u>	<u>32,910</u>	<u>(27,044)</u>	<u>(32,910)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	98,826	(302,635)	20,582	16,039	119,408	(286,596)
Net position (deficit) – Beginning.....	(1,792,111)	(1,489,476)	817,057	801,018	(975,054)	(688,458)
Net position (deficit) – Ending	<u>\$ (1,693,285)</u>	<u>\$ (1,792,111)</u>	<u>\$ 837,639</u>	<u>\$ 817,057</u>	<u>\$ (855,646)</u>	<u>\$ (975,054)</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Revenues for the City's governmental activities totaled \$1.082 billion, while total expenses totaled \$1.01 billion for 2022, resulting in a surplus of \$72 million. Total revenues, excluding transfers, supported 107% of total expenses; 110% including transfers. Comparable data for 2021 indicates total revenues, excluding transfers supported 75% of expenses; 77% including transfers.

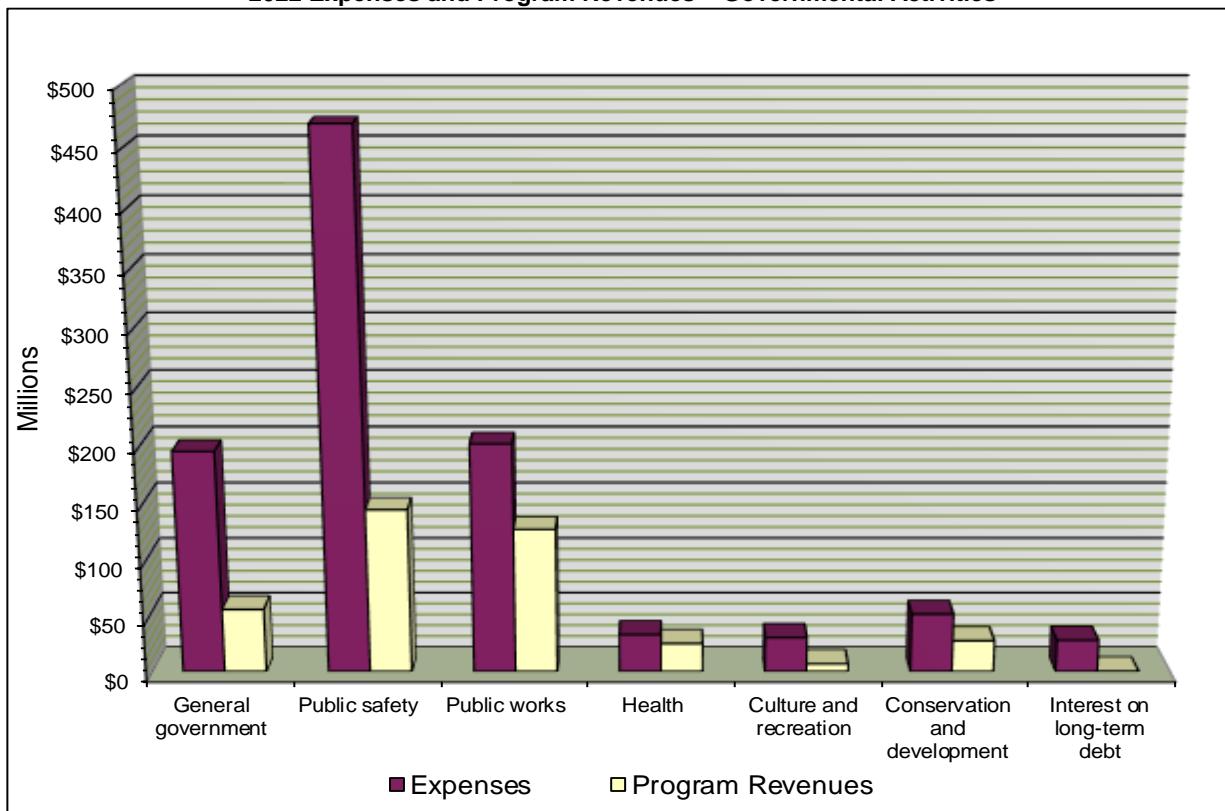
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

Category	2022		2021	
	Amount	% of Total	Amount	% of Total
Property taxes.....	\$ 368,200	34%	\$ 369,565	37%
State aids.....	273,305	25%	273,422	27%
Charges for services.....	177,642	17%	167,975	17%
Grants and contributions.....	209,219	19%	124,546	12%
Miscellaneous.....	53,366	5%	70,004	7%
Total.....	\$ 1,081,732	100%	\$ 1,005,512	100%

Total 2022 governmental activity expenditures decreased \$331 million or 25% compared to 2021 which is primarily due to decreased actuarial expenses tied to the reduction in pension and OPEB liabilities. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2022 Expenses and Program Revenues – Governmental Activities



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Table 2c presents the gross and net costs (total costs less the revenues generated by the activities) of each of the City's largest programs. Chart 1 above depicts total revenues and expenses for each activity. 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 remaining costs, by function that are funded by non-program revenues such as City taxes and State aids. The net cost of services not funded with direct program revenue for governmental activities decreased in 2022 to \$623 million from \$1.049 billion in 2021, a 41% decrease.

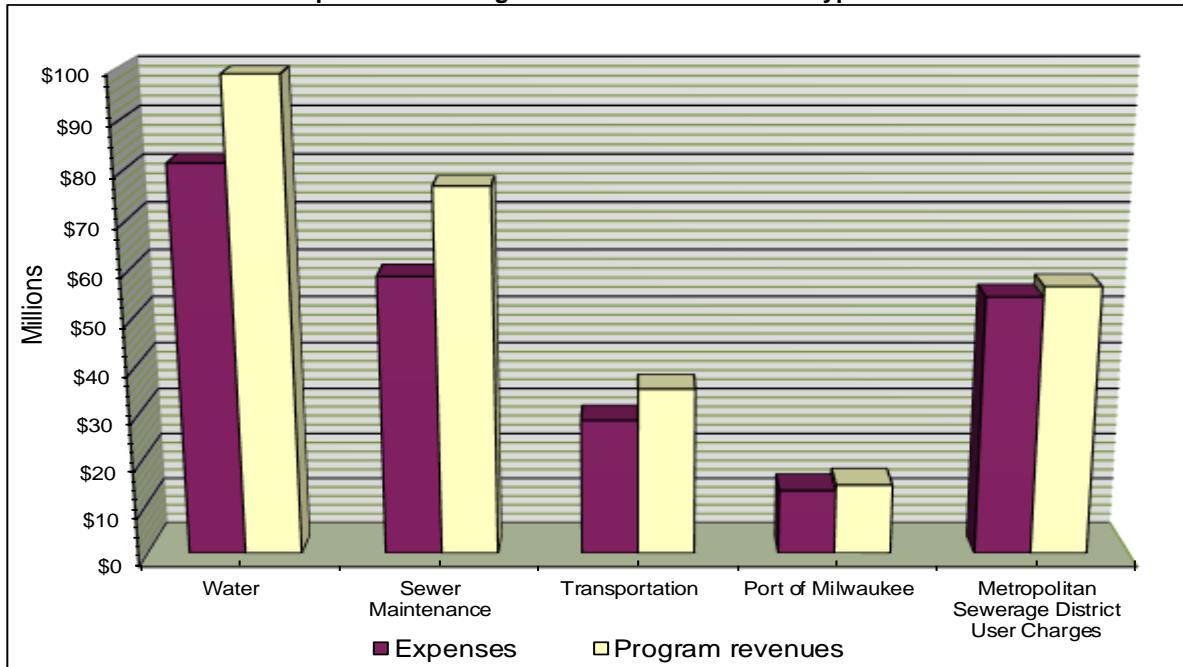
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	2022	% of Total	2021	% of Total	2022	2021
General government	\$ 195,073	19%	\$ 290,849	21%	\$ 139,207	\$ 236,637
Public safety	469,399	47%	624,406	46%	325,161	547,157
Public works	201,732	20%	234,986	18%	74,686	125,705
Health	33,242	3%	50,530	4%	8,031	17,835
Culture and recreation	30,531	3%	35,827	3%	23,754	30,846
Conservation and development ..	51,738	5%	78,832	6%	24,015	64,729
Interest on long-term debt	28,235	3%	25,627	2%	28,235	25,627
Total Governmental Activities ..	<u>\$ 1,009,950</u>	<u>100%</u>	<u>\$ 1,341,057</u>	<u>100%</u>	<u>\$ 623,089</u>	<u>\$ 1,048,536</u>

Business-type Activities

Revenues for the City's business-type activities totaled \$284 million, while expenses and transfers out also totaled \$264 million for 2022, resulting in an increase to net position (see Table 3b). Total revenues supported 120% of total expenses excluding transfers out and 108% including transfers out. Comparable data for 2021 indicates total revenues supported 120% of expenses excluding transfers out and 106% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2022 Expenses and Program Revenues – Business-type Activities



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The two major proprietary or business-type activities for the City are water services (Water Works) and sewer maintenance. Operating revenues, expenses and income for Water Works and Sewer Maintenance are shown in Table 3a below.

Table 3a
Major Enterprise Funds - Revenues and Expenses

(Thousands of Dollars)

	Water Works	Sewer Maintenance
Revenues.....	\$ 98,968	\$ 72,920
Expenses.....	<u>\$ 79,697</u>	<u>\$ 51,098</u>
Net operating income.....	<u><u>\$ 19,271</u></u>	<u><u>\$ 21,822</u></u>

Business-type revenues, expenses and net position for the current year compared to the previous year are outlined in Table 3b below.

Table 3b
Business-type Revenues, Expenses and Net Position

(Thousands of Dollars)

	2022	2021	Increase (Decrease)	
			Amount	Percentage
Revenues.....	\$ 284,404	\$ 288,317	\$ (3,913)	-1%
Expenses/Transfers.....	\$ 263,822	\$ 272,278	\$ (8,456)	-3%
Net position.....	\$ 837,639	\$ 817,057	\$ 20,582	3%

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.

At year-end 2022, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$421 million, an increase of \$69 million or 20% from the 2021 balance of \$352 million. The factors impacting the change in fund balance are mainly due to recovery in revenue in the funds as the pandemic waned coupled with increased economic activity. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

CITY OF MILWAUKEE
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Table 4a
Governmental Funds Change in Fund Balances
(Thousands of Dollars)

	General		Grant and Capital						Total
	<u>General</u>	<u>Obligation</u>	<u>Public Debt</u>	<u>Economic</u>	<u>Aid</u>	<u>Projects</u>	<u>Projects</u>	<u>Nonmajor</u>	
2022 ending balance.....	\$ 201,502	\$ 34,305	\$ 43,898	\$ 134,146	\$ (5,450)	\$ 18,922	\$ (6,521)	\$ 420,802	
2021 ending balance.....	176,405	28,922	43,131	113,038	(4,615)	2,001	(6,838)		352,044
Increase/(decrease).....	\$ 25,097	\$ 5,383	\$ 767	\$ 21,108	\$ (835)	\$ 16,921	\$ 317	\$ 68,758	
% increase/(decrease).....	14%	19%	2%	19%	18%	846%	-5%		20%

The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects has occurred. This practice minimizes City borrowing costs and complies with Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled \$93 million in 2022 compared to \$94 million in 2021.

Revenues for governmental functions overall totaled \$1.071 billion in the fiscal year ended December 31, 2022, an increase of \$56 million compared to the 2021 total of \$1.015 billion. Other financing sources were \$254 million, a \$73 million decrease from the 2021 total of \$327 million. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from proprietary funds; and transfers of loan repayments received by the Neighborhood Improvement Development Corporation component unit. Governmental revenues, by source, are shown on Table 4b below.

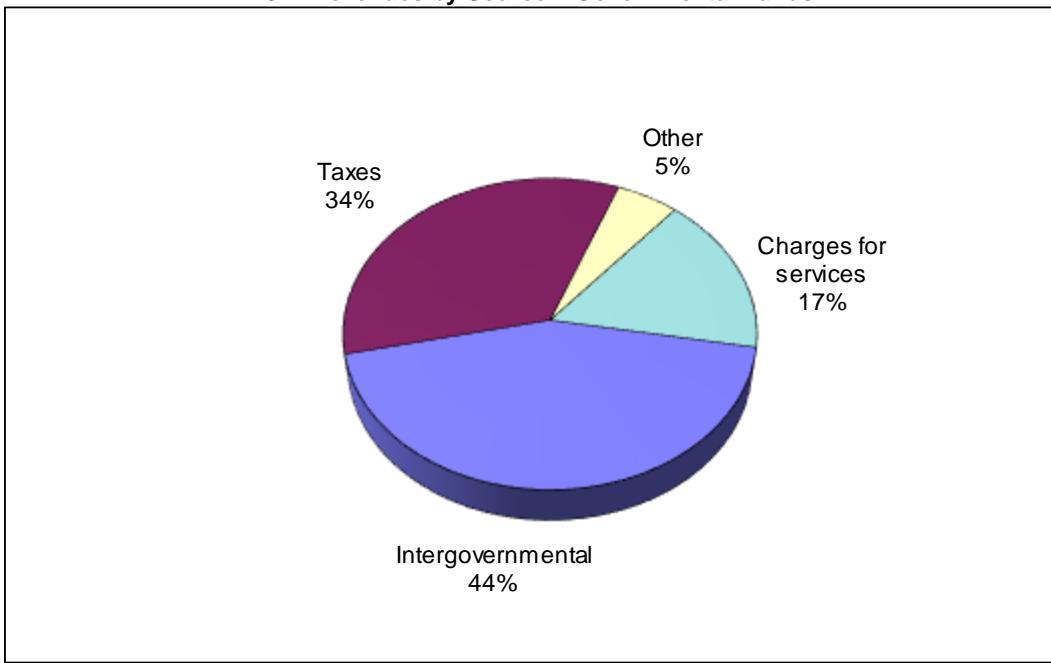
Table 4b
Governmental Fund Revenues by Source
(Thousands of Dollars)

	General		Grant and Capital						Total
	<u>General</u>	<u>Obligation</u>	<u>Public Debt</u>	<u>Economic</u>	<u>Aid</u>	<u>Projects</u>	<u>Projects</u>	<u>Nonmajor</u>	
Intergovernmental.....	\$ 273,305	\$ -	\$ -	\$ -	\$ 168,464	\$ 7,663	\$ 19,142	\$ 468,574	
Taxes.....	222,537	85,434	2,723	46,813	-	10,218	-		367,725
Charges for services.....	165,994	11,648	-	-	-	-	-		177,642
Other/(Loss).....	40,996	(2,656)	1,050	-	-	9,267	8,377		57,034
Total revenues.....	702,832	94,426	3,773	46,813	168,464	27,148	27,519		1,070,975
Other sources.....	41,113	101,090	-	3,334	-	93,496	15,102		254,135
Total revenues & sources....	\$ 743,945	\$ 195,516	\$ 3,773	\$ 50,147	\$ 168,464	\$ 120,644	\$ 42,621		\$ 1,325,110

CITY OF MILWAUKEE
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Chart 3 below depicts revenue, by source, for all governmental funds.

Chart 3
2022 Revenues by Source – Governmental Funds



Expenditures for governmental funds totaled \$1.19 billion compared to \$1.246 billion in 2021. Other financing uses totaled \$67 million, a \$15 million decrease compared to the 2021 total of \$82 million. Expenditures exceeded revenues in 2022, creating a gap of \$119 million. The excess of other financing sources over other financing uses of \$187 million offset the gap. The net change in fund balances was an increase of \$69 million for the year compared to an increase of \$13 million in 2021. Governmental expenditures, by function, are shown on Table 4c below.

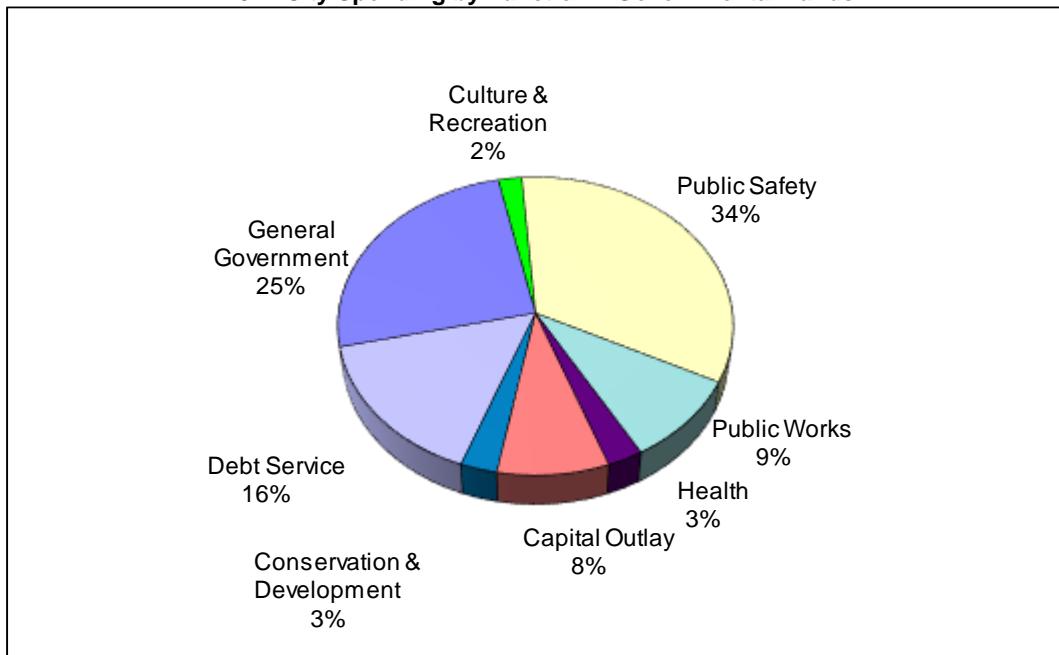
Table 4c
Governmental Fund Expenditures by Source
(Thousands of Dollars)

	General	General			Grant and			Total
		Obligation	Debt Service	Public Debt	Economic	Aid	Capital	
	General	Debt Service	Amortization	Development	Projects	Projects	Nonmajor	
General government.....	\$ 297,247	\$ 450	\$ 6	\$ -	\$ -	\$ -	\$ 3,412	\$ 301,115
Public safety.....	285,902	-	-	-	105,773	-	8,415	400,090
Public works.....	95,916	-	-	-	15,316	-	-	111,232
Health.....	7,432	-	-	-	24,361	-	-	31,793
Culture & recreation.....	19,903	-	-	-	3,946	-	980	24,829
Conservation & development..	4,188	-	-	1,126	19,561	-	8,050	32,925
Capital outlay.....	-	-	-	-	-	100,389	-	100,389
Debt service.....	-	187,233	-	-	-	-	-	187,233
Total expenditures.....	710,588	187,683	6	1,126	168,957	100,389	20,857	1,189,606
Other uses.....	8,260	2,450	3,000	27,913	342	3,334	21,447	66,746
Total expenditures & uses....	\$ 718,848	\$ 190,133	\$ 3,006	\$ 29,039	\$ 169,299	\$ 103,723	\$ 42,304	\$ 1,256,352

CITY OF MILWAUKEE
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Chart 4 below depicts spending by function for all governmental funds.

Chart 4
2022 City Spending by Function – Governmental Funds



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 \$25 million or 14%. Revenues and other financing sources totaled approximately \$744 million and expenditures and other financing uses totaled approximately \$719 million - detailed in Table 5 below. General Fund revenues increased \$22 million due to recovery in activity following the reduced levels in the prior two years due to the COVID-19 pandemic.

Expenditures decreased \$20 million to \$711 million, compared to the 2021 total of \$731 million. This \$20 million included decreases in public safety, public works and health expenditures of \$27 million, \$11 million and \$5 million, respectively. Some of these decreases in the General Fund expenditures were funded by Federal ARPA grants and thus shown in the Grant Fund expenditures. Total expenditures exceeded total revenues by \$8 million or 1%.

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 \$33 million. In 2022 there was a \$4 million fund balance withdrawal which was \$2.5 million less than the 2021 withdrawal of \$6.5 million.

Total General Fund revenues for 2022 were \$703 million. The largest revenue category is intergovernmental at \$273 million, representing 39% of the total. The second largest revenue source is Property Taxes with \$223 million or 32%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 24% or \$166 million, it is in this category in which the most notable recovery of revenue is prominent. These three categories comprise 94% of the total 2022 revenues.

CITY OF MILWAUKEE
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Table 5 below presents a summary of revenues and expenditures of the General Fund compared to prior year:

Table 5
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:	2022	2021	Percent Change	Expenditures:	2022	2021	Percent Change
Property taxes	\$ 219,354	\$ 216,995	1.1%	General government.....	\$ 297,247	\$ 273,787	8.6%
Other taxes	3,183	4,286	-25.7%	Public safety.....	285,902	312,937	-8.6%
Licenses and permits	19,801	17,197	15.1%	Public works.....	95,916	107,360	-10.7%
Intergovernmental	273,305	275,702	-0.9%	Health.....	7,432	12,687	-41.4%
Charges for services	165,994	147,310	12.7%	Culture and recreation	19,903	19,203	3.6%
Fines and forfeits	3,162	2,578	22.7%	Conservation and development	4,188	4,676	-10.4%
Contributions received	2,865	2,235	28.2%	Other	-	-	-
Other	15,168	14,648	3.5%	Total Expenditures	710,588	730,650	-2.7%
Total Revenues	<u>702,832</u>	<u>680,951</u>	<u>3.2%</u>	Other Financing Uses			
Excess of Revenues over Expenditures	<u>(7,756)</u>	<u>(49,699)</u>	<u>84.4%</u>	Transfers out	<u>8,260</u>	<u>2,109</u>	<u>291.7%</u>
Other Financing Sources				Total Expenditures			
Debt proceeds	7,351	900	716.8%	Other Financing Uses ..	\$ 718,848	\$ 732,759	-1.9%
Transfers in	<u>33,762</u>	<u>38,921</u>	<u>-13.3%</u>	Net Change in Fund Balance	<u>\$ 25,097</u>	<u>\$ (11,987)</u>	<u>309.4%</u>
Total Revenues and Other Financing Sources ..	<u>743,945</u>	<u>720,772</u>	<u>3.2%</u>				

During 2022, the City did not issue any Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues as the cash received from the Federal Government for COVID-19 relief relieved the need for interim borrowing.

The City maintains two separate debt service funds, the General Obligation Debt Service Fund and the Public Debt Amortization Fund (PDAF).

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 2022 fund balance of the General Obligation Debt Service Fund increased \$5 million to \$34 million compared to the 2021 balance of \$29 million (see Table 4a).

Total revenues of the General Obligation Debt Service Fund were steady at \$94.4 million in 2022 compared to \$94.7 million in 2021. Revenues combined with Other Financing Sources totaled \$195.5 million (see table 4b) while expenditures combined with Other Financing Uses totaled \$190.1 million (see Table 4c); resulting in an increase in Fund Balance for year-end 2022 of \$5.4 million (see Table 4a) mainly due to more premium being generated on bond issues than budgeted.

The Public Debt Amortization Fund (PDAF) is governed by State Statutes Section 67.101 whereby accumulated funds can be used for the retirement of the public debt. The 2022 PDAF fund balance was \$43.9 million, a \$0.8 million increase from the 2021 balance of \$43.1 million (see Table 4a) generated by higher than budgeted interest earnings partially offset by the book loss to adjust valuation of securities held to market value.

The Economic Development Fund is used to record Tax Incremental District (TID) non-capital transactions (i.e. receipt of taxes and other revenues, payment of debt service, and refunds of excess revenue to overlying taxing jurisdictions). The fund is also used to record Business Improvement District (BID) and Neighborhood Improvement District (NID) assessments and payouts. The 2022 fund balance of the Economic Development fund increased \$21.1 million to \$134.1 million from the 2021 total of \$113.0 million.

The Grant and Aid Projects fund had revenue of \$168 million in 2022, an increase of \$59 million over the 2021 level. The increase is due to the recognition of the federal government ARPA funding used to cover certain expenditures as allowed by the

CITY OF MILWAUKEE
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grants. Total expenditures were \$169 million, an increase of \$76 million over the 2021 amounts. The increase is due to the application and use of federal ARPA funds for allowed expenditures during the year, which included public safety. The fund had a beginning fund balance of (\$4.6) million, and with a deficit of \$0.8 million, the Grant and Aid Projects Fund ended 2022 with a fund balance of (\$5.4) million.

The 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. In 2022, total debt proceeds amounted to \$93.5 million equal to the \$93.5 million in 2021. Total revenues increased \$0.2 million to \$27.1 million in 2022 from \$26.9 million in 2021; expenditures decreased \$42.3 million, to \$100.4 million in 2022 compared to \$142.7 million in 2021. The decline was due to supply chain and labor constraints for both the City and private contractors who perform infrastructure work. The current year's revenues, transfers in and issuance of bonds and notes exceeded expenditures and transfers out during 2022 for capital purposes resulting in a fund balance of \$18.9 million, a \$16.9 million increase compared to the 2021 fund balance of \$2 million (Table 4a).

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 resulting from operations. Major proprietary funds include Water Works and Sewer Maintenance. Nonmajor Proprietary funds include Transportation, Port of Milwaukee and Metropolitan Sewerage District User Charge.

At the end of the fiscal year, the total net position for all proprietary funds was \$838 million, an increase of \$21 million from the 2021 balance of \$817 million. Changes in the individual components are: an increase of \$4.9 million in Water Works, \$18.7 million increase in the Sewer Maintenance fund, and a decrease of \$3 million in the Nonmajor Proprietary funds. The Nonmajor Proprietary funds decrease of \$3 million is composed of a decrease of \$5.3 million in Transportation offset by increases of \$0.1 million in the Port of Milwaukee and \$2.2 for the Metropolitan Sewerage District User Charge (see Tables 6a and 6b for detail).

In 2022, operating revenues of the proprietary funds totaled \$268 million, a nominal increase over 2021, while total operating expenses decreased \$5 million to \$196 million. The Water Works is the largest proprietary activity of the City, comprising approximately 37% of the total operating revenues. The Sewer Maintenance Fund comprises 27% of the total operating revenues. Both funds primarily bill customers based on water consumption.

For 2022, Water Works operating revenues were down marginally at \$99 million as net water sales continue a slow long term declining trend lead by conservation efforts. Sewer Maintenance operating revenues were up \$2 million to \$73 million or 3%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6a, with detail presented in Table 6b) decreased \$0.7 million or 0.1% compared to 2021. This revenue of each of the Nonmajor Funds was essentially flat from 2021 levels.

The Water Works total operating expenses of \$79.7 million for 2022 was a decrease of \$3.7 million compared to the 2021 total of \$83.4 million. This decrease was mostly caused by reductions in the operating expenses of administrative & transmission, and distribution & pumping. Sewer Maintenance operating expenses totaled \$51 million in 2022, up from the 2021 amount of \$26 million due mainly to the change in classification of a non-operating expense in 2021 to an operating expense in 2022, thus there was an offsetting decline in non-operating expenses in the fund.

The 2022 combined operating expenses of all other proprietary funds increased \$3.9 million or 4% from the 2021 total of \$91.7 million. This \$3.9 million expense increase is the net result of an increase of \$0.2 million for Transportation, an increase for Port of \$3.6 million and a \$0.1 million increase for Sewerage District User Charge funds. The Port increase was caused by nonrecurring operating expenditures not capitalized. Table 6b below presents a summary of revenues and expenditures and changes in net position of the nonmajor proprietary funds.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Table 6a
Proprietary Funds - Summary of Revenues, Expenses and Changes in Net Position
(Thousands of Dollars)

	Water	Sewer	Nonmajor	Total
	Works	Maintenance	Funds	
Operating revenues.....	\$ 98,968	\$ 72,920	\$ 96,093	\$ 267,981
Operating expenses.....	79,697	51,098	95,643	226,438
Operating income.....	19,271	21,822	450	41,543
Nonoperating revenues (expenses).....	(811)	(3,153)	9,973	6,009
Income before contributions & transfers.....	18,460	18,669	10,423	47,552
Capital contributions and transfers.....	(13,511)	-	(13,459)	(26,970)
Increase (decrease) in net position.....	4,949	18,669	(3,036)	20,582
Net position 2021.....	466,954	319,823	30,280	817,057
Net position 2022.....	<u>\$ 471,903</u>	<u>\$ 338,492</u>	<u>\$ 27,244</u>	<u>\$ 837,639</u>

Table 6b
Nonmajor Proprietary Funds - Summary of Revenues, Expenses and Changes in Net Position
(Thousands of Dollars)

		Port of	Metropolitan	Sewerage
		Transportation	Milwaukee	District User
Operating revenues.....	\$ 32,329	\$ 7,179	\$ 56,585	\$ 96,093
Operating expenses.....	27,946	13,263	54,434	95,643
Operating income (loss).....	4,383	(6,084)	2,151	450
Nonoperating revenues (expenses).....	2,795	7,178	-	9,973
Income before transfers.....	7,178	1,094	2,151	10,423
Transfers.....	(12,527)	(932)	-	(13,459)
Increase (decrease) in net position.....	(5,349)	162	2,151	(3,036)
Net position 2021.....	10,214	22,250	(2,184)	30,280
Net position 2022.....	<u>\$ 4,865</u>	<u>\$ 22,412</u>	<u>\$ (33)</u>	<u>\$ 27,244</u>

General Fund Budgetary Highlights

For the year ended December 31, 2022, the General Fund budgetary-basis actual revenues were \$8.2 million greater than budgeted. All categories except Other Revenues were above or essentially flat from the budget. Amounts over budget are: Other taxes \$45 thousand, Licenses and Permits \$3.1 million, Charges for services \$11.1 million and Fines & Forfeitures \$560 thousand. Amounts at budget amounts are Property Taxes and Intergovernmental. Amounts under budget are other revenues by \$6.3 million. Actual total revenues increased \$20.2 million to \$682.9 million in 2022 from \$662.7 million in 2021. Charges for services recovered steadily from the reduced levels during the COVID-19 pandemic, at \$148.9 million in 2022 up \$17.6 million from \$131.3 in 2021. Intergovernmental revenues decreased by \$2.4 million to \$273.3 million from \$275.7 million in 2021. The intergovernmental category includes payments from the State for shared tax revenue, local street aids, and payment for municipal services.

Operating expenditures were \$13.2 million less than budgeted. This favorable variance is due mainly to expenses being recognized in the Grant & Aid Fund which were funded by Federal ARPA grants in 2022, including public safety, which then were not reflected in the General Fund categories.

Final budget Other financing sources and uses were \$35.3 million, an increase of \$22.5 million compared to the original budget of \$12.8 million. This change was due to a transfer in from ARPA funds and the issuance of general obligation notes to finance the fiscal requirements of the City.

The original 2022 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2021 less the encumbrances carried forward to 2023. The final budget includes the original budget, as defined above, plus appropriations

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Uaudited)

authorized for carryover from 2021 by the Common Council less those appropriations authorized for carryforward to 2023. 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 2022 General Fund expenditure budget of \$740 million and the final budget of \$704 million, which is a 3% decrease compared to the final 2021 budget of \$723 million. The final 2022 revenue budget of \$675 million is the same as the final 2021 revenue budget of \$675 million. Table 7 below presents a summary of the 2022 General Fund budget to actual revenues, expenses and changes in fund balance.

Table 7
General Fund - Budgetary Comparison Summary
(Thousands of Dollars)

	Original Budget	Final Budget	Budgetary Basis Actual	Variance Positive (Negative)
Operating revenues.....	\$ 674,509	\$ 674,609	\$682,852	\$ 8,243
Operating expenses.....	<u>740,473</u>	<u>703,963</u>	<u>690,749</u>	<u>13,214</u>
Deficiency of revenues over expenditures.....	(65,964)	(29,354)	(7,897)	21,457
Other financing sources (uses).....	<u>12,836</u>	<u>35,259</u>	<u>32,994</u>	<u>(2,265)</u>
Net change in fund balance.....	(53,128)	5,905	25,097	19,192
Fund balance 2021.....	<u>176,405</u>	<u>176,405</u>	<u>176,405</u>	-
Fund balance 2022.....	<u>\$ 123,277</u>	<u>\$ 182,310</u>	<u>\$ 201,502</u>	<u>\$ 19,192</u>

The General Fund Schedule of Expenditures - Budget and Actual (Exhibit I-9) compares current year actual to budgeted expenditures, by department at the class level.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2022 total \$2.641 billion (net of accumulated depreciation/amortization). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, lease right of use assets and construction in progress. The total net increase in the City's capital assets for the current fiscal year was \$1.1 million excluding the adjustment to beginning balances for the implementation of GASB 87. Governmental activities' capital assets decreased \$7.7 million from 2021. Beginning balances reflect \$5 million of Right of Use Assets recorded to implement GASB 87. Business-type activity capital assets increased \$8.7 million at the end of 2022. A schedule comparing the assets by type for 2022 and 2021, for both governmental and business-type activities is shown in Table 8 below. The net change in assets, as detailed in Note 4 to the Financial Statements, reports that 2022 additions were \$73.4 million and deletions were \$52.7 million 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 increase in capital assets of \$10 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 63% of its total capital assets with 33% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$1 million. The net investment in capital assets represents the net book value of capital assets less associated obligations. The net investment as of December 31, 2022 was \$1.8 billion, an increase of \$36.4 million from the December 31, 2021 net investment of \$1.764 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Table 8
Net Capital Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital assets not being depreciated/amortized:						
Land	\$ 166,469	\$ 166,495	\$ 19,252	\$ 19,252	\$ 185,721	\$ 185,747
Construction in progress	148,073	153,549	32,871	27,376	180,944	180,925
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated/amortized:						
Right of use lease assets *	\$ 4,985	\$ 4,985	\$ -	\$ -	4,985	4,985
Buildings	401,274	388,959	135,087	135,086	536,361	524,045
Infrastructure.....	1,886,815	1,877,214	1,412,998	1,382,337	3,299,813	3,259,551
Improvements other than buildings.....	11,966	11,966	15,550	15,112	27,516	27,078
Machinery and equipment	267,284	262,980	322,258	321,008	589,542	583,988
Intangible software.....	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,791	3,918	3,791	3,918
Accumulated depreciation/amortization.....	(1,557,135)	(1,523,773)	(647,101)	(618,121)	(2,204,236)	(2,141,894)
Total *	\$ 1,345,795	\$ 1,358,439	\$ 1,294,706	\$ 1,285,968	\$ 2,640,501	\$ 2,644,407
Net investment in capital assets.....	\$ 963,538	\$ 939,647	\$ 837,114	\$ 824,814	1,800,652	1,764,461

*Amounts were adjusted to reflect the implementation of GASB 87

Debt

At year-end, the City owed \$1.144 billion in general obligation bonds and notes, \$249 million in State loans, and \$164 million in revenue bonds. Debt totals, excluding unamortized premium, are itemized in Table 9. Please refer to Footnote 7 – Long Term Liabilities for additional details.

During 2022, \$149 million of general obligation bonds and notes, \$6 million of revenue bonds and \$20 million of State loans were issued. Of the \$149 million of new general obligation bonds and notes issuances, \$148 million related to governmental activities and \$1 million was for business-type activities. All 2022 revenue bonds and State loan issuances were for business-type activities. In 2022 Lease payable liabilities of \$5 million were recorded for the implementation of GASB 87.

The City continues to maintain investment grade ratings from the two major rating agencies. Ratings of "A-" from S&P Global Ratings, and "BBB+" from Fitch's Rating Agency Inc., were received on the City's most recent 2023 general obligation bonds and notes.

The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2022, \$15 million of notes were issued to fund delinquent taxes. Delinquent tax collections, along with related interest and penalties, are used to pay the debt service requirements of the notes.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Table 9
Outstanding Debt
General Obligation Bonds & Notes, State Loans and Revenue Bonds
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds and notes (backed by the City)	\$ 1,118,699	\$ 1,109,251	\$ 25,226	\$ 27,834	\$ 1,143,925	\$ 1,137,085
Lease Obligations *	4,456	4,985	-	-	4,456	4,985
State loans	-	-	248,802	245,242	248,802	245,242
Revenue bonds (backed by specific fee revenues)	-	-	163,765	166,190	163,765	166,190
Total *	\$1,123,155	\$1,114,236	\$437,793	\$439,266	\$1,560,948	\$1,553,502

*Amounts were adjusted to reflect the implementation of GASB 87

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the City. The majority of the City's revenue sources are fairly stable, as State law did not yet allow a local sales tax, which lessened the impact to the City on a financial basis. The City has received \$171.4 million through the Coronavirus Aid, Relief, and Economic Security Act and \$394.2 million through the American Rescue Plan Act in assistance to cover costs associated with combating the virus and the associated economic losses. During 2022 the impacts of the pandemic began to lessen, and by spring of 2023 the public health emergencies have been lifted as life and activity begin to return to pre-pandemic levels.

The average unemployment rate within the City of Milwaukee for 2022 was 4.2%, compared to 6.5% for 2021. The City of Milwaukee per capita income for 2021 (the most recent fiscal year available) was \$55,927, compared to \$51,567 for 2020. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2023 adopted City Budget totals \$1.716 billion with a General Fund budget of \$783 million. The General Fund budget increased \$19 million from the 2022 budget of \$764 million. In 2023, the City expects to spend \$124 million for health insurance and related costs compared to \$119 million budgeted for 2022, a \$5 million increase.

The Public Works portion of the 2023 budget includes \$4 million to provide eligible home owners with financial assistance to replace lead service lines. In 2023 Milwaukee Water Works plans to replace 1,200 lead water service lines. Water Works also plans funding of \$32.6 million to replace and line 20 miles of water main replacements. The Public Safety budget includes funding for an average of 1,630 sworn officers with the hiring of 115 new police officers in three recruit classes and the hiring of 50 new police officer recruits funded by a COPS grant at no cost to the City. In 2023, MHD will continue to improve the Lead Program. It is critical to ensure that Milwaukee has a strong and effective lead poisoning prevention and remediation program. Procedures and management are in place to ensure the program is effective. Several new positions were added in 2021 and 2022 to improve intake of new cases, assist families if they must temporarily or permanently vacate a property, and comply with program requirements. The City will continue to allocate Federal pandemic aid to fully utilize funds for eligible purposes and ensure the City makes productive use of these assets to best serve the citizens of Milwaukee.

The City of Milwaukee's share of the Tax Rate decreased to \$9.16 (per \$1,000 of Assessed Value) from the 2022 rate of \$10.16. The total City 2022 property tax levy increased \$6.1 million to \$311.2 million, compared to \$305.1 million in 2021, while the assessed valuation of all property within the City increased \$2 billion to approximately \$30 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The 2022 property tax levy (which funds the 2023 budget) is shown in Table 10 below along with a comparison to the 2021 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	<u>Levy Year*</u>	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>
General city purposes.....	\$ 88,461	\$ 85,039	\$ 3,422	
Employee retirement.....	118,231	129,315	(11,084)	
Capital improvements.....	965	315	650	
Debt.....	98,546	85,435	13,111	
Contingent fund.....	5,000	5,000	-	
Total levy.....	<u>\$ 311,203</u>	<u>\$ 305,104</u>	<u>\$ 6,099</u>	

*Levy year funds the next year's budget.

The 2023 General City Purpose budget includes \$640 million in estimated revenue, an increase of \$28.6 million compared to the 2022 budget. The sources of funds for the 2023 General City Purpose budget, by category, compared to the 2022 budget is shown in Table 11.

Table 11
Sources of Funds for General City Purposes Budget
(Thousands of Dollars)

	<u>Budget Year*</u>	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>
Tax levy.....	\$ 88,461	\$ 85,039	\$ 3,422	
Taxes and PILOTS.....	20,489	18,249	2,240	
Licenses and permits.....	17,830	16,743	1,087	
Intergovernmental revenue.....	273,039	273,451	(412)	
Charges for services.....	148,539	144,666	3,873	
Transfers.....	10,000	14,000	(4,000)	
Other.....	81,192	58,798	22,394	
Total sources.....	<u>\$ 639,550</u>	<u>\$ 610,946</u>	<u>\$ 28,604</u>	

*Budget is funded by the prior year's levy.

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.

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**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2022
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 727,195	\$ 72,582	\$ 799,777	\$ 10,406
Restricted cash and cash equivalents	32,801	22,969	55,770	10,065
Receivables (net):				
Taxes	284,366	-	284,366	-
Accounts	39,246	46,653	85,899	207
Unbilled accounts	4,640	20,607	25,247	-
Special assessments	5,555	-	5,555	-
Notes and loans	66,730	-	66,730	9,135
Accrued interest	807	117	924	465
Leases	4,209	35,412	39,621	3,083
Due from component units	7,796	-	7,796	-
Due from primary government	-	-	-	39
Due from other governmental agencies	134,129	8,334	142,463	308
Inventory of materials and supplies	16,102	5,223	21,325	-
Inventory of property for resale	26	-	26	7,805
Prepaid items	6,399	130	6,529	90
Other assets	-	17	17	-
 Total Noncapital Assets	<u>1,330,001</u>	<u>212,044</u>	<u>1,542,045</u>	<u>41,603</u>
 Capital assets:				
Capital assets not being depreciated:				
Land	166,469	19,252	185,721	10,593
Construction in progress	148,073	32,871	180,944	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Right of use	4,985	-	4,985	-
Buildings	401,274	135,087	536,361	14,174
Infrastructure	1,886,815	1,412,998	3,299,813	333
Improvements other than buildings	11,966	15,550	27,516	4,264
Machinery and equipment	267,284	322,258	589,542	6
Intangible software.....	14,722	-	14,722	565
Nonutility property	-	3,791	3,791	-
Accumulated depreciation and amortization ...	<u>(1,557,135)</u>	<u>(647,101)</u>	<u>(2,204,236)</u>	<u>(8,987)</u>
 Total Capital Assets	<u>1,345,795</u>	<u>1,294,706</u>	<u>2,640,501</u>	<u>20,948</u>
 Total Assets	<u>2,675,796</u>	<u>1,506,750</u>	<u>4,182,546</u>	<u>62,551</u>
 Deferred Outflows of Resources:				
Deferred outflows for pensions	157,374	5,071	162,445	-
Deferred outflows for OPEB	<u>192,172</u>	<u>10,263</u>	<u>202,435</u>	<u>-</u>
 Total Deferred Outflows of Resources	<u>349,546</u>	<u>15,334</u>	<u>364,880</u>	<u>-</u>

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2022
(*Thousands of Dollars*)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLows OF RESOURCES				
Accounts payable	\$ 78,702	\$ 28,136	\$ 106,838	\$ 2,142
Accrued expenses	37,368	2,280	39,648	754
Accrued interest payable	11,914	1,481	13,395	-
Internal balances	(38,438)	38,438	-	-
Due to component units	39	-	39	-
Due to other governmental agencies	2,126	-	2,126	3,476
Unearned revenues.....	357,841	661	358,502	430
Other liabilities	-	-	-	460
Due to primary government:				
Due within one year	-	-	-	869
Due in more than one year	-	-	-	6,927
Long-term obligations:				
Due within one year	192,643	32,391	225,034	-
Due in more than one year	2,652,498	498,971	3,151,469	-
 Total Liabilities	 3,294,693	 602,358	 3,897,051	 15,058
 Deferred Inflows of Resources:				
Gain on refunding.....	2,305	420	2,725	-
Subsequent years property taxes.....	369,514	-	369,514	-
Deferred inflows for pensions	544,553	18,835	563,388	-
Deferred inflows for OPEB	503,353	27,420	530,773	-
Deferred inflows for leases.....	4,209	35,412	39,621	3,083
 Total Deferred Inflows of Resources	 1,423,934	 82,087	 1,506,021	 3,083
 NET POSITION				
Net investment in capital assets.....	963,538	837,114	1,800,652	20,948
Restricted for:				
Debt service	66,289	22,025	88,314	-
Other purposes	144,382	-	144,382	10,273
Unrestricted (Deficit)	(2,867,494)	(21,500)	(2,888,994)	13,189
 Total Net Position (Deficit)	 \$ (1,693,285)	 \$ 837,639	 \$ (855,646)	 \$ 44,410

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, 2022
(*Thousands of Dollars*)

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Grants and Contributions	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
General government	\$ 195,073	\$ 36,284	\$ 19,582	\$ -	
Public safety	469,399	28,920	115,318	-	
Public works	201,732	110,667	15,371	1,008	
Health	33,242	753	24,458	-	
Culture and recreation	30,531	909	5,868	-	
Conservation and development	51,738	109	27,614	-	
Interest on long-term debt	28,235	-	-	-	
Total Governmental Activities	<u>1,009,950</u>	<u>177,642</u>	<u>208,211</u>	<u>1,008</u>	
Business-type Activities:					
Water	81,481	98,968	-	74	
Sewer Maintenance	58,645	72,920	-	3,995	
Transportation	28,626	32,329	-	2,965	
Port of Milwaukee	13,592	7,179	-	7,638	
Metropolitan Sewerage District					
User Charges	54,434	56,585	-	-	
Total Business-type Activities	<u>236,778</u>	<u>267,981</u>	<u>-</u>	<u>14,672</u>	
Total Primary Government	<u>\$ 1,246,728</u>	<u>\$ 445,623</u>	<u>\$ 208,211</u>	<u>\$ 15,680</u>	
Component units:					
Redevelopment Authority	\$ 5,135	\$ 2,164	\$ 1,107	\$ -	
Neighborhood Improvement Development Corporation	639	278	169	-	
Total Component Units	<u>\$ 5,774</u>	<u>\$ 2,442</u>	<u>\$ 1,276</u>	<u>\$ -</u>	
General revenues:					
Property taxes and other taxes					
State aid for General Fund					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
Change in Net Position					
Net Position (Deficit) - Beginning as restated (note 15).....					
Net Position (Deficit) - 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
\$ (139,207)		\$ (139,207)	
(325,161)		(325,161)	
(74,686)		(74,686)	
(8,031)		(8,031)	
(23,754)		(23,754)	
(24,015)		(24,015)	
(28,235)		(28,235)	
<u>(623,089)</u>		<u>(623,089)</u>	
-	\$ 17,561	17,561	
-	18,270	18,270	
-	6,668	6,668	
-	1,225	1,225	
<u>-</u>	<u>2,151</u>	<u>2,151</u>	
<u>-</u>	<u>45,875</u>	<u>45,875</u>	
<u>(623,089)</u>	<u>45,875</u>	<u>(577,214)</u>	
			\$ (1,864)
			<u>(192)</u>
			<u>(2,056)</u>
368,200	-	368,200	-
273,305	-	273,305	-
53,366	1,751	55,117	208
27,044	(27,044)	-	-
<u>721,915</u>	<u>(25,293)</u>	<u>696,622</u>	<u>208</u>
98,826	20,582	119,408	(1,848)
<u>(1,792,111)</u>	<u>817,057</u>	<u>(975,054)</u>	<u>46,258</u>
\$ (1,693,285)	\$ 837,639	\$ (855,646)	\$ 44,410

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit A-1

	General	Obligation Debt Service
	General	
ASSETS		
Assets:		
Cash and investments	\$ 108,684	\$ 51,706
Restricted cash and cash equivalents.....	-	32,801
Receivables (net):		
Taxes	157,023	54,835
Accounts	27,265	-
Unbilled accounts	4,640	-
Special assessments	-	-
Notes and loans	-	53,333
Accrued interest	625	-
Leases	4,209	-
Due from other funds	70,434	-
Due from component units	393	-
Due from other governmental agencies	99,384	-
Advances to other funds	9,241	-
Inventory of materials and supplies	16,102	-
Inventory of property for resale	26	-
Prepaid items	6,140	-
Total Assets	\$ 504,166	\$ 192,675
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 40,245	\$ 58
Accrued expenses	34,709	-
Due to other funds	141	6,433
Due to component units	29	-
Due to other governmental agencies	68	-
Unearned revenue.....	573	-
Advances from other funds	-	-
Total Liabilities	75,765	6,491
Deferred Inflows of Resources:.....	226,899	151,879
Fund Balances:		
Nonspendable	31,509	-
Restricted.....	-	34,305
Committed.....	123,261	-
Assigned	26,588	-
Unassigned (Deficit).....	20,144	-
Total Fund Balances	201,502	34,305
Total Liabilities, Deferred Inflows and Fund Balances	\$ 504,166	\$ 192,675

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

Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
\$ 38,840	\$ 129,589	\$ 356,800	\$ 40,700	\$ 876	\$ 727,195
-	-	-	-	-	32,801
-	36,237	-	9,081	27,190	284,366
-	-	11,909	72	-	39,246
-	-	-	-	-	4,640
-	-	-	5,555	-	5,555
4,876	-	4,002	-	4,519	66,730
182	-	-	-	-	807
-	-	-	-	-	4,209
-	-	-	-	141	70,575
-	7,128	116	141	18	7,796
-	-	24,441	6,982	3,322	134,129
-	25,619	-	-	-	34,860
-	-	-	-	-	16,102
-	-	-	-	-	26
-	-	-	259	-	6,399
\$ 43,898	\$ 198,573	\$ 397,268	\$ 62,790	\$ 36,066	\$ 1,435,436
\$ -	\$ 11,416	\$ 10,250	\$ 13,757	\$ 2,976	\$ 78,702
-	-	2,188	393	78	37,368
-	-	24,027	-	27,155	57,756
-	-	-	9	1	39
-	1,126	-	56	876	2,126
-	-	356,801	6	461	357,841
-	-	-	5,615	3,626	9,241
<u>-</u>	<u>12,542</u>	<u>393,266</u>	<u>19,836</u>	<u>35,173</u>	<u>543,073</u>
<u>-</u>	<u>51,885</u>	<u>9,452</u>	<u>24,032</u>	<u>7,414</u>	<u>471,561</u>
-	-	-	259	-	31,768
43,898	134,146	4,002	-	4,519	220,870
-	-	-	24,423	-	147,684
-	-	-	-	-	26,588
<u>-</u>	<u>-</u>	<u>(9,452)</u>	<u>(5,760)</u>	<u>(11,040)</u>	<u>(6,108)</u>
<u>43,898</u>	<u>134,146</u>	<u>(5,450)</u>	<u>18,922</u>	<u>(6,521)</u>	<u>420,802</u>
\$ 43,898	\$ 198,573	\$ 397,268	\$ 62,790	\$ 36,066	\$ 1,435,436

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CITY OF MILWAUKEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 420,802

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	166,469
Right of use assets, net of \$529 accumulated amortization	4,456
Buildings, net of \$178,133 accumulated depreciation	223,141
Infrastructure, net of \$1,179,155 accumulated depreciation	707,660
Improvements other than buildings, net of \$10,992 accumulated depreciation	974
Machinery and equipment, net of \$176,413 accumulated depreciation	90,871
Intangible assets net of \$11,913 accumulated depreciation	4,151
Construction in progress	<u>148,073</u>
	1,345,795

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

Taxes to be collected	13,059
Receivables to be collected	65,506
Grant revenues to be collected	14,505
Special assessments to be collected	<u>4,768</u>
	97,838

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

Deferred inflows for other post employment benefits	(503,353)
Deferred outflows for other post employment benefits	192,172
Deferred inflows for pensions	(544,553)
Deferred outflows for pensions	<u>157,374</u>
	(698,360)

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	(11,914)
Bonds and notes payable	(1,118,699)
Gain on refunding	(2,305)
Unamortized premiums	(78,673)
Leases	(4,456)
Compensated absences	(44,700)
Total other postemployment benefits liability	(1,170,749)
Net pension liability	(367,917)
Claims and judgments	<u>(59,947)</u>
	<u>(2,859,360)</u>

Total net position of governmental activities (Exhibit 1) \$ (1,693,285)

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

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit A-3

	General Obligation Debt Service	General
Revenues:		
Property taxes	\$ 219,354	\$ 85,434
Other taxes	3,183	-
Special assessments	-	-
Licenses and permits	19,801	-
Intergovernmental	273,305	-
Charges for services	165,994	11,648
Fines and forfeits	3,162	-
Contributions received	2,865	-
Other (loss)	<u>15,168</u>	<u>(2,656)</u>
Total Revenues	<u>702,832</u>	<u>94,426</u>
Expenditures:		
Current:		
General government	297,247	450
Public safety	285,902	-
Public works	95,916	-
Health	7,432	-
Culture and recreation	19,903	-
Conservation and development	4,188	-
Capital outlay	-	-
Debt Service:		
Principal retirement	-	138,688
Interest	-	46,810
Bond issuance costs	-	1,735
Total Expenditures	<u>710,588</u>	<u>187,683</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(7,756)</u>	<u>(93,257)</u>
Other Financing Sources (Uses):		
General obligation bonds and notes issued	7,351	-
Issuance of refunding bonds	-	32,702
Loans activities	-	(1,684)
Issuance premium	-	14,177
Transfers in	33,762	54,211
Transfers out	<u>(8,260)</u>	<u>(766)</u>
Total Other Financing Sources and Uses	<u>32,853</u>	<u>98,640</u>
Net Change in Fund Balances	<u>25,097</u>	<u>5,383</u>
Fund Balances (Deficit) - Beginning	<u>176,405</u>	<u>28,922</u>
Fund Balances (Deficit) - Ending	<u>\$ 201,502</u>	<u>\$ 34,305</u>

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

Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ 46,813	\$ -	\$ 10,003	\$ -	\$ 361,604
2,723	-	-	215	-	6,121
-	-	-	2,970	-	2,970
-	-	-	-	-	19,801
-	-	168,464	7,663	19,142	468,574
-	-	-	-	-	177,642
-	-	-	-	-	3,162
-	-	-	-	-	2,865
<u>1,050</u>	<u>-</u>	<u>-</u>	<u>6,297</u>	<u>8,377</u>	<u>28,236</u>
<u>3,773</u>	<u>46,813</u>	<u>168,464</u>	<u>27,148</u>	<u>27,519</u>	<u>1,070,975</u>
6	-	-	-	3,412	301,115
-	-	105,773	-	8,415	400,090
-	-	15,316	-	-	111,232
-	-	24,361	-	-	31,793
-	-	3,946	-	980	24,829
-	1,126	19,561	-	8,050	32,925
-	-	-	100,389	-	100,389
-	-	-	-	-	138,688
-	-	-	-	-	46,810
-	-	-	-	-	1,735
<u>6</u>	<u>1,126</u>	<u>168,957</u>	<u>100,389</u>	<u>20,857</u>	<u>1,189,606</u>
<u>3,767</u>	<u>45,687</u>	<u>(493)</u>	<u>(73,241)</u>	<u>6,662</u>	<u>(118,631)</u>
-	-	-	93,039	15,044	115,434
-	-	-	-	-	32,702
-	-	(342)	-	58	(1,968)
-	-	-	-	-	14,177
-	3,334	-	457	-	91,764
<u>(3,000)</u>	<u>(27,913)</u>	<u>-</u>	<u>(3,334)</u>	<u>(21,447)</u>	<u>(64,720)</u>
<u>(3,000)</u>	<u>(24,579)</u>	<u>(342)</u>	<u>90,162</u>	<u>(6,345)</u>	<u>187,389</u>
767	21,108	(835)	16,921	317	68,758
<u>43,131</u>	<u>113,038</u>	<u>(4,615)</u>	<u>2,001</u>	<u>(6,838)</u>	<u>352,044</u>
\$ 43,898	\$ 134,146	\$ (5,450)	\$ 18,922	\$ (6,521)	\$ 420,802

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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, 2022
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3) \$ 68,758

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 asset additions of \$78,357 less additions from Construction-in-Progress (\$23,580) exceeded depreciation and amortization expense (\$61,670) in the current period less disposal of land (\$26) and loss on disposal of equipment (\$740). (7,659)

Notes and loans receivable to repay long-term bonds and notes (1,165)

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	475
Accounts receivables	(4,685)
Capital grants and contributions	(579)
Unbilled Special assessments	<u>(1,402)</u>
	(6,191)

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	(148,136)
Issuance premiums	(14,177)
Gain on refunding	(824)
Repayments:	
Principal retirement	138,688
Amortization:	
Premiums	18,156
Gain/Loss on refunding	<u>871</u>
	(5,422)

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.

Leases	(4,456)
Compensated absences	(324)
Total other postemployment benefits liability	429,311
Net pension liability	529,549
Deferred inflows for other post employment benefits	(380,016)
Deferred outflows for other post employment benefits	(65,504)
Deferred inflows for pensions	(380,868)
Deferred outflows for pensions	(104,174)
Claims and judgments	27,439
Accrued interest on bonds and notes	<u>(452)</u>
	50,505
Changes in net position of governmental activities (Exhibit 2)	<u>\$ 98,826</u>

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 66,350	\$ 855	\$ 5,377	\$ 72,582
Restricted cash and cash equivalents	3,927	19,042	-	22,969
Receivables (net):				
Accounts	15,501	16,333	14,819	46,653
Unbilled accounts	13,914	2,714	3,979	20,607
Accrued interest	-	117	-	117
Leases	-	-	2,883	2,883
Due from other funds	-	2,805	2,341	5,146
Due from other governmental agencies	-	3,448	4,886	8,334
Inventory of materials and supplies	4,679	544	-	5,223
Prepaid items	130	-	-	130
Other assets	17	-	-	17
 Total Current Assets	<u>104,518</u>	<u>45,858</u>	<u>34,285</u>	<u>184,661</u>
 Noncurrent assets:				
Leases receivable.....	-	-	32,529	32,529
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	17,461	19,252
Construction in progress	15,309	501	17,061	32,871
Capital assets being depreciated:				
Buildings	31,525	-	103,562	135,087
Infrastructure	553,572	837,950	21,476	1,412,998
Improvements other than buildings	-	-	15,550	15,550
Machinery and equipment	294,706	8,575	18,977	322,258
Nonutility property	3,791	-	-	3,791
Accumulated depreciation	<u>(350,353)</u>	<u>(201,162)</u>	<u>(95,586)</u>	<u>(647,101)</u>
 Net Capital Assets	<u>550,341</u>	<u>645,864</u>	<u>98,501</u>	<u>1,294,706</u>
 Total Noncurrent Assets	<u>550,341</u>	<u>645,864</u>	<u>131,030</u>	<u>1,327,235</u>
 Total Assets	<u>654,859</u>	<u>691,722</u>	<u>165,315</u>	<u>1,511,896</u>
 Deferred Outflows of Resources:				
Deferred outflows for pensions	3,397	823	851	5,071
Deferred outflows for OPEB.....	5,581	2,643	2,039	10,263
 Total Deferred Outflows of Resources.....	<u>8,978</u>	<u>3,466</u>	<u>2,890</u>	<u>15,334</u>

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 7,924	\$ 4,596	\$ 15,616	\$ 28,136
Accrued expenses	1,221	326	733	2,280
Accrued interest payable	207	533	210	950
Compensated absences	2,055	639	555	3,249
Due to other funds	7,869	-	10,096	17,965
Unearned revenue.....	-	294	367	661
General obligation debt payable - current	-	750	2,515	3,265
Revenue bonds payable - current	-	-	570	570
Total Current Liabilities	<u>19,276</u>	<u>7,138</u>	<u>30,662</u>	<u>57,076</u>
Current Liabilities Payable from Restricted Assets:				
Revenue bonds & State loans payable	5,471	19,836	-	25,307
Accrued interest payable	-	531	-	531
Total Current Liabilities Payable from Restricted Assets	<u>5,471</u>	<u>20,367</u>	<u>-</u>	<u>25,838</u>
Noncurrent Liabilities:				
General obligation debt payable	-	1,499	20,462	21,961
Revenue bonds & State loans payable	95,382	305,812	4,875	406,069
Advances from other funds	-	-	25,619	25,619
Other post employment benefits liability	34,938	11,324	11,820	58,082
Net pension liability	7,996	2,390	2,473	12,859
Total Noncurrent Liabilities	<u>138,316</u>	<u>321,025</u>	<u>65,249</u>	<u>524,590</u>
Total Liabilities	<u>163,063</u>	<u>348,530</u>	<u>95,911</u>	<u>607,504</u>
Deferred Inflows of Resources:				
Deferred inflows for gain on bond refunding	-	420	-	420
Deferred inflows for pensions	11,674	3,519	3,642	18,835
Deferred inflows for OPEB	17,197	4,227	5,996	27,420
Deferred inflows for leases	-	-	35,412	35,412
Total Deferred Inflows of Resources	<u>28,871</u>	<u>8,166</u>	<u>45,050</u>	<u>82,087</u>
NET POSITION:				
Net investment in capital assets.....	449,488	317,547	70,079	837,114
Restricted for debt service	3,927	18,098	-	22,025
Unrestricted (Deficit).....	18,488	2,847	(42,835)	(21,500)
Total Net Position	<u>\$ 471,903</u>	<u>\$ 338,492</u>	<u>\$ 27,244</u>	<u>\$ 837,639</u>

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 FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 80,052	\$ -	\$ -	\$ 80,052
Statutory sewer user fee	-	-	55,157	55,157
Sewer maintenance fee	-	72,920	-	72,920
Rent	-	-	12,522	12,522
Fire protection service	9,731	-	-	9,731
Parking meters	-	-	4,316	4,316
Parking permits	-	-	3,218	3,218
Vehicle towing	-	-	5,233	5,233
Parking forfeitures	-	-	14,219	14,219
Other	9,185	-	1,428	10,613
Total Operating Revenues	98,968	72,920	96,093	267,981
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ...	-	-	48,964	48,964
Employee services	-	6,825	8,339	15,164
Administrative and general	9,872	-	-	9,872
Depreciation	21,884	9,671	3,986	35,541
Transmission and distribution	20,523	-	-	20,523
Services, supplies, and materials	-	34,602	34,354	68,956
Water treatment	14,876	-	-	14,876
Water pumping	9,336	-	-	9,336
Billing and collection	3,206	-	-	3,206
Total Operating Expenses	79,697	51,098	95,643	226,438
Operating Income	19,271	21,822	450	41,543
Nonoperating Revenues (Expenses):				
Investment income.....	536	399	-	935
Grant revenue	-	3,995	10,603	14,598
Interest expense	(1,784)	(7,545)	(1,009)	(10,338)
Other	437	(2)	379	814
Total Net Nonoperating Revenues (Expenses) ...	(811)	(3,153)	9,973	6,009
Income before Contributions and Transfers	18,460	18,669	10,423	47,552
Capital contributions	74	-	-	74
Transfers in	-	-	766	766
Transfers out	(13,585)	-	(14,225)	(27,810)
Change in Net Position	4,949	18,669	(3,036)	20,582
Total Net Position - Beginning	466,954	319,823	30,280	817,057
Total Net Position - Ending	\$ 471,903	\$ 338,492	\$ 27,244	\$ 837,639

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

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 102,509	\$ 72,603	\$ 104,272	\$ 279,384
Receipts from interfund services provided	6,270	-	-	6,270
Payments to suppliers	(52,129)	(5,404)	(83,967)	(141,500)
Payments to employees	(19,956)	(6,953)	(8,623)	(35,532)
Payments to other funds	-	(38,266)	(4,414)	(42,680)
Payments from other funds	-	(852)	-	(852)
Net Cash Provided by Operating Activities.....	<u>36,694</u>	<u>21,128</u>	<u>7,268</u>	<u>65,090</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	-	1,334	10,638	11,972
Other nonoperating expenses	-	(2)	-	(2)
Transfers from other funds	-	-	766	766
Transfers to other funds	<u>(13,585)</u>	<u>-</u>	<u>(14,225)</u>	<u>(27,810)</u>
Net Cash Used by Noncapital Financing Activities	<u>(13,585)</u>	<u>1,332</u>	<u>(2,821)</u>	<u>(15,074)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	4,810	15,066	7,075	26,951
Acquisition of property, plant, and equipment	(23,001)	(18,987)	(2,014)	(44,002)
Retirement of bonds, notes, and revenue bonds	(5,163)	(19,773)	(3,489)	(28,425)
Interest paid	(1,924)	(9,695)	(1,032)	(12,651)
Other	-	(258)	216	(42)
Net Cash Used for Capital and Related Financing Activities	<u>(25,278)</u>	<u>(33,647)</u>	<u>756</u>	<u>(58,169)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	<u>536</u>	<u>247</u>	<u>-</u>	<u>783</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,633)</u>	<u>(10,940)</u>	<u>5,203</u>	<u>(7,370)</u>
Cash and Cash Equivalents - Beginning	<u>71,910</u>	<u>30,837</u>	<u>174</u>	<u>102,921</u>
Cash and Cash Equivalents - Ending	<u>\$ 70,277</u>	<u>\$ 19,897</u>	<u>\$ 5,377</u>	<u>\$ 95,551</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	\$ 66,350	\$ 855	\$ 5,377	\$ 72,582
Restricted Cash	<u>3,927</u>	<u>19,042</u>	<u>-</u>	<u>22,969</u>
	<u><u>\$ 70,277</u></u>	<u><u>\$ 19,897</u></u>	<u><u>\$ 5,377</u></u>	<u><u>\$ 95,551</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 19,271	\$ 21,822	\$ 450	\$ 41,543
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	21,884	9,671	3,986	35,541
Nonoperating income	437	-	-	437
Effect of changes in assets, liabilities, deferred inflows and deferred outflows:				
Receivables	(1,255)	(317)	(332)	(1,904)
Due from other funds	2,838	(852)	11,031	13,017
Inventories	(1,230)	(286)	-	(1,516)
Prepaid items	8	-	-	8
Other assets	(7)	-	-	(7)
Accounts payable	(4,715)	28	(642)	(5,329)
Accrued liabilities	-	(63)	142	79
Compensated absences	33	(71)	31	(7)
Total other postemployment benefits obligation ..	12,896	(4,242)	(3,871)	4,783
Net pension liability	(13,466)	(3,440)	(3,560)	(20,466)
Due to other funds	-	(8,810)	(6,932)	(15,742)
Deferred pension inflows	-	2,426	2,511	4,937
Deferred pension outflows	-	860	893	1,753
Deferred OPEB inflows	-	3,531	3,742	7,273
Deferred OPEB outflows	<u>-</u>	<u>871</u>	<u>(181)</u>	<u>690</u>
Net Cash Provided by Operating Activities	<u><u>\$ 36,694</u></u>	<u><u>\$ 21,128</u></u>	<u><u>\$ 7,268</u></u>	<u><u>\$ 65,090</u></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 \$49.

CITY OF MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit C-1

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
ASSETS			
Cash and investments.....	\$ 2,193	\$ 3,312	\$ 101,204
Taxes receivable.....	_____ -	_____ -	<u>304,953</u>
 Total Assets	<u>2,193</u>	<u>3,312</u>	<u>406,157</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 375	\$ 46	\$ 1,288
Due to other governmental agencies	_____ -	_____ -	<u>404,869</u>
 Total Liabilities	<u>375</u>	<u>46</u>	<u>406,157</u>
Net Position:			
Restricted for Employees' benefits and other purposes	<u>\$ 1,818</u>	<u>\$ 3,266</u>	<u>\$ _____ -</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, 2022
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
Additions			
Contributions:			
Plan members	\$ 5,703	\$ -	\$ 126
Private donations	- <hr/>	3,388	- <hr/>
Total Contributions	<hr/> 5,703	<hr/> 3,388	<hr/> 126
Property Taxes:			
Property Tax.....	- <hr/>	- <hr/>	1,597,879
Total Property Taxes	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> 1,597,879
Investment earnings:			
Net appreciation in fair value of investments, dividends and interest	- <hr/>	16	17
Total Additions	<hr/> 5,703	<hr/> 3,404	<hr/> 1,598,022
Deductions			
Benefits	5,428	- <hr/>	- <hr/>
Fees remitted to agency	- <hr/>	2,527	1,572
Taxes remitted to other governments	- <hr/>	- <hr/>	1,596,450
Other	- <hr/>	209	- <hr/>
Total Deductions	<hr/> 5,428	<hr/> 2,736	<hr/> 1,598,022
Change in Net Position	275	668	- <hr/>
Net Position - Beginning	1,543	2,598	- <hr/>
Net Position - Ending	<hr/> \$ 1,818	<hr/> \$ 3,266	<hr/> \$ - <hr/>

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, 2022
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
ASSETS			
Current Assets:			
Cash and investments.....	\$ 8,217	\$ 2,189	\$ 10,406
Restricted cash and investments	8,992	1,073	10,065
Receivables (net):			
Accounts	150	57	207
Notes and loans	9,094	41	9,135
Accrued interest	440	25	465
Leases receivable	3,083	-	3,083
Due from primary government	39	-	39
Due from other governmental agencies	308	-	308
Inventory of property for resale	7,300	505	7,805
Prepaid items	<u>90</u>	<u>-</u>	<u>90</u>
 Total Noncapital Assets	 <u>37,713</u>	 <u>3,890</u>	 <u>41,603</u>
Capital assets:			
Capital assets not being depreciated:			
Land and land improvements	10,593	-	10,593
Capital assets being depreciated:			
Buildings	14,174	-	14,174
Infrastructure	333	-	333
Improvements other than buildings	4,264	-	4,263
Machinery and equipment	6	-	6
Intangible assets.....	565	-	565
Accumulated depreciation	<u>(8,987)</u>	<u>-</u>	<u>(8,986)</u>
 Total Capital Assets, Net of Depreciation	 <u>20,948</u>	 <u>-</u>	 <u>20,948</u>
 Total Assets	 <u>58,661</u>	 <u>3,890</u>	 <u>62,551</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 2,091	\$ 51	\$ 2,142
Accrued expenses	754	-	754
Due to other governmental agencies	3,476	-	3,476
Unearned revenue.....	266	164	430
Other liabilities	-	460	460
 Total Current Liabilities	 6,587	 675	 7,262
Due to primary government:			
Due within one year	594	275	869
Due in more than one year	6,927	-	6,927
 Total Due to Primary Government	 7,521	 275	 7,796
 Total Liabilities	 14,108	 950	 15,058
Deferred Inflows of Resources			
Lease Related.....	3,083	-	3,083
 NET POSITION:			
Net investment in capital assets.....	20,948	-	20,948
Restricted	9,655	618	10,273
Unrestricted	10,867	2,322	13,189
 Total Net Position	 \$ 41,470	 \$ 2,940	 \$ 44,410

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, 2022
(Thousands of Dollars)

Exhibit D-2

	Expenses	Program Revenues		Grants and Contributions	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Redevelopment Authority					
Prevention and elimination of blight	\$ 5,135	\$ 2,164	\$ 1,107	\$ -	
Neighborhood Improvement Development Corp.					
Housing improvements	639	278	169	-	
Total Component Units	<u>\$ 5,774</u>	<u>\$ 2,442</u>	<u>\$ 1,276</u>	<u>\$ -</u>	
General revenues:					
Miscellaneous					
Total General Revenues					
Change in Net Position					
Net Position - Beginning as restated (note 15).....					
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	Total	
\$ (1,864)	\$ -	\$ (1,864)	
<u> </u> -	<u> </u> (192)	<u> </u> (192)	
<u> </u> (1,864)	<u> </u> (192)	<u> </u> (2,056)	
<u> </u> (2)	<u> </u> 210	<u> </u> 208	
<u> </u> (2)	<u> </u> 210	<u> </u> 208	
(1,866)	18	(1,848)	
<u> </u> 43,336	<u> </u> 2,922	<u> </u> 46,258	
<u>\$ 41,470</u>	<u>\$ 2,940</u>	<u>\$ 44,410</u>	

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

**CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) 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 City employees manage daily operations.

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.

The basic financial statements exclude the accounts of the Housing Authority of the City of Milwaukee (HACM), Milwaukee Economic Development Corporation (MEDC), Employ Milwaukee, Business Improvement Districts, Neighborhood Improvement Districts, Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District (MMSD), 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 Statements 14, 61, 69 and 80, as component units of the City.

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 are available from its administrative office.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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. HACM is governed by a seven-member Board of Commissioners who are appointed by the Mayor and confirmed by the Common Council. The City does not have the ability to remove HACM commissioners at will. HACM determines its own budget, issues debt, and establishes and revises rents or charges without the approval of the City. The City is not legally obligated for any HACM obligations or debt.

Employ Milwaukee

Employ Milwaukee (fka Milwaukee Area Workforce Investment Board or MAWIB) was established to provide job training, employment services, and workforce development within Milwaukee County. Employ Milwaukee (the Agency) acts as Milwaukee County's recipient, dispenser, and administrator of funding provided under the Workforce Innovation and Opportunity Act. The City of Milwaukee Mayor is the chief local elected officer responsible for oversight of the Agency. The directors of Employ Milwaukee are appointed by the Mayor. The City is not legally obligated for any Agency obligations or debt nor is the City entitled to access funds of the Agency.

Business Improvement Districts

Business Improvement Districts (BIDs) are formed and operated in accordance with Wis. Stat. § 66.1109. BID board members are appointed from the business owners within a district. The City collects special property assessments, in accordance with the BID boards, and returns these assessments to the BIDs to fund their annual operating plans. The City is not legally obligated for any BID obligations or debt.

Neighborhood Improvement Districts

Neighborhood Improvement Districts (NIDs) are formed and operated in accordance with Wis. Stat. § 66.1110. NID board members are elected by the residential and commercial property owners within a district. The City collects special property assessments, in accordance with the NID boards, and returns these assessments to the NIDs to fund their annual operating plans. The City is not legally obligated for any NID obligations or debt.

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 non-exchange 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 proprietary funds, each displayed in a separate column. All remaining governmental and proprietary 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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange 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 Service – This fund accounts for the resources accumulated and payments made for principal and interest on the City's outstanding long-term general obligation debt.

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

Economic Development Fund – This Special Revenue fund is used to account for all non-capital TID transactions, including debt service payments. This fund is also used to account for revenues and expenditures related to owner-financed development projects in commercial (Business Improvement Districts) and residential (Neighborhood Improvement Districts) areas

Grant and Aid Projects Fund – This Special Revenue fund is used to account for Federal and State grants whose proceeds are legally restricted to expenditures for specific purposes and which are not accounted for in other special revenue funds.

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 proprietary 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, permits 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:

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.

Custodial – These funds account for taxes and deposits collected by the City, acting in the capacity of a custodian, 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 2022 that will be collected in 2023 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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 a cash equivalent, since the funds can deposit or effectively withdraw cash at any time 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 is 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 Statute Section 66.0603 permits the City to invest funds not immediately needed in any of the following:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association 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,

**CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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.

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 receivable are presented net of allowances. The amount of the General Fund allowance as of December 31, 2022 was approximately \$10,269,400. Accounts receivable are expected to be collected within one year. However, the collection of some receivables may take longer.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Nonmajor Proprietary funds allowances as of December 31, 2022 were approximately \$435,000, \$223,000 and \$732,000 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 Grant & Aid Projects Fund and the Special Revenue Fund - Community Development Block Grant 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 collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the governmental funds are approximately \$19,882,000 as of December 31, 2022.

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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. Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease and the outflow of resources for the lease liability as a debt service payment.

N. 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 replacement 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 are 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.....	\$ 20,000	5-100 years
Land.....	20,000	N/A
Land Improvements.....	20,000	N/A
Intangible right of ways.....	20,000	N/A
Site Improvements.....	20,000	3-50
Buildings.....	20,000	10-60
Building Improvements.....	20,000	10-45
Machinery and equipment.....	20,000	3-40
Works of Art, Historical Treasures.....	20,000	N/A
Intangible Software.....	100,000	5-20
Lease Right to Use.....	20,000	lease term

**CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

O. 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.

P. Compensated Absences

The liability for compensated absences reported in the government-wide, and proprietary 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.

Q. 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.

R. 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.

S. Fund Balance-Governmental Funds

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

Nonspendable – 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 records funds as

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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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 is 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.

T. 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."

U. 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 entity-wide proprietary funds, transfers are reported after nonoperating revenues and expenses.

V. 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.

W. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. Deferred Outflows of Resources represent a consumption of net assets that applies to future periods and will not be recognized as an

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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outflow of resources (expense/expenditure) until that time. The City has two items that qualify for inclusion within this category, both of which are reported in the government-wide statement of net position (Exhibit 1).

- Pension deferred outflows are a deferred expense related to: differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and changes of assumptions. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 3.79 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.
- OPEB deferred outflows are related to the differences between expected and actual non-investment experience and plan assumption changes. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 6.34 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has six items that qualify for inclusion within this category, all reported in the government-wide statement of net position (Exhibit 1).

- Gain on refunding is a deferred revenue resulting from the difference between the carrying value of refunded debt and the refunding debt. The gain is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows for grants is the amount of grant funds received prior to meeting the eligibility requirements. This deferred inflow will be recognized as revenue when the funds are spent.
- Subsequent years property taxes is the amount of the current year property tax levy. This deferred inflow is recognized as revenue in the subsequent year.
- Pension deferred inflows are a reduction in pension expense due to: differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and changes of assumptions. Deferred inflows due to liabilities are amortized over the average expected service lives of all employees of 3.79 years. Deferred inflows due to the net difference between projected and actual earnings are amortized over 5.00 years.
- OPEB deferred inflows are related to the differences between expected and actual non-investment experience and plan assumption changes. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 6.34 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.
- Leases as reported under GASB 87 are deferred inflows where the future revenue will be reported over the life of the lease, which is recorded at the initial measurement of leases receivable.

X. Pension Obligations

Plan Description - The City participates in the Employees' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability, and death benefits to plan members and beneficiaries.

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation. The City is required to contribute an actuarial contribution based on separate calculated rates for police officers, firefighters, and general City employees.

Measurement Focus and Basis of Accounting – The System is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized in the accounting period in which the underlying earnings, on which the contributions are based, are paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. Investment transactions and the related gains and losses are recorded on a trade date basis. Dividend and interest income are accrued as earned. Investments are reported at fair value. See Note 8 for a detailed explanation of pension benefits and the System.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System (ERS) and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Y. OPEB Obligations

Plan Description – The City provides a single-employer defined benefit healthcare plan, and life insurance administered by both the City and Milwaukee's Employees' Retirement System. There are different premium cost-sharing arrangements depending on employee type, age and date of retirement.

Funding Policy – The contribution of plan members and the City are established and may be amended by the City. The required City contribution for medical and life insurance for retirees is based on a pay-as-you-go basis.

Measurement Focus and Basis of Accounting – Benefits are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. See Note 8 for a detailed explanation of OPEB benefits.

Z. New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement was implemented January 1, 2022.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice for commitments extended by issuers and other arrangements with conduit debt obligations. This standard also clarifies the existing definition of conduit debt obligations and improves required note disclosures. This standard was implemented January 1, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement clarifies the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This standard was implemented January 1, 2022 with no effect.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement clarifies the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. This statement will be effective for the year-end December 31, 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement clarifies the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about ITAs. This statement will be effective for the year-end December 31, 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*. This statement amends GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. This statement clarifies the consistency and comparability of reporting of fiduciary component units, mitigates costs associated with reporting certain benefit plans, and enhances the consistency and comparability for reporting IRC Section 457 deferred compensation plans. This standard was implemented January 1, 2022 with no effect.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement will be effective for the year-ending December 31, 2023 financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will be effective for the year-ending December 31, 2024 financial statements.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement will be effective for the year-ending December 31, 2024 financial statements.

2. DEPOSITS AND INVESTMENTS

A. Primary Government

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

As of December 31, 2022, the City's deposits and investments are as follows:

	Fair Value	Investment Maturities (in Years)					Greater than 10	Credit Rating							
		Less than 1	1-5	6-10											
Governmental and Business-type activities:															
<i>Investment type</i>															
Pooled Deposits and Investments	\$ 654,232	\$ 632,331	\$ 21,806	\$ -	\$ -	\$ 95	see below								
Segregated Deposits and Investments															
Interest Checking	6,363	6,363	-	-	-	-	not rated								
Wisconsin Local Government															
Investment Pool	122,134	122,134	-	-	-	-	not rated								
Municipal Bonds	25,449	-	20,116	5,333	-	-	see below								
GNMA Bonds	575	-	-	575	-	-	Aaa								
Treasuries/Money Market (Fiscal Agent)	46,794	46,794	-	-	-	-	not rated								
	<u>\$ 855,547</u>	<u>\$ 807,622</u>	<u>\$ 41,922</u>	<u>\$ 5,908</u>	<u>\$ 95</u>										
Fiduciary activities:															
<i>Investment type</i>															
Pooled Deposits and Investments	\$ 105,455	\$ 105,455	\$ -	\$ -	\$ -	\$ -	see below								
Segregated Deposits and Investments															
Wisconsin Local Government															
Investment Pool	1,254	1,254	-	-	-	-	not rated								
	<u>\$ 106,709</u>	<u>\$ 106,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>									

Credit Ratings

The Governmental and Business-type municipal bond holdings of \$25,449,000 were rated by Moody's as follows: A1 (3%), Aa1 (4%), Aa2 (54%), Aaa (14%), Aa3 (2%) and S & P AA (3%), AA- (8%), AA+ (2%) , AAA (10%).

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 Proprietary 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.

CITY OF MILWAUKEE
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As of December 31, 2022, the City had the following investments and maturities in the Pool:

	Fair Value	(Thousands of Dollars)					Greater than 10	Credit Rating	
		Less than 1	1-5	6-10					
Pooled Deposits and Investments									
Bank Demand Deposits	\$ 74,484	\$ 74,484	\$ -	\$ -	\$ -	\$ -	not rated		
Other Deposits	5,615	5,615	-	-	-	-	not rated		
Deposits and Investments			-	-	-	-			
Interest Checking	590,809	590,809	-	-	-	-	not rated		
Wisconsin Local Government			-	-	-	-			
Investment Pool	58,005	58,005	-	-	-	-	not rated		
U.S. Bank Investment Portfolio			-	-	-	-			
Money Market.....	654	654	-	-	-	-	not rated		
Corporate Bond.....	17,840	6,220	11,620	-	-	-	see below		
U.S. Government Securities									
FNMA Bond.....	95	-	-	-	-	-	95	Aaa	
FHLMC Bond.....	1,999	1,999	-	-	-	-	-	Aaa	
FHLB Bond.....	4,648	-	4,648	-	-	-	-	not rated	
Treasury Note.....	5,538	-	5,538	-	-	-	-	Aaa	
	<u>\$ 759,687</u>	<u>\$ 737,786</u>	<u>\$ 21,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95</u>			

Investment Portfolio Ratings

Corporate bond holdings of \$17,840,000 were rated by Moody's as follows: Aaa (40%), A1 (6%), Aa2 (38%) Aa3 (11%) and Aa1 (5%).

Custodial Credit Risk – Deposits and Investments

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

As of December 31, 2022, \$175.5 million of the City's deposits and investments were subject to custodial credit risk as they were not insured or 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 with maturities greater than one year.

CITY OF MILWAUKEE
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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.

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 1 inputs) as of December 31, 2022:

1. Pooled deposits and investments of:
 - a. U.S. Treasury of \$5.5 million.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2022:

1. Municipal bonds of \$25.4 million.
2. Pooled deposits and investments of:
 - a. Corporate Bonds of \$17.8 million.
 - b. FNMA bonds of \$95 thousand.
 - c. FHLMC bonds of \$2 million.
 - d. FLHB bonds of \$4.6 million.

CITY OF MILWAUKEE
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B. Component Units

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, 2022:

Component Units:	Investment Maturities (in Years)			Moody's Credit Rating	
	<i>(Thousands of Dollars)</i>		1-5		
	Fair value	Less than 1			
Bank Demand Deposits.....	\$ 12,351	\$ 12,351	\$ -	- not rated	
Local Government Investment Pool.....	237	237	-	- not rated	
U.S. Treasury Notes.....	1,937	763	1,174	AAA	
U.S. Agencies.....	1,757	573	1,184	AAA	
U.S. Government Mortgage	4	-	4	AAA	
Municipal Bonds	1,853	376	1,477	AA3	
Corporate Bonds	222	-	222	AA2	
Certificates of Deposit.....	604	604	-	AA	
Money Market.....	1,506	1,506	-	- not rated	
	\$ 20,471	\$ 16,410	\$ 4,061		

Custodial Credit Risk

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

As of December 31, 2022 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized	
		<i>(Thousands of Dollars)</i>	
Redevelopment Authority.....	\$ 11,419	\$ 9,814	
Neighborhood Improvement Development Corporation.....	3,050	1,976	

CITY OF MILWAUKEE
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As of December 31, 2022 Component Unit investment balances exposed to Custodial Credit Risk are as follows:

	Investment Balance	Uninsured and Uncollateralized	
	<i>(Thousands of Dollars)</i>		
Redevelopment Authority.....	\$ 5,818	\$	5,818

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows the accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2022:

1. U.S. Treasury notes of \$1.9 million
2. U.S. Agency bonds of \$1.8 million
3. U.S Government mortgage of \$4 thousand
4. Municipal bonds of \$1.9 million
5. Corporate bonds of \$222 thousand
6. Property Inventory of \$2.1 million

CITY OF MILWAUKEE
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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, 2022, 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:

	Purchased			
	City	Taxes	Receivable	Total
	Levy	(Thousands of Dollars)		
2017 and prior	\$ 7,449	\$ 978	\$ 8,427	
2018	2,338	254	2,592	
2019	3,042	333	3,375	
2020	5,195	579	5,774	
2021	<u>14,952</u>	<u>1,953</u>	<u>16,905</u>	
 Total delinquent property taxes receivable	 <u>\$ 32,976</u>	 <u>\$ 4,097</u>	 <u>37,073</u>	
 Property taxes receivable on foreclosed property	 43,561
 Less: Allowance for uncollectible taxes	 <u>(37,011)</u>
 Net delinquent property taxes receivable, including tax deeded property.....		 <u>\$ 43,623</u>

CITY OF MILWAUKEE
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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

Governmental activities	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
<i>(Thousands of Dollars)</i>				
<i>Capital assets not being depreciated and amortized:</i>				
Land	\$ 166,495	\$ -	\$ 26	\$ 166,469
Construction in progress	153,549	18,104	23,580	148,073
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>321,386</u>	<u>18,104</u>	<u>23,606</u>	<u>315,884</u>
<i>Capital assets being depreciated and amortized:</i>				
Right of use leased buildings*	2,244	-	-	2,244
Right of use leased equipment*	2,021	-	-	2,021
Right of use leased software*	720	-	-	720
Buildings	388,959	12,618	303	401,274
Infrastructure.....	1,877,214	23,949	14,348	1,886,815
Improvements other than buildings	11,966	-	-	11,966
Machinery and equipment	262,980	18,701	14,397	267,284
Intangible software.....	<u>14,722</u>	<u>-</u>	<u>-</u>	<u>14,722</u>
Total capital assets being depreciated and amortized	<u>2,560,826</u>	<u>55,268</u>	<u>29,048</u>	<u>2,587,046</u>
<i>Less accumulated depreciation and amortization for:</i>				
Right of use leased buildings	-	172	-	172
Right of use leased equipment	-	117	-	117
Right of use leased software	-	240	-	240
Buildings	167,178	11,226	271	178,133
Infrastructure	1,158,901	34,602	14,348	1,179,155
Improvements other than buildings	10,781	211	-	10,992
Machinery and equipment	176,592	13,510	13,689	176,413
Intangible software	<u>10,321</u>	<u>1,592</u>	<u>-</u>	<u>11,913</u>
Total accumulated depreciation and amortization	<u>1,523,773</u>	<u>61,670</u>	<u>28,308</u>	<u>1,557,135</u>
Total capital assets being depreciated and amortized, net	<u>1,037,053</u>	<u>(6,402)</u>	<u>740</u>	<u>1,029,911</u>
Government activity capital assets, net	<u>\$ 1,358,439</u>	<u>\$ 11,702</u>	<u>\$ 24,346</u>	<u>\$ 1,345,795</u>
<i>Depreciation and amortization expense for governmental activities was charged to the following functions:</i>				
General government	\$ 1,955	\$ 56	\$ 2,011	
Public safety	8,287	305	8,592	
Public works	49,067	-	49,067	
Health	331	-	331	
Culture and recreation	<u>1,501</u>	<u>168</u>	<u>1,669</u>	
Total	<u>\$ 61,141</u>	<u>\$ 529</u>	<u>\$ 61,670</u>	

*Amounts were adjusted to reflect the implementation of GASB 87

CITY OF MILWAUKEE
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Business-type activities	Balance	Additions	Deletions	Balance		
	01/01/22			12/31/22		
<i>(Thousands of Dollars)</i>						
Water Works						
<i>Capital assets not being depreciated:</i>						
Land	\$ 1,791	\$ -	\$ -	\$ 1,791		
Construction in progress	<u>11,143</u>	<u>23,100</u>	<u>18,934</u>	<u>15,309</u>		
Total capital assets not being depreciated	<u>12,934</u>	<u>23,100</u>	<u>18,934</u>	<u>17,100</u>		
<i>Capital assets being depreciated:</i>						
Buildings	31,525	-	-	31,525		
Infrastructure	540,496	13,402	326	553,572		
Machinery and equipment	293,827	5,401	4,522	294,706		
Nonutility property	<u>3,918</u>	<u>131</u>	<u>258</u>	<u>3,791</u>		
Total capital assets being depreciated	<u>869,766</u>	<u>18,934</u>	<u>5,106</u>	<u>883,594</u>		
Less accumulated depreciation for:						
Buildings	23,379	706	-	24,085		
Infrastructure	135,394	7,605	354	142,645		
Machinery and equipment	173,031	13,573	4,475	182,129		
Nonutility property	<u>1,615</u>	<u>-</u>	<u>121</u>	<u>1,494</u>		
Total accumulated depreciation	<u>333,419</u>	<u>21,884</u>	<u>4,950</u>	<u>350,353</u>		
Total capital assets being depreciated, net	<u>536,347</u>	<u>(2,950)</u>	<u>156</u>	<u>533,241</u>		
Water Works capital assets, net	<u>549,281</u>	<u>20,150</u>	<u>19,090</u>	<u>550,341</u>		
Sewer Maintenance						
<i>Capital assets not being depreciated:</i>						
Construction in progress	\$ 244	\$ 501	\$ 244	\$ 501		
Total capital assets not being depreciated	<u>244</u>	<u>501</u>	<u>244</u>	<u>501</u>		
<i>Capital assets being depreciated:</i>						
Infrastructure	820,364	18,987	1,401	837,950		
Machinery and equipment	<u>8,479</u>	<u>245</u>	<u>149</u>	<u>8,575</u>		
Total capital assets being depreciated	<u>828,843</u>	<u>19,232</u>	<u>1,550</u>	<u>846,525</u>		
Less accumulated depreciation for:						
Infrastructure	188,675	9,186	1,401	196,460		
Machinery and equipment	<u>4,366</u>	<u>485</u>	<u>149</u>	<u>4,702</u>		
Total accumulated depreciation	<u>193,041</u>	<u>9,671</u>	<u>1,550</u>	<u>201,162</u>		
Total capital assets being depreciated, net	<u>635,802</u>	<u>9,561</u>	<u>-</u>	<u>645,363</u>		
Sewer Maintenance capital assets, net	<u>636,046</u>	<u>10,062</u>	<u>244</u>	<u>645,864</u>		

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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	Balance 01/01/22	Additions	Deletions	Balance 12/31/22			
	<i>(Thousands of Dollars)</i>						
<i>Other business-type activities</i>							
<i>Capital assets not being depreciated:</i>							
Land	\$ 17,461	\$ -	\$ -	\$ 17,461			
Construction in progress	<u>15,988</u>	<u>2,711</u>	<u>1,638</u>	<u>17,061</u>			
 Total capital assets not being depreciated	 <u>33,449</u>	 <u>2,711</u>	 <u>1,638</u>	 <u>34,522</u>			
<i>Capital assets being depreciated:</i>							
Buildings	103,562	-	-	103,562			
Infrastructure.....	21,476	-	-	21,476			
Improvements other than buildings	15,112	438	-	15,550			
Machinery and equipment	<u>18,702</u>	<u>335</u>	<u>60</u>	<u>18,977</u>			
 Total capital assets being depreciated	 <u>158,852</u>	 <u>773</u>	 <u>60</u>	 <u>159,565</u>			
<i>Less accumulated depreciation for:</i>							
Buildings	58,879	2,327	-	61,206			
Infrastructure—port.....	12,281	474	-	12,755			
Improvements other than buildings	8,301	437	-	8,738			
Machinery and equipment	<u>12,199</u>	<u>748</u>	<u>60</u>	<u>12,887</u>			
 Total accumulated depreciation	 <u>91,660</u>	 <u>3,986</u>	 <u>60</u>	 <u>95,586</u>			
 Total capital assets being depreciated, net	 <u>67,192</u>	 <u>(3,213)</u>	 <u>-</u>	 <u>63,979</u>			
 Other business-type activities, net	 <u>100,641</u>	 <u>(502)</u>	 <u>1,638</u>	 <u>98,501</u>			
 Business-type activity capital assets, net	 <u>\$ 1,285,968</u>	 <u>\$ 29,710</u>	 <u>\$ 20,972</u>	 <u>\$ 1,294,706</u>			
 Depreciation expense for business-type activities was charged to functions as follows:							
Water Works							
Depreciation	\$ 21,747						
Depreciation charged to Sanitary Sewer	<u>137</u>						
	21,884						
Sewer Maintenance	9,671						
Other business-type activities	<u>3,986</u>						
 Total	 <u>\$ 35,541</u>						

CITY OF MILWAUKEE
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	Balance *			Balance			
	1/1/2022	Additions	Deletions	12/31/22			
	<i>(Thousands of Dollars)</i>						
Component Units							
<i>Capital assets not being depreciated:</i>							
Land	\$ 10,593	\$ -	\$ -	\$ 10,593			
Total capital assets not being depreciated	<u>10,593</u>	<u>-</u>	<u>-</u>	<u>10,593</u>			
<i>Capital assets being depreciated:</i>							
Buildings	14,174	-	-	14,174			
Infrastructure	333	-	-	333			
Improvements other than buildings	4,264	-	-	4,264			
Machinery and equipment	6	-	-	6			
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>			
Total capital assets being depreciated	<u>19,342</u>	<u>-</u>	<u>-</u>	<u>19,342</u>			
Less accumulated depreciation for:							
Buildings	4,758	358	-	5,116			
Infrastructure	193	14	-	207			
Improvements other than buildings	2,832	261	-	3,093			
Machinery and equipment	6	-	-	6			
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>			
Total accumulated depreciation	<u>8,354</u>	<u>633</u>	<u>-</u>	<u>8,987</u>			
Total capital assets being depreciated, net	<u>10,988</u>	<u>(633)</u>	<u>-</u>	<u>10,355</u>			
Component units capital assets, net	<u>\$ 21,581</u>	<u>\$ (633)</u>	<u>\$ -</u>	<u>\$ 20,948</u>			

* Beginning balances restated (see note 15)

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. UNEARNED AND UNAVAILABLE REVENUES

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

	General		Obligation			Grant and			Nonmajor		Total			
	General	Service	Debt	Economic	Aid	Capital	Governmental							
			Development	Projects	Projects	Funds								
<i>(Thousands of Dollars)</i>														
Subsequent years property taxes ..	\$ 211,692	\$ 98,546	\$ 44,758	\$ -	\$ 14,518	\$ -					\$ 369,514			
Leases receivable.....	4,209	-	-	-	-	-					4,209			
Delinquent property taxes	5,952	-	-	-	-	-				7,107	13,059			
Unavailable receivables.....	5,046	53,333	7,127	-	-	-					65,506			
Unbilled special assessments	-	-	-	-	-	4,768					4,768			
Unavailable grant revenue	-	-	-	9,452	4,746	307					14,505			
Grants received prior to meeting														
all eligibility requirements.....	-	-	-	356,085	-	-					356,085			
Other unearned revenue	573	-	-	716	6	461					1,756			
Total	<u>\$ 227,472</u>	<u>\$ 151,879</u>	<u>\$ 51,885</u>	<u>\$ 366,253</u>	<u>\$ 24,038</u>	<u>\$ 7,875</u>					<u>\$ 829,402</u>			
							Unearned revenues - deferred inflows				\$ 373,723			
							Unavailable revenues - deferred inflows				97,838			
							Unearned revenues - liabilities				357,841			
											<u>\$ 829,402</u>			

6. SHORT-TERM DEBT

As of December 31, 2022, the City had did not have any outstanding short-term Revenue Anticipation Notes.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2022 were as follows:

	Balance 01/01/22	Additions	Deductions	Balance 12/31/22	Amounts Due within One Year			
	<i>(Thousands of Dollars)</i>							
Governmental activities:								
General obligation bonds and notes								
City	\$ 1,027,063	\$ 138,136	\$ 108,930	\$ 1,056,269	\$ 160,512			
Milwaukee Public Schools	53,638	-	1,208	52,430	1,243			
Unamortized premiums	82,652	14,177	18,156	78,673	-			
Direct loans								
City	28,550	10,000	28,550	10,000	-			
Leases payable*	4,985	-	529	4,456	438			
Compensated absences	44,376	28,887	28,563	44,700	28,725			
Total other postemployment benefits liability	1,600,060	65,569	494,880	1,170,749	-			
Net pension liability	897,466	113,499	643,048	367,917	-			
Claims and judgments	87,386	-	27,439	59,947	1,725			
Total governmental activities	<u>\$ 3,826,176</u>	<u>\$ 370,268</u>	<u>\$ 1,351,303</u>	<u>\$ 2,845,141</u>	<u>\$ 192,643</u>			
Business-type activities:								
Water Works								
State loans (direct)	\$ 93,218	\$ 4,811	\$ 4,708	\$ 93,321	\$ 5,011			
Revenue bonds	7,790	-	455	7,335	460			
Unamortized premiums	223	-	26	197	-			
Compensated absences	2,082	1,471	1,498	2,055	2,055			
Total other postemployment benefits liability	48,380	1,550	14,992	34,938	-			
Net pension liability	18,535	2,467	13,006	7,996	-			
Total Water Works	<u>170,228</u>	<u>10,299</u>	<u>34,685</u>	<u>145,842</u>	<u>7,526</u>			
Sewer Maintenance								
General obligation bonds and notes	\$ 2,998	\$ -	\$ 749	\$ 2,249	\$ 750			
State loans (direct)	152,024	15,066	11,609	155,481	11,961			
Revenue bonds	158,400	-	7,415	150,985	7,875			
Unamortized premiums	20,471	-	1,289	19,182	-			
Compensated absences	710	391	462	639	639			
Total other postemployment benefits liability	15,566	568	4,810	11,324	-			
Net pension liability	5,830	737	4,177	2,390	-			
Total Sewer Maintenance	<u>355,999</u>	<u>16,762</u>	<u>30,511</u>	<u>342,250</u>	<u>21,225</u>			

*Amounts were adjusted to reflect the implementation of GASB 87

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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	Balance 01/01/22	Additions	Deductions	Balance 12/31/22	Amounts Due within One Year
	<i>(Thousands of Dollars)</i>				
Other Proprietary Funds					
General obligation bonds and notes	\$ 24,836	\$ 1,160	\$ 3,019	\$ 22,977	\$ 2,515
Revenue bonds	-	5,915	470	5,445	570
Compensated absences	632	332	409	555	555
Total other postemployment benefits liability	16,548	541	5,269	11,820	-
Net pension liability	6,033	763	4,323	2,473	-
Total Other Proprietary	48,049	8,711	13,490	43,270	3,640
Total business-type activities	\$ 574,276	\$ 35,772	\$ 78,686	\$ 531,362	\$ 32,391
Component Units					
Revenue bonds *	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental remediation liability	633	121	-	754	-
Total component units	\$ 633	\$ 121	\$ -	\$ 754	\$ -

* Beginning balances restated for the implementation of GASB 91 (see note 15)

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, Transportation, and Port of Milwaukee Proprietary Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies.

As of December 31, 2022, the City general obligation bonds totaled \$301,025,000 of which \$242,871,903 is for Capital Improvements, \$49,300,000 for schools and \$8,853,097 for business-type activities. The interest rates are between 1.18% and 5.5% with a final maturity date of April 1, 2042.

During the year ended December 31, 2022, general obligation bonds totaling \$40,650,000 were issued of which \$29,704,000 was issued to finance capital improvements, \$245,859 for business-type activities and \$10,701,041 for refunding purposes.

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, 2022, there was \$1,469,761 of debt outstanding. There is also \$52,430,164 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, 2022, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,271,552,000. These assets are excluded from the financial statements of the City.

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As of December 31, 2022, \$44,844,782 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$63,388,096. 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. Revenue Bonds and State Loans (Direct)

The City issues revenue bonds and State loans to provide funds for water and sewer improvements. The revenue bonds do not have a General Obligation pledge of the City. The revenue bonds and State loans will be repaid from revenues of the Sewer Maintenance and Water Works Proprietary Funds.

As of December 31, 2022, the City has State loans totaling \$248,802,000 of which \$155,481,000 is for Sewer and \$93,321,000 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2041.

As of December 31, 2022, the City has Revenue Bonds totaling \$163,765,000 of which \$150,985,000 is for Sewer, \$7,335,000 is for Water and \$5,445,000 is for the Port of Milwaukee. The interest rates are between 2.50% and 5.00% and the final maturity date is June 1, 2046.

During 2022, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling \$19,877,000 of which \$15,066,000 is for Sewer and \$4,811,000 is for Water.

D. Notes Payable

The City issues General Obligation notes to provide funds for various public improvement projects, general City financing, and purchases of delinquent taxes.

As of December 31, 2022, the City had notes totaling \$842,900,002 of which \$530,678,765 is for Capital Improvements, \$3,130,164 for schools, \$16,372,896 for business-type activities, \$75,057,766 for the purchase of delinquent taxes and \$217,660,411 for general City. The interest rates are between 1.75% and 5.00% with a final maturity date of April 1, 2032.

As of December 31, 2022, \$118,367,571 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$136,858,775.

During the year ended December 31, 2022, General Obligation notes totaling \$98,645,000 were issued, of which \$59,485,968 was issued to finance capital improvements, \$491,718 for business-type activities, \$15,043,513 to purchase 2021 delinquent taxes, \$1,200,000 for municipal purposes and \$22,423,801 for refunding purposes.

E. Direct Loans

As of December 31, 2022, the City had one outstanding revolving loan agreement with The Huntington National Bank and one outstanding revolving loan agreement with U.S. Bank National Association (RLAs). The RLAs are secured by a General Obligation pledge of the City and may be drawn upon at any time for any public purpose. It is the intention of the City to pay off an RLA by its maturity date. However, if not paid by the maturity date, the RLA enters an amortization period with the principal due on the first business day of the 18th month following the maturity date. The RLAs contain termination events which could lead to acceleration of the debt, however there are no specific provisions regarding default on the RLAs.

The interest rates on the RLAs is tied to an index which is reset daily. The maximum available amounts, maturity dates, and indexes are as follows:

Amount	Maturity Date	Index	Bank
\$25,000,000	December 21, 2023	SOFR	The Huntington National Bank
\$25,000,000	December 21, 2023	SOFR	U.S. Bank National Association

CITY OF MILWAUKEE
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During 2022, \$10 million was drawn on the Loans for the following purposes:

Loan Draws	
<i>(Thousands of Dollars)</i>	
Purpose	Amount
Capital expenditures.....	\$ 3,849
General purpose.....	6,151
	<u>\$ 10,000</u>

Following is a summary of Loan activity, which is included in the Notes payable and long-term obligation table in footnote 7(a) above:

Loans			
<i>(Thousands of Dollars)</i>			
Balance			Balance
01/01/22	Additions	Deletions	12/31/22
<u>\$ 28,550</u>	10,000	28,550	<u>\$ 10,000</u>

F. Debt Service Requirements

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

Year	General Obligation Debt		General Obligation Debt - Direct Loans		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Governmental activities					
2023.....	\$ 161,755	\$ 41,279	\$ -	\$ 430	\$ 203,464
2024.....	100,644	35,475	-	458	136,577
2025.....	105,167	31,044	10,000	227	146,438
2026.....	88,464	26,763	-	-	115,227
2027.....	120,981	21,946	-	-	142,927
2028-2032.....	419,133	54,801	-	-	473,934
2033-2037.....	100,935	9,623	-	-	110,558
2038-2042.....	11,620	870	-	-	12,490
Total	<u>\$ 1,108,699</u>	<u>\$ 221,801</u>	<u>\$ 10,000</u>	<u>\$ 1,115</u>	<u>\$ 1,341,615</u>
Business-type activities					
Other Proprietary					
2023.....	\$ 2,515	\$ 817	\$ 570	\$ 89	\$ 3,991
2024.....	2,436	714	580	83	3,813
2025.....	2,324	619	585	77	3,605
2026.....	2,126	530	595	69	3,320
2027.....	1,974	451	600	60	3,085
2028-2032.....	7,737	1,303	2,515	129	11,684
2033-2037.....	3,865	217	-	-	4,082
Total	<u>\$ 22,977</u>	<u>\$ 4,651</u>	<u>\$ 5,445</u>	<u>\$ 507</u>	<u>\$ 33,580</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Year	General Obligation Debt		Revenue Bonds		State Loans - Direct		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest		
(Thousands of Dollars)								
Business-type activities (Cont'd)								
Sewer Maintenance								
2023.....	\$ 750	\$ 94	\$ 7,875	\$ 6,000	\$ 11,961	\$ 2,981	\$ 29,661	
2024.....	750	56	5,670	5,661	12,218	2,722	27,077	
2025.....	749	19	5,960	5,370	12,480	2,457	27,035	
2026.....	-	-	8,035	5,029	12,748	2,185	27,997	
2027.....	-	-	10,230	4,613	13,023	1,908	29,774	
2028-2032.....	-	-	56,715	16,027	48,840	6,107	127,689	
2033-2037.....	-	-	35,940	6,520	34,328	2,135	78,923	
2038-2042.....	-	-	10,580	2,661	9,883	224	23,348	
2043-2047.....	-	-	9,980	610	-	-	10,590	
Total	<u>\$ 2,249</u>	<u>\$ 169</u>	<u>\$ 150,985</u>	<u>\$ 52,491</u>	<u>\$ 155,481</u>	<u>\$ 20,719</u>	<u>\$ 382,094</u>	
Water Works								
2023.....	\$ -	\$ -	\$ 460	\$ 293	\$ 5,011	\$ 1,557	\$ 7,321	
2024.....	-	-	465	270	5,097	1,470	7,302	
2025.....	-	-	475	246	5,185	1,381	7,287	
2026.....	-	-	480	222	5,275	1,290	7,267	
2027.....	-	-	490	203	5,366	1,198	7,257	
2028-2032.....	-	-	2,615	735	28,254	4,556	36,160	
2033-2037.....	-	-	2,350	191	26,752	2,116	31,409	
2038-2042.....	-	-	-	-	12,381	328	12,709	
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,335</u>	<u>\$ 2,160</u>	<u>\$ 93,321</u>	<u>\$ 13,896</u>	<u>\$ 116,712</u>	

G. 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, 2022, the City's legal debt margin was \$1,407,958,000. Of this amount, \$654,335,000 was for school purposes and \$753,623,000 was for City purposes.

H. Refinancing

During 2022, the City refinanced \$36,346,499 of General Obligation Debt with \$20,797,655 of Promissory Notes, Series 2022 N3, \$10,364,042 of Corporate Purpose Bonds, Series 2022 B4, \$1,626,147 of Taxable Promissory Notes, Series 2022 T5, and \$337,000 of Taxable Corporate Purpose Bonds, Series 2022 T6. These issues provided long-term financing for interim debt of \$28,550,000 and reduced the interest cost of long-term debt in the principal amount of \$7,796,499 realizing a net present value savings of \$618,589.

CITY OF MILWAUKEE
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I. 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, 2022 is approximately \$369,000,000 for RACM.

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".

In March of 2018, all Redevelopment Authority of the City of Milwaukee (RACM) employees were transferred to City employment. These RACM employees (8 active and 4 retirees) were included in the actuarial analysis of the City's pension obligation and were incorporated with the City's pension-related activity.

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 2022 was \$77,197,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2022 and 2021 were \$77,197,000 and \$74,443,000 respectively. 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, 2021, are summarized in the following table:

CITY OF MILWAUKEE
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Asset Class	Asset Allocation Policy and Expected Return	
	Policy	Long-term Expected Rate of Return
Public Equity.....	44.0%	7.3%
Fixed Income & Cash.....	23.0%	3.1%
Real Estate.....	9.1%	5.6%
Real Assets.....	3.9%	4.5%
Private Equity.....	10.0%	10.6%
Absolute Return.....	10.0%	2.9%
		100.0%

Rate of Return – For the year ended December 31, 2021, the annual money-weighted rate of return, net of investment expense was 18.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2021, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2021, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2021
Measurement Date of Net Pension Liability	December 31, 2021
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Investment Rate of Return:	7.50% per annum, compounded annually
Discount Rate:	7.50%
Projected Salary Increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption:	2.50%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Pre-retirement mortality rates were based on the RP-2014 Healthy Non-Annuity Mortality Table, projected generationally with Scale MP-2016. Post-retirement mortality rates were based on the RP-2014 Healthy Annuity Mortality Table, using 111% of rates for males and 110% of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates were based on the RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally with Scale MP-2016.
Experience Study	The actuarial assumptions used in this valuation, other than the long-term rate of return, are based on the results of the most recent experience study covering the five-year period ending December 31, 2016. The long-term rate of return is based on analysis performed by Cavanaugh Macdonald and adopted by the Board of Trustees on April 29, 2019.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Net Pension Liability – The components of the City's pension liability as of December 31, 2022, were as follows:

	Total (Thousands of Dollars)
Total pension liability	\$ 5,825,992
Plan fiduciary net position	<u>(5,445,216)</u>
Net pension liability	<u><u>\$ 380,776</u></u>
Plan fiduciary net position as a percentage of total pension liability	93.46%
Covered employee payroll	\$ 496,459
Net pension liability as a percentage of covered employee payroll	76.70%

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, which reflects the long-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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
	6.50%	7.50%	8.50%
<i>(Thousands of Dollars)</i>			
City's net pension liability (asset).....	\$ 1,071,687	\$ 380,776	\$ (193,626)

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. The City's 2021 actuarial employer contribution was \$75.721 million and the employer allocation percentage was 84.667% as compared to the prior year actuarial employer contribution of \$76.660 million and an employer allocation percentage of 84.921%.

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 City's proportionate share of Collective net pension liability, deferred outflows/inflows and pension expense was 84.667%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.88 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 5.00 years.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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The City's total Deferred Inflows and Outflows of Resources, to be recognized in the Future Pension Expense, are as follows:

Total Future Deferred Inflows/Outflows

	Outflows of Resources	Inflows of Resources
	<i>(Thousands of Dollars)</i>	
Differences between expected and actual experience.....	\$ 45,961	\$ (192)
Changes in assumptions.....	1,004	-
Contributions made after the measurement date.....	112,773	-
Net differences between projected and actual earnings on pension plan investments.....	-	(555,634)
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	2,707	(7,562)
Total.....	\$ 162,445	\$ (563,388)

Deferred Outflows of \$112,773 resulting from the City's pension contribution subsequent to the measurement date will be recognized as a reduction of the total Pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Annual Future Deferred Inflows/Outflows	
	Net Deferred	
	Inflows of Resources	<i>(Thousands of Dollars)</i>
2023	\$ (73,666)	
2024	(200,813)	
2025	(119,679)	
2026	(119,558)	
Total	\$ (513,716)	

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The City's pension expense was determined as follows:

Calculation of Pension Expense (Thousands of Dollars)	Total
Service Cost.....	\$ 72,101
Interest cost on total pension liability.....	419,666
Projected earnings on plan investments.....	(348,490)
Contributions - Member.....	(26,623)
Administrative Expense.....	5,701
Plan Changes.....	-
Recognition of net deferred outflow s (inflow s)	
Changes in assumptions.....	-
Differences between expected and actual liability experience.....	708
Difference between projected and actual earnings.....	(118,430)
Other changes in fiduciary net position.....	-
Prior years' deferred outflow s.....	237,842
Prior years' deferred inflow s.....	(177,252)
Other changes in fiduciary net position.....	(843)
Total Pension Expense.....	\$ 64,380

Other Postemployment Benefits

The City provides other post-employment benefits (OPEB) to its retirees for health and life insurance. During 2018, the City implemented GASB 75 which requires recognizing a liability equal to total unfunded OPEB liability (total OPEB liability or TOL). The January 1, 2018 OPEB liability was restated, with a corresponding adjustment to beginning net position, to record the actuarially determined TOL, as required by GASB 75.

In March of 2018, all Redevelopment Authority of the City of Milwaukee (RACM) employees were transferred to City employment. These RACM employees (8 active and 4 retirees) were included in the actuarial analysis of the City's OPEB obligation and are combined with the City's OPEB balances.

Plan Description

The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employes' Retirement System (ERS). 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.

Retiree eligibility for full health insurance coverage varies by employee group, but can be summarized as follows:

General Employees: Employees hired prior to January 1, 2017, in general, are eligible when they retire through the ERS with a minimum of 15 years of creditable service with the City. Furthermore, if they retire on a service retirement they are eligible for an 88% subsidy until they attain age 65. Certain other groups of General employees are eligible, but pay a variety of rates depending upon their group affiliation at the time of retirement, service credit, age, and type of retirement – the subsidy for these may range from 100% to 25% until age 65. Almost all retirees get a 25% subsidy once they attain Medicare age (65 years). Service retirement for General employees enrolled prior to January 1, 2014 is age 60 or age 55 with 30 years of creditable service; for those enrolled on/after January 1, 2014 is age 65 or age 60 with 30 years of creditable service.

Fire and Police: In general, protective service sworn employees are eligible when they retire on a service retirement through the ERS with a minimum of 15 years of creditable service. The amount they pay is part of their collective bargaining agreement with the subsidy ranging from 100% to 65% until age 65, and varies with the type of employee group they belonged to and their sick leave balance at the time of retirement. Almost all retirees get a 25% subsidy once they attain Medicare age (65 years). Service retirement for Fire enrolled prior to July 30, 2016 is age 57 or age 49 with 22 years of service; for those enrolled on or after July 30, 2016 is age 57 or age 52 with 25 years of creditable Fire service. Service retirement for Police enrolled prior to December

CITY OF MILWAUKEE
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20, 2015 is age 57 or 25 years of creditable service; for those enrolled on/after December 20, 2015 is age 57 or age 50 with 25 years of creditable Police service.

Disability: Slightly different eligibility criteria apply for employees who retire on an ordinary or duty disability and their subsidy is different from regular service retirees.

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.

In general, General City employees retiring on a service retirement prior to 2014 were eligible to continue coverage at the level on the date prior to their date of retirement. Firefighters and Police retiring on a service 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.

Furthermore, as part of recent collective bargaining agreements, Fire and Police employees (except MPSO) now follow the same life insurance plan design as General employees – they 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.

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. For certain groups of retirees, the City may assume all future premiums or only the cost of the \$10,000 of coverage, depending upon the retirement date and reduction schedule in effect on their last day at work.

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 2022, the City paid \$35,377,338 and \$3,952,715, respectively, toward medical and life insurance for retirees.

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Actuarial Assumptions

The last actuarial valuation was performed as of January 1, 2021, projected to measurement date of December 31, 2022, using the applicable discount rate required under GASB Statement No. 75 and determined using the following actuarial assumptions.

Methods and Assumptions Used to Determine OPEB Actuarial Liability and Contributions	
Actuarial Valuation Date	January 1, 2021
Measurement Date of Net OPEB Liability	December 31, 2022
Plan Fiscal Year End	December 31, 2022
Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Pay-as-you-go costs
Asset Valuation Method:	No Assets (pay-as-you-go)
Actuarial Assumptions:	
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Discount Rate	1.84% as of December 31, 2021; 4.05% as of December 31, 2022.
Projected Salary Increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Wage Inflation	2.5% for general employees and 4.0% for public safety employees.
Healthcare Cost Trend Rates	Pre-Medicare trend rates are 4.0% for 2022, 7.00% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2034. Post-Medicare trend rates are 6.00% for 2022, 8.00% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2038.
Mortality Table	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are reflected separately.

CITY OF MILWAUKEE
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Total OPEB Liability

The changes and components of the December 31, 2022 OPEB liability, along with the total OPEB liability by year are shown in the schedules below:

Schedule of Changes in Total OPEB Liability (Thousands of Dollars)		Total
Total OPEB liability		
Service cost.....	\$ 67,357	
Interest.....	31,167	
Differences between expected and actual experience.....	(1,264)	
Changes of assumptions.....	(509,653)	
Benefit payments.....	<u>(39,330)</u>	
Net change in total OPEB liability.....	(451,723)	
Total OPEB liability - January 1, 2022.....	<u>1,680,554</u>	
Total OPEB liability - December 31, 2022.....	<u>\$ 1,228,831</u>	
Plan fiduciary net position		
Contributions - employer.....	39,330	
Benefit payments.....	<u>(39,330)</u>	
Total OPEB liability - ending.....	<u>\$ 1,228,831</u>	
Plan fiduciary net position as a percentage of total OPEB liability.....	0.00%	
Covered employee payroll.....	\$ 358,672	
Total OPEB liability as a percentage of covered payroll.....	342.61%	
Inactive plan members or beneficiaries currently receiving benefits.....	3,117	
Active plan members.....	<u>4,873</u>	
	<u>7,990</u>	
Discount rate - December 31, 2021.....	1.84%	
Discount rate - December 31, 2022.....	4.05%	

Discount Rate – Since the City operates a pay-as-you-go plan, the OPEB liability is calculated using discount rates based on Fidelity's "20-Year Municipal GO AA Index" as of each measurement date. The discount rates used in the actuarial study were as follows:

CITY OF MILWAUKEE
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Sensitivity of Total OPEB Liability – The following tables present the City's total OPEB liability using discount rates and healthcare cost trend rate assumptions that are 1% higher and 1% lower than the current rates.

Sensitivity of Total OPEB to the Single Discount Rate Assumption

	1% Decrease to Discount Rate 3.05%	Current Discount Rate 4.05%	1% Increase to Discount Rate 5.05%
(Thousands of Dollars)			
City's Total OPEB liability.....	\$ 1,426,893	\$ 1,228,831	\$ 1,070,323

Sensitivity of Total OPEB to the Healthcare Cost Trend Rate Assumption

	1% Decrease Current Healthcare Cost Assumption	1% Increase (Thousands of Dollars)
City's Total OPEB liability.....	\$ 1,063,583	\$ 1,228,831

OPEB Expense - The City's annual OPEB expense is based on the change in the total OPEB liability as actuarially determined in accordance with the parameters of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Annual OPEB expense consists of service cost, interest on the total OPEB liability, the monetary effect of plan changes and the current year portion of any deferred outflows (inflows). The following table shows the components of the City's annual OPEB expense for the year:

	Annual OPEB Expense (Thousands of Dollars)	Total
Service Cost.....	\$ 67,357	
Interest cost on total pension liability.....	31,167	
Recognition of outflow /(inflow) due to non-investment experience.....	(14,267)	
Recognition of outflow /(inflow) due to assumption changes.....	(29,297)	
Total OPEB Expense.....	<u>\$ 54,960</u>	

A reconciliation of the City's total OPEB liability including expense, contributions and deferred outflows/ (inflows) is shown below:

	Reconciliation of Total OPEB Liability (Thousands of Dollars)	Total
Total OPEB liability beginning of year.....	\$ 1,680,554	
OPEB expense.....	54,960	
Employer contributions.....	(39,330)	
Change in outflow /(inflow) due to non-investment experience.....	13,002	
Change in outflow /(inflow) due to assumption changes.....	(480,355)	
Total OPEB liability end of year.....	<u>\$ 1,228,831</u>	

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Deferred Inflows and Outflows of Resources – For the plan year-end December 31, 2022, the actuarial discount rate increased to 4.05 percent from 1.84 percent. Deferred inflows increased \$397.9 million and deferred outflows decreased \$69.4 million as a result of the updated actuarial analysis of the plan. Deferred inflows and outflows are amortized into annual OPEB expense using an amortization factor unique to each major employment group outlined in the report. Deferred inflows and outflows recognized in the current or future OPEB expense periods are shown in the following schedules:

Outflows and (Inflows) of Resources Recognized in Current OPEB Expenses
(Thousands of Dollars)

	(Inflows) Recognized in Current Expense	Outflows Recognized in Current Expense
Differences between expected and actual non-investment experience.....	\$ (16,529)	\$ 2,262
Changes in assumptions.....	<u>(96,462)</u>	<u>67,165</u>
Total.....	\$ (112,991)	\$ 69,427

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Outflows and (Inflows) of Resources
(Thousands of Dollars)

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience.....	\$ 11,790	\$ (53,070)
Changes in assumptions.....	<u>190,645</u>	<u>(477,703)</u>
Total.....	\$ 202,435	\$ (530,773)

**Net Deferred Outflows and Deferred (Inflows) of
Resources Recognized in Future OPEB Expenses**

(Thousands of Dollars)

Fiscal Year-end	
December 31, 2023	\$ (42,122)
December 31, 2024	(45,615)
December 31, 2025	(63,355)
December 31, 2026	(71,246)
December 31, 2027	(66,815)
December 31, 2028	(37,163)
December 31, 2029	(2,022)
Total	\$ (328,338)

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 healthcare cost trend amounts. The annual OPEB expense and total OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Terminal Leave Payments

Upon retirement, employees receive a portion of their unused sick leave as terminal leave, in accordance with the Milwaukee Police Association, Milwaukee Police Supervisors' Organization, and the Milwaukee Professional Firefighters Association labor contracts or Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive one 24-hour work day's base salary for each 10 work days of accumulated, unused sick leave rounded down to the nearest multiple of 10. Firefighters whose normal hours of work average 40 hours per week are converted to 24-hour workdays

CITY OF MILWAUKEE
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where the above calculation then applies. Firefighters who have fewer than twenty, 24-hour workdays of accumulated, unused sick days are not eligible for a terminal leave benefit. Police officers receive payment for up to 55 days of unused sick leave at base pay for their terminal leave benefit. All remaining City employees receive up to 30 days of unused sick leave at base pay as their terminal leave benefit. In 2022, approximately \$11,559,160 was paid for sick leave from all funds. At December 31, 2022, accumulated sick leave earned but not taken totaled approximately \$141,192,472 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 2022, terminal leave payments totaled \$2,694,727 to employees retiring during the year. As of December 31, 2022, the City has accrued \$25,691,990 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$44,699,977 with the remainder accrued vacation leave of \$17,513,443 and estimated FICA taxes of \$1,494,544.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2022 were as follows:

	General	General						Nonmajor Governmental Funds	Total		
		Obligation		Public		Grant and					
		Debt	Service	Debt	Amortization	Economic	Aid				
Nonspendable											
Advances.....	\$ 9,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,241		
Inventory.....	16,102	-	-	-	-	-	-	-	16,102		
Inventory of property for resale..	26	-	-	-	-	-	-	-	26		
Prepaid items.....	6,140	-	-	-	-	-	-	259	6,399		
Spendable											
Restricted for:											
Future debt payments.....	-	34,305		43,898		-	-	-	78,203		
Business Improvement Districts..	-	-	-	-	115	-	-	-	115		
Grants.....	-	-	-	-	-	4,002	-	4,519	8,521		
Tax increment financing.....	-	-	-	-	134,031	-	-	-	134,031		
Committed to:											
Contributions.....	4,261	-	-	-	-	-	-	-	4,261		
Capital projects.....	-	-	-	-	-	-	24,423	-	24,423		
Future debt payments.....	119,000	-	-	-	-	-	-	-	119,000		
Assigned to:											
Conservation and development...	438	-	-	-	-	-	-	-	438		
General government.....	19,464	-	-	-	-	-	-	-	19,464		
Health.....	736	-	-	-	-	-	-	-	736		
Culture and recreation.....	279	-	-	-	-	-	-	-	279		
Public safety.....	1,500	-	-	-	-	-	-	-	1,500		
Public works.....	4,171	-	-	-	-	-	-	-	4,171		
Unassigned (deficit)	20,144	-	-	-	-	(9,452)	(5,760)	(11,040)	(6,108)		
Total Fund Balance.....	<u>\$201,502</u>	<u>\$ 34,305</u>	<u>\$ 43,898</u>	<u>\$ 134,146</u>	<u>\$ (5,450)</u>	<u>\$ 18,922</u>	<u>\$ (6,521)</u>	<u>\$420,802</u>			

Sinking Fund Deposits

The fund balance restricted for future debt payments within the general obligation debt service fund includes \$31,275,000 in sinking funds on deposit with a trustee for payment of Qualified School Construction Bonds (QSCBs) issued on behalf of Milwaukee Public Schools. The QSCBs were issued in 2009 and 2010 and have maturity payments in 2025 and 2027.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, the tax stabilization reserve was \$29,385,000. Of this amount, \$20,144,000 is unassigned for 2022 and subsequent years' budgets. This Reserve includes an amount for advances of \$9,241,000 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 budget, 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.

Deficit Balances

As of December 31, 2022, the following individual funds had a deficit balance:

Fund	Amount (Thousands of Dollars)	Reason
Grant and Aid Projects.....	\$ (5,450)	Unavailable revenue from various grants
Delinquent Tax.....	(10,733)	Loss on sale of tax deed properties
Metropolitan Sewerage District User Charge.....	(33)	Revenues over expenditures less than prior year deficit

Grant and Aid Projects, Delinquent Tax and Metropolitan Sewer District User Charge fund deficits are anticipated to be funded with future grant revenues, general tax revenues, fee increases or long-term borrowing.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES/ADVANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2022 were as follows:

Due To	Due From					
	General Fund	Nonmajor Governmental Funds	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total	
		(Thousands of Dollars)				
	General Fund	\$ -	\$ 141	\$ -	\$ -	\$ 141
	General Obligation Debt Service	6,433	-	-	-	6,433
	Grant and Aid Projects	24,027	-	-	-	24,027
	Nonmajor Governmental Funds.....	27,155	-	-	-	27,155
	Water Works	2,723	-	2,805	2,341	7,869
	Nonmajor Proprietary Funds	10,096	-	-	-	10,096
	Totals	\$ 70,434	\$ 141	\$ 2,805	\$ 2,341	\$ 75,721

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 and the Delinquent Tax fund to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2022, the outstanding balance was \$9,241,000.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The City of Milwaukee Economic Development Fund advanced \$25,619,000 to the Transportation Fund to finance cash flows in 2022. These advances are non-interest bearing and will be repaid from the issuance of debt and service revenues.

Interfund transfers for the year ended December 31, 2022 were as follows (*in thousands*):

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Economic Development.....	\$ 590	Close surplus tax increment revenue
	Nonmajor Governmental Funds.....	6,424	Subsidize uncollected property taxes
	Water Works.....	13,585	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,464	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	11,699	Subsidy for operations
	Subtotal General Fund.....	<u>33,762</u>	
General Obligation Debt Service	General.....	8,260	Funding for debt payments
	Economic Development.....	26,506	Funding for debt payments
	Economic Development.....	360	Close Tax Increments
	Public Debt Amortization.....	3,000	Funding for debt payments
	Nonmajor Governmental Funds.....	15,023	Funding for debt payments
	Nonmajor Proprietary Funds.....	1,062	Funding for debt payments
	Subtotal Debt Service.....	<u>54,211</u>	
Economic Development	Capital Funds.....	3,334	Close surplus revenues
	Subtotal Economic Development.....	<u>3,334</u>	
Capital Projects	Economic Development.....	457	Affordable housing funding
	Subtotal Capital Projects.....	<u>457</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	766	Funding for debt payments
	Subtotal Nonmajor Proprietary.....	<u>766</u>	
	Total Interfund Transfers.....	<u>\$ 92,530</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, 2022

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2022 were as follows:

Component Unit Payable	Primary Government's Receivable
<i>(Thousands of Dollars)</i>	
Due from RACM for reimbursable expenditures	\$ 393
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	7,128
Due from NIDC for strong home loan repayments.....	117
Due from NIDC for housing projects.....	141
Due from NIDC for home and Community Development Block grants	17
Total	\$ 7,796
 Component Unit Receivable	
Primary Government's Payable	
<i>(Thousands of Dollars)</i>	
Due to RACM for reimbursable expenditures	\$ 29
Due to RACM for Community Development Block grants ..	1
Due to RACM for blight elimination	9
Total	\$ 39

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

12. LEASES

The City implemented GASB Statement No. 87, Leases effective January 1, 2022. This Statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases. In accordance with GASB No. 87, the City does not recognize a lease considered short term in duration. Short term leases are any lease that has a maximum remaining term (as of December 31, 2022) of 12 months or less. The City also excluded any lease for which the underlying contract was below our capitalization threshold.

Lessee:

The City is a lessee for several leases of equipment and buildings. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease-related amortization expense of approximately \$529 thousand and \$160 thousand of interest expense was recorded in fiscal year 2022. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Interest rates ranged between 2.5% and 4.7%. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. As of January 1, 2022 the City recorded approximately \$5 million of right of use lease assets and associated lease liabilities.

The aggregate amortization schedule for the non-cancellable lease liability as of December 31, 2022 is as follows:

Year	Amount		
	<i>(Thousands of Dollars)</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023.....	\$ 438	\$ 156	\$ 594
2024.....	455	143	598
2025.....	192	130	322
2026.....	163	124	287
2027.....	145	119	264
2028-2032.....	798	509	1,307
2033-2037.....	1,006	345	1,351
2038-2042.....	710	157	867
2043 and beyond.....	549	71	620
Total.....	\$ 4,456	\$ 1,754	\$ 6,210

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Lessor:

The City is a lessor for multiple leases of buildings, parking facilities and property/land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City, initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the current fiscal year, the City recognized approximately \$596 thousand in lease revenue and approximately \$1.66 million in lease related interest revenue. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases, with interest rates ranged between 2.5% and 4.7%. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. As of January 1, 2022 the City recorded approximately \$43.9 million of lease receivables and associated deferred inflows.

The value of future minimum installment purchase payments as of December 31, 2022, is as follows:

Year	Amount			
	<i>(Thousands of Dollars)</i>			
	<i>Lease</i>	<i>Receivable</i>	<i>Interest</i>	<i>Total</i>
2023.....	\$ 3,480	\$ 1,610	\$ 5,090	
2024.....	3,283	1,479	4,762	
2025.....	4,368	1,356	5,724	
2026.....	2,850	1,191	4,041	
2027.....	2,802	1,078	3,880	
2028-2032.....	12,876	3,563	16,439	
2033-2037.....	4,349	1,758	6,107	
2038-2042.....	3,744	834	4,578	
2043 and beyond.....	<u>1,869</u>	<u>1,360</u>	<u>3,229</u>	
 Total.....	 <u>\$ 39,621</u>	 <u>\$ 14,229</u>	 <u>\$ 53,850</u>	

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

The City is exposed to various risks of loss 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 vehicle coverage for City employees, and general liability. Liabilities are reported when it is probable that a loss can be reasonably 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 were as follows:

Claim and Legal Liability Balances		
	2022	2021
General liability claims	\$ 42,959,562	\$ 71,905,646
Workers' compensation claims	15,496,262	14,266,302
Unemployment claims	500,000	200,000
Pollution remediation obligation.....	990,714	1,013,968
Total.....	\$ 59,946,538	\$ 87,385,916

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

Claim and Legal Liability Activity		
	2022	2021
Beginning of year liability	\$ 87,385,916	\$ 44,213,764
Current year claims and changes in estimates	(24,582,367)	45,774,112
Claim payments	(2,857,011)	(2,601,960)
End of year liability	\$ 59,946,538	\$ 87,385,916

The City is self-insured for active and retired employee health insurance, which is recorded in accounts payable within the general fund. Changes in the balance of this claim liability include both actives and retirees. Changes in the liabilities during the past two years were as follows:

Health Insurance Claim Activity		
	2022	2021
Beginning of year liability	\$ 11,884,204	\$ 9,394,895
Current year claims and changes in estimates	101,344,579	108,723,144
Claim payments	(101,397,344)	(106,233,835)
End of year liability	\$ 11,831,439	\$ 11,884,204

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 \$300,000 to address PCB 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 2022, the City's estimated liability for pollution remediation-related activities decreased \$23,000. At December 31, 2022, the City has an outstanding liability of \$991,000 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, with the exception of the South College Avenue site which will remain open for several more years. 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 spent \$40,662 in post-closure care of solid waste landfills during 2022. 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, 2022.

Commitments

The following is a list of encumbrances by function at December 31, 2022:

	General Fund	Capital Projects	Water Works	Total
	<i>(Thousands of Dollars)</i>			
General government.....	\$ 536	\$ 131	\$ -	\$ 667
Conservation and development.....	438	7,376	-	7,814
Health.....	9	-	-	9
Culture and Recreation.....	278	736	-	1,014
Public safety.....	329	3,273	-	3,602
Public works.....	3,829	-	-	3,829
Infrastructure.....	-	49,417	22,756	72,173
Total.....	\$ 5,419	\$ 60,933	\$ 22,756	\$ 89,108

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

14. TAX ABATEMENTS

Wisconsin State Statute Section 66.1105 gives the City of Milwaukee (City) the authority to create Tax Incremental Financing (TIF) districts. TIF is an economic development tool used by the City to leverage private development investment. As of December 31, 2022, the City provides tax incentives to certain developers of properties within tax incremental districts (TIDs) utilizing the following methods.

Program 1 - Developer-Financed Projects:

- The City and/or Redevelopment Authority of the City of Milwaukee (RACM) enter into an agreement with a developer or corporation to fund a portion of a redevelopment project. The developer/corporation advances the City's contribution and the advance is considered a loan to the City at an agreed-upon interest rate. The loan to the City is repaid by using a portion of the annual tax increment revenue to repay the developer/corporation. In most instances, the amount of the City's loan repayment to the developer/corporation can be reduced if an economic indicator, such as full-time-equivalent employment, is not achieved. Moreover, loan repayments typically cease after a set number of years, even if the loan is not fully amortized.

Program 2 – Grants to Developers/Corporations:

- In exchange for performing or taking a certain action, such as renewing a lease to remain at a certain location, the City and/or RACM (through the TID) will provide a grant, payable through a refund of annual taxes paid. The amount of the refund can be reduced for not meeting an economic indicator, such as full-time-equivalent employment.

Authority for these tax abatement agreements is provided by 66.1105 Wis. Stats. (Tax Increment Law), and 66.1333 Wis. Stats. (Blight Elimination and Slum Clearance). All tax abatement agreements also require the approval of the City of Milwaukee Common Council, RACM Board and the Joint Review Board.

The City is the collection agent for the property taxes of all overlying taxing authorities and deposits the revenues into a separate fund. Taxes refunded during 2022 and the remaining potential future refunds are shown in the table below. The "Remaining" column represents the maximum principal amount outstanding as of December 31, 2022.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Tax Abatement Activity			(Thousands of Dollars)
	2021	2022 Taxes	2022	
	Remaining	Additions	Refunded	
Program 1, Developer-Financed				
TID 57.....	\$ 1,188	\$ 60	\$ (433)	\$ 815
TID 64.....	12,543	644	(330)	12,857
TID 78.....	40,369	1,785	(5,020)	37,134
TID 80.....	1,948	88	(282)	1,754
TID 83.....	4,073	186	(1,527)	2,732
TID 84.....	9,000	-	-	9,000
TID 86.....	1,513	67	(32)	1,548
TID 87.....	1,062	48	(79)	1,031
TID 90.....	586	26	(45)	567
TID 93.....	524	23	(27)	520
TID 94.....	3,800	-	-	3,800
TID 95.....	500	19	(42)	477
TID 96.....	25,000	-	-	25,000
TID 97.....	9,000	330	(872)	8,458
TID 99.....	2,450	(925)	(389)	1,136
TID 102.....	15,000	-	-	15,000
TID 103.....	1,050	-	-	1,050
TID 104.....	460	-	-	460
TID 105.....	3,150	-	-	3,150
TID 107.....	720	-	-	720
TID 108.....	7,900	-	-	7,900
TID 109.....	-	1,800	-	1,800
TID 110.....	-	7,000	-	7,000
TID 112.....	-	915	-	915
TID 113.....	-	875	-	875
TID 114.....	-	737	-	737
Total Program 1.....	<u>\$ 141,836</u>	<u>\$ 13,678</u>	<u>\$ (9,078)</u>	<u>\$ 146,436</u>
Program 2, Grant				
TID 63.....	1,272	-	(60)	1,212
Total Program 2.....	<u>\$ 1,272</u>	<u>\$ -</u>	<u>\$ (60)</u>	<u>\$ 1,212</u>
Total tax abatements.....	<u><u>\$ 143,108</u></u>	<u><u>\$ 13,678</u></u>	<u><u>\$ (9,138)</u></u>	<u><u>\$ 147,648</u></u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

15. RESTATEMENT

The net position of the component unit Redevelopment Authority of the City of Milwaukee (RACM), as of December 31, 2021, was restated to record implementation of GASB Statement No. 91, *Conduit Debt Obligations*. The restatement is necessary to reflect RACM's conduit debt activity and related assets and liabilities in accordance with GASB Statement No. 91.

The impact of the restatement on RACM's net position reported on the financial statements as of December 31, 2022 included the following:

Government Wide	Total		
	Component		
	RACM	NIDC	Units
(Thousands of Dollars)			
Net Position, December 31, 2021 as previously reported.....	\$ 45,661	\$ 2,922	\$ 48,583
Add: Eliminating bonds payable.....	158,988	-	158,988
Eliminating premiums.....	4,446	-	4,446
Eliminating accrued interest.....	1,033	-	1,033
Eliminating accumulated depreciation.....	23,235	-	23,235
Less: Eliminating cash.....	(30,096)	-	(30,096)
Eliminating building asset.....	(61,447)	-	(61,447)
Adjusting loan receivable.....	(97,939)	-	(97,939)
Adjusting deferred revenue.....	(253)	-	(253)
Adjusting accumulated interest received.....	(292)	-	(292)
Net Position, January 1, 2022 as restated.....	<u>\$ 43,336</u>	<u>\$ 2,922</u>	<u>\$ 46,258</u>

**CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

16. SUBSEQUENT EVENTS

On February 15, 2023, the City issued \$62,000,000 of taxable general obligation promissory notes, Series 2023 T1, for the purpose of annually advancing a portion of the City's contribution to the Employees' Retirement System. The notes mature in 2028.

On February 23, 2023, the City received \$12,387,784 on the Series 2023 S2 from the Clean Water Fund program for sewer capital purposes. The Series 2023 S2 matures in each of the years 2023–2042.

On May 10, 2023, the City received \$1,175,643 from the Safe Drinking Water Loan (SDWL) program for water capital purposes. The entire amount was immediately forgiven by the State.

On June 14, 2023, the City received \$1,582,827 from the SDWL program for water capital purposes. The entire amount was immediately forgiven by the State.

On June 20, 2023, the Governor of The State of Wisconsin signed bill AB245 which codifies the ability for the City Of Milwaukee to enact a local sales tax under Act 12.

On June 28, 2023, the City issued \$67,560,000 of general obligation promissory notes, Series 2023 N3, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2024 through 2033.

On June 28, 2023, the City issued \$22,440,000 of general obligation corporate purpose bonds, Series 2023 B4 for capital project and refunding purposes. The bonds mature in each of the years 2034 through 2038.

On June 29, 2023, the City paid off \$5,000,000 of the 2022 T10 Revolving Loan Agreement with The Huntington National Bank and paid off \$5,000,000 on the 2022 T12 Revolving Loan Agreement with US Bank National Association.

On July 11, 2023, the City Common Council voted to enact ordinance 230357 allowing a local sales tax. The Mayor of the City signed the legislation on July 14, 2023.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-1

	Budgeted Amounts	Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget	
Revenues:			
Property taxes	\$ 219,354	\$ 219,354	\$ -
Other taxes	3,038	3,138	3,183 45
Licenses and permits	16,743	16,743	19,801 3,058
Intergovernmental	273,467	273,467	273,305 (162)
Charges for services	137,810	137,810	148,879 11,069
Fines and forfeits	2,602	2,602	3,162 560
Other	21,495	21,495	15,168 (6,327)
 Total Revenues	 674,509	 674,609	 682,852 8,243
Expenditures:			
Current:			
General government	331,363	289,548	279,635 9,913
Public safety	276,779	285,815	284,772 1,043
Public works	101,722	97,780	95,861 1,919
Health	6,996	7,492	7,335 157
Culture and recreation	19,220	18,993	18,961 32
Conservation and development	4,393	4,335	4,185 150
 Total Expenditures	 740,473	 703,963	 690,749 13,214
 Deficiency of Revenues over Expenditures	 (65,964)	 (29,354)	 (7,897) 21,457
Other Financing Sources (Uses):			
General obligation bonds and notes issued	- -	7,351	7,351 -
Transfers in	16,000	26,810	33,762 6,952
Transfers out	(1,200)	(1,200)	(8,260) (7,060)
Contributions received	26,680	26,680	19,980 (6,700)
Contributions used	(28,644)	(24,382)	(19,839) 4,543
 Total Other Financing Sources and Uses	 12,836	 35,259	 32,994 (2,265)
 Net Change in Fund Balance	 (53,128)	 5,905	 25,097 19,192
 Fund Balance - Beginning.....	 176,405	 176,405	 176,405 -
 Fund Balance - Ending	 \$ 123,277	 \$ 182,310	 \$ 201,502 \$ 19,192

Explanation of Differences of Budget to GAAP:

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

Please reference Exhibit I-9 for additional detail.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-2

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 46,813	\$ 46,813	\$ -
Total Revenues	<u>46,813</u>	<u>46,813</u>	-
Expenditures:			
Current:			
Conservation and development	13,421	1,126	\$ 12,295
Excess of Revenues over Expenditures	33,392	45,687	12,295
Other Financing Sources (Uses):			
Transfers in	3,333	3,333	-
Transfers out	(27,322)	(27,912)	(590)
Total Other Financing Sources and Uses	<u>(23,989)</u>	<u>(24,579)</u>	<u>(590)</u>
Net Change in Fund Balance	9,403	21,108	11,705
Fund Balance - Beginning	113,038	113,038	-
Fund Balance - Ending	<u>\$ 122,441</u>	<u>\$ 134,146</u>	<u>\$ 11,705</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
BUDGETARY COMPARISON SCHEDULE - GRANT AND AID PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$ 509,956</u>	<u>\$ 168,464</u>	<u>\$(341,492)</u>
Expenditures:			
Current:			
Public safety	266,766	105,773	160,993
Public works	42,196	15,316	26,880
Health	109,207	24,361	84,846
Culture and recreation	10,485	3,946	6,539
Conservation and development	<u>81,302</u>	<u>19,561</u>	<u>61,741</u>
Total Expenditures	<u>509,956</u>	<u>168,957</u>	<u>340,999</u>
Excess of Revenues over Expenditures	-	(493)	(493)
Other Financing Sources (Uses):			
Loans receivable activities	-	(342)	(342)
Net Change in Fund Balance	-	(835)	(835)
Fund Balance (deficit) - Beginning	-	<u>(4,615)</u>	<u>(4,615)</u>
Fund Balance (deficit) - Ending	<u>\$ -</u>	<u>\$ (5,450)</u>	<u>\$ (5,450)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-4

RETIREE HEALTH AND LIFE INSURANCE (OPEB)

PLAN FIDUCIARY NET POSITION

	2018	2019	2020	2021	2022
Employer contributions.....	\$ 35,916	\$ 40,842	\$ 36,445	\$ 41,286	\$ 39,330
Active member contributions.....	-	-	-	-	-
Net investment income.....	-	-	-	-	-
Benefit payments.....	(35,916)	(40,842)	(36,445)	(41,286)	(39,330)
Operating expenses.....	-	-	-	-	-
Other.....	-	-	-	-	-
Net Change in Plan Fiduciary Net Position.....	\$ -				

Discount rate at beginning of year.....	3.31%	3.71%	2.75%	2.00%	1.84%
Discount rate at end of year.....	3.71%	2.75%	2.00%	1.84%	4.05%

TOTAL OPEB LIABILITY

	2018	2019	2020	2021	2022
Total OPEB liability beginning of year.....	\$ 1,228,405	\$ 1,212,927	\$ 1,444,168	\$ 1,690,355	\$ 1,680,554
OPEB expense.....	80,742	107,414	145,270	134,199	54,960
Employer contributions.....	(35,916)	(40,842)	(36,445)	(41,286)	(39,330)
Change in outflow/(inflow) due to non-investment experience.....	(156)	-	-	-	-
Change in outflow/(inflow) due to assumption changes.....	(60,148)	211,954	133,199	(91,708)	(480,355)
Change in outflow/(inflow) due to liability experience.....	-	(47,285)	4,163	(11,006)	13,002
Total OPEB liability end of year.....	\$ 1,212,927	\$ 1,444,168	\$ 1,690,355	\$ 1,680,554	\$ 1,228,831

SCHEDULE OF OPEB CONTRIBUTIONS

FY ending <u>December 31</u>	Actuarially Determined	Actual Employer	Contribution Deficiency	Covered- Employee	Actual Contribution	Total OPEB Liability
	<u>Contribution</u>	<u>Contribution</u>	<u>Excess</u>	<u>Payroll</u>	<u>as a % of Covered Payroll</u>	<u>as a % of Covered Payroll</u>
2017	N/A	\$ 34,120	N/A	\$ 410,203	8.32%	299.46%
2018	N/A	\$ 35,918	N/A	\$ 422,509	8.50%	287.08%
2019	N/A	\$ 40,842	N/A	\$ 375,433	10.90%	384.67%
2020	N/A	\$ 36,445	N/A	\$ 388,040	9.39%	435.61%
2021	N/A	\$ 41,286	N/A	\$ 346,833	11.90%	484.54%
2022	N/A	\$ 39,330	N/A	\$ 358,672	10.97%	342.61%

Note: Schedule is intended to report data for the last 10 fiscal years. Additional years will be displayed as they become available. There are no assets accumulated in a trust to fund future OPEB obligations.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-4

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Employees' Retirement System

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>
The City's proportion of the net pension liability (asset).....	83.92%	83.08%	82.85%	83.74%	85.56%
The City's proportionate share of the net pension liability (asset).....	\$ 95,224	\$ 349,915	\$ 353,030	\$ 303,583	\$ 1,145,601
The City's covered payroll.....	\$ 444,719	\$ 445,615	\$ 483,819	\$ 483,261	\$ 491,477
Plan fiduciary net position as a percentage of the total pension liability (asset).....	97.76%	91.95%	91.98%	93.70%	78.70%

	<u>12/31/20</u>	<u>12/31/21</u>	<u>12/31/22</u>
The City's proportion of the net pension liability (asset).....	85.63%	84.92%	84.67%
The City's proportionate share of the net pension liability (asset).....	850,751	927,864	380,774
The City's covered payroll.....	498,051	506,458	496,459
Plan fiduciary net position as a percentage of the total pension liability (asset).....	84.83%	83.80%	76.70%

SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
 Employees' Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Legally required contributions.....	\$ 65,474	\$ 66,333	\$ 66,401	\$ 74,811	\$ 74,884
Contributions in relation to the required contributions.....	\$ 61,130	\$ 59,985	\$ 61,390	\$ 65,410	\$ 69,940
Contribution deficiency (excess).....	\$ 4,344	\$ 6,348	\$ 5,011	\$ 9,401	\$ 4,944
City's pensionable - covered payroll.....	\$ 375,751	\$ 380,976	\$ 383,845	\$ 422,717	\$ 483,261
Contributions as a percentage of covered payroll.....	16.27%	15.75%	15.99%	15.47%	14.47%

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Legally required contributions.....	\$ 76,657	\$ 77,295	\$ 76,660	\$ 75,721
Contributions in relation to the required contributions.....	\$ 71,160	\$ 82,533	\$ 74,443	\$ 77,197
Contribution deficiency (excess).....	\$ 5,497	\$ (5,238)	\$ 2,217	\$ (1,476)
City's pensionable - covered payroll.....	\$ 491,477	\$ 395,015	\$ 387,823	\$ 431,687
Contributions as a percentage of covered payroll.....	14.48%	20.89%	19.20%	17.88%

Note: Schedule is intended to report data for the last 10 fiscal years. Additional years will be displayed as they become available.

See accompanying *independent auditors' report*.

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2021
Measurement date	December 31, 2022
Actuarial cost method	Entry age normal (level percent of salary)
Amortization method	Average of expected remaining service lives
Amortization period	6 years
Contribution policy	Pay-as-you-go
Asset valuation method	No assets
Current discount rate	4.05%
Wage inflation	2.5% for general employees and 4.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Health care inflation rate	Pre-Medicare trend rates are 4.0% for 2022, 7.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2034. Post-Medicare trend rates are 6.0% for 2022, 8.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2038.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.

Changes of assumptions: The discount rate changed from 1.84% to 4.05%.

The City implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on fair value.
Investment rate of return	7.50% per annum, compounded annually.
Projected salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation assumption	2.50%
Changes of assumptions	The discount rate remained unchanged at 7.5%.
Changes of benefit terms	There were no changes of benefit terms for any City of Milwaukee Employees' Retirement System participants.

Chapter 36 of the City Ordinances requires the City to contribute 100% of pension liability.

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

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 at the object class level, 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 the Special Revenue Funds: Delinquent Tax, Public Debt Amortization and Capital Projects Funds. The General Obligation Debt Service Fund 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.

**COMBINING
AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

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Nonmajor Governmental Funds

Nonmajor funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Community Development Block Grant – The Community Development Block Grant Program receives annual grants pursuant to the Federal Housing and Community Development Act of 1974. This fund also includes amounts received under the Section 108 Loan Program. The City's Department of Administration is responsible for the planning, execution and evaluation of the Program.

Delinquent Tax – This fund was established as a reserve against uncollected delinquent property taxes. Fund resources, consisting initially of bond proceeds, are used to purchase delinquent property taxes from the General Fund. Collections on these purchased receivables and related interest thereon are transferred to the General Obligation Debt Service Fund to provide for the related debt service requirements.

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit F-1

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 876	\$ -	\$ 876
Receivables (net):			
Taxes	-	27,190	27,190
Notes and loans	4,519	-	4,519
Due from other funds.....	141	-	141
Due from component units	18	-	18
Due from other governmental agencies	<u>3,322</u>	<u>-</u>	<u>3,322</u>
Total Assets	<u>\$ 8,876</u>	<u>\$ 27,190</u>	<u>\$ 36,066</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)			
Liabilities:			
Accounts payable	\$ 2,941	\$ 35	\$ 2,976
Accrued expenses	78	-	78
Advance from other funds	-	3,626	3,626
Due to component units	1	-	1
Due to other funds	-	27,155	27,155
Due to other governmental agencies	876	-	876
Unearned revenue.....	<u>461</u>	<u>-</u>	<u>461</u>
Total Liabilities	<u>4,357</u>	<u>30,816</u>	<u>35,173</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>307</u>	<u>7,107</u>	<u>7,414</u>
Fund Balances (Deficit):			
Restricted.....	4,519	-	4,519
Unassigned (Deficit).....	<u>(307)</u>	<u>(10,733)</u>	<u>(11,040)</u>
Total Fund Balances (Deficit)	<u>4,212</u>	<u>(10,733)</u>	<u>(6,521)</u>
Total Liabilities, Deferred Inflows and Fund Balances ..	<u>\$ 8,876</u>	<u>\$ 27,190</u>	<u>\$ 36,066</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit F-2

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 19,142	\$ -	\$ 19,142
Other	- _____	8,377 _____	8,377 _____
Total Revenues	19,142 _____	8,377 _____	27,519 _____
Expenditures:			
Current:			
General government	1,970	1,442	3,412
Public safety	8,415	-	8,415
Culture and recreation	980	-	980
Conservation and development	8,050 _____	- _____	8,050 _____
Total Expenditures	19,415 _____	1,442 _____	20,857 _____
Excess (Deficiency) of Revenues over Expenditures	(273) _____	6,935 _____	6,662 _____
Other Financing Sources (Uses):			
General obligation bonds and notes issued	- _____	15,044	15,044
Loans receivable activities	58 _____	-	58
Transfers out	- _____	(21,447) _____	(21,447) _____
Total Other Financing Sources (Uses)	58 _____	(6,403) _____	(6,345) _____
Net Change in Fund Balances	(215) _____	532 _____	317 _____
Fund Balances - Beginning (Deficit)	4,427 _____	(11,265) _____	(6,838) _____
Fund Balances - Ending (Deficit)	\$ 4,212 _____	\$ (10,733) _____	\$ (6,521) _____

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit F-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$ 19,142</u>	<u>\$ 19,142</u>	<u>\$ _____</u>
Expenditures:			
Current:			
General government	1,970	1,970	-
Public safety	8,415	8,415	-
Culture and recreation	980	980	-
Conservation and development	<u>8,050</u>	<u>8,050</u>	<u>_____</u>
Total Expenditures	<u>19,415</u>	<u>19,415</u>	<u>_____</u>
Deficiency of Revenues over Expenditures	(273)	(273)	-
Other Financing Sources:			
Loans receivable activities	<u>58</u>	<u>58</u>	<u>_____</u>
Net Change in Fund Balance	(215)	(215)	-
Fund Balance - Beginning	<u>4,427</u>	<u>4,427</u>	<u>_____</u>
Fund Balance - Ending	<u>\$ 4,212</u>	<u>\$ 4,212</u>	<u>\$ _____</u>

See accompanying independent auditors' report.

Nonmajor Proprietary Funds

Proprietary Funds are used to account for operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Transportation – This fund accounts for revenues derived from parking meters, parking permits, rentals and leasing of parking facilities, and other revenues attributable to parking. The revenues are used to defray administrative and operational costs related to parking operations, and to acquire landscape and construct parking lots and structures. This fund also accounts for streetcar operations and structures.

Port of Milwaukee – All activities necessary to operate and maintain the Port of Milwaukee and other related harbor activities are accounted for in this fund.

Metropolitan Sewerage District User Charge – The Metropolitan Sewerage District User Charge Fund is used to account for sewerage treatment charges by the Milwaukee Metropolitan Sewerage District to the City on a “wholesale” user charge basis and the subsequent billing by the City to customers on a “retail” basis. The City adds administrative expense to the District’s charges and includes the sewer user charges on the quarterly water bills.

CITY OF MILWAUKEE
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2022
(*Thousands of Dollars*)

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
ASSETS AND DEFERRED INFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	\$ 187	\$ 5,190	\$ -	\$ 5,377
Receivables (net):				
Accounts	320	1,170	13,329	14,819
Unbilled accounts	-	-	3,979	3,979
Leases	216	2,667	-	2,883
Due from other funds	-	-	2,341	2,341
Due from other governmental agencies	4,098	788	-	4,886
Total Current Assets	<u>4,821</u>	<u>9,815</u>	<u>19,649</u>	<u>34,285</u>
Noncurrent assets:				
Leases receivable.....	7,527	25,002	-	32,529
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	15,811	1,250	-	17,061
Capital assets being depreciated:				
Buildings	89,320	14,242	-	103,562
Infrastructures	-	21,476	-	21,476
Improvements other than buildings	5,194	10,356	-	15,550
Machinery and equipment	9,748	9,229	-	18,977
Accumulated depreciation	<u>(63,300)</u>	<u>(32,286)</u>	<u>-</u>	<u>(95,586)</u>
Net Capital Assets	<u>65,780</u>	<u>32,721</u>	<u>-</u>	<u>98,501</u>
Total Assets.....	<u>78,128</u>	<u>67,538</u>	<u>19,649</u>	<u>165,315</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	696	155	-	851
Deferred outflows for OPEB	<u>1,649</u>	<u>390</u>	<u>-</u>	<u>2,039</u>
Total Deferred Outflows of Resources.....	<u>2,345</u>	<u>545</u>	<u>-</u>	<u>2,890</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 3,055	\$ 1,398	\$ 11,163	\$ 15,616
Accrued expenses	659	73	1	733
Accrued interest payable	161	49	-	210
Compensated absences	423	132	-	555
Due to other funds	-	1,578	8,518	10,096
Unearned revenue.....	297	70	-	367
General obligation debt payable - current	1,916	599	-	2,515
Revenue bonds payable - current	-	570	-	570
Total Current Liabilities	<u>6,511</u>	<u>4,469</u>	<u>19,682</u>	<u>30,662</u>
Noncurrent Liabilities:				
General obligation debt payable	15,677	4,785	-	20,462
Revenue bonds	-	4,875	-	4,875
Advances from other funds	25,619	-	-	25,619
Other post employment benefits liability.....	10,063	1,757	-	11,820
Net pension liability	<u>2,022</u>	<u>451</u>	-	<u>2,473</u>
Total Noncurrent Liabilities	<u>53,381</u>	<u>11,868</u>	-	<u>65,249</u>
Total Liabilities	<u>59,892</u>	<u>16,337</u>	<u>19,682</u>	<u>95,911</u>
Deferred Inflows:				
Deferred inflows for pensions	2,978	664	-	3,642
Deferred inflows for OPEB	4,995	1,001	-	5,996
Deferred inflows for leases	<u>7,743</u>	<u>27,669</u>	-	<u>35,412</u>
Total Deferred Inflows of Resources.....	<u>15,716</u>	<u>29,334</u>	-	<u>45,050</u>
NET POSITION:				
Net investment in capital assets.....	48,187	21,892	-	70,079
Unrestricted (Deficit).....	<u>(43,322)</u>	<u>520</u>	<u>(33)</u>	<u>(42,835)</u>
Total Net Position (Deficit)	<u>\$ 4,865</u>	<u>\$ 22,412</u>	<u>\$ (33)</u>	<u>\$ 27,244</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit G-2

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	\$ -	\$ -	\$ 55,157	\$ 55,157
Rent	5,343	7,179	-	12,522
Parking meters	4,316	-	-	4,316
Parking permits	3,218	-	-	3,218
Vehicle towing	5,233	-	-	5,233
Parking forfeitures	14,219	-	-	14,219
Other	-	-	1,428	1,428
Total Operating Revenues	<u>32,329</u>	<u>7,179</u>	<u>56,585</u>	<u>96,093</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	48,964	48,964
Employee services	6,370	1,963	6	8,339
Depreciation	2,546	1,440	-	3,986
Services, supplies and materials	19,030	9,860	5,464	34,354
Total Operating Expenses	<u>27,946</u>	<u>13,263</u>	<u>54,434</u>	<u>95,643</u>
Operating Income (Loss)	<u>4,383</u>	<u>(6,084)</u>	<u>2,151</u>	<u>450</u>
Nonoperating Revenues (Expenses):				
Grant revenue	2,965	7,638	-	10,603
Interest expense	(680)	(329)	-	(1,009)
Other	510	(131)	-	379
Total Nonoperating Revenues (Expenses)	<u>2,795</u>	<u>7,178</u>	<u>-</u>	<u>9,973</u>
Income before Transfers	7,178	1,094	2,151	10,423
Transfers in	-	766	-	766
Transfers out	(12,527)	(1,698)	-	(14,225)
Change in Net Position	(5,349)	162	2,151	(3,036)
Total Net Position (Deficit) - Beginning	<u>10,214</u>	<u>22,250</u>	<u>(2,184)</u>	<u>30,280</u>
Total Net Position (Deficit) - Ending	<u>\$ 4,865</u>	<u>\$ 22,412</u>	<u>\$ (33)</u>	<u>\$ 27,244</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit G-3

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 41,634	\$ 7,000	\$ 55,638	\$ 104,272
Payments to suppliers	(18,705)	(14,275)	(50,987)	(83,967)
Payments to employees	(6,679)	(1,945)	1	(8,623)
Payments from(to) other funds	<u>(2,965)</u>	<u>3,203</u>	<u>(4,652)</u>	<u>(4,414)</u>
Net Cash Provided by Operating Activities	<u>13,285</u>	<u>(6,017)</u>	<u>-</u>	<u>7,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating revenues	3,000	7,638	-	10,638
Transfers from other funds	-	766	-	766
Transfers to other funds	<u>(12,527)</u>	<u>(1,698)</u>	<u>-</u>	<u>(14,225)</u>
Net Cash Used for Noncapital Financing Activities	<u>(9,527)</u>	<u>6,706</u>	<u>-</u>	<u>(2,821)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	323	6,752	-	7,075
Acquisition of property, plant and equipment	(1,313)	(701)	-	(2,014)
Retirement of bonds, notes and revenue bonds	(2,357)	(1,132)	-	(3,489)
Interest paid	(698)	(334)	-	(1,032)
Other	<u>380</u>	<u>(164)</u>	<u>-</u>	<u>216</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,665)</u>	<u>4,421</u>	<u>-</u>	<u>756</u>
Net Decrease in Cash and Cash Equivalents	93	5,110	-	5,203
Cash and Cash Equivalents - Beginning	<u>94</u>	<u>80</u>	<u>-</u>	<u>174</u>
Cash and Cash Equivalents - Ending	<u>\$ 187</u>	<u>\$ 5,190</u>	<u>\$ -</u>	<u>\$ 5,377</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 4,383	\$ (6,084)	\$ 2,151	\$ 450
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,546	1,440	-	3,986
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	793	(179)	(946)	(332)
Due from other funds	5,547	6,142	(658)	11,031
Accounts payable	325	(4,414)	3,447	(642)
Accrued liabilities	122	21	(1)	142
Compensated absences	(85)	116	31	
Total other postemployment benefits obligation	(3,871)	-	-	(3,871)
Net pension liability.....	(2,911)	(649)	-	(3,560)
Due to other funds	-	(2,939)	(3,993)	(6,932)
Deferred pension inflows	2,053	458	-	2,511
Deferred pension outflows	731	162	-	893
Deferred OPEB inflows	2,976	766	-	3,742
Deferred OPEB outflows	676	(857)	-	(181)
Net Cash Provided by Operating Activities	<u>\$ 13,285</u>	<u>\$ (6,017)</u>	<u>\$ -</u>	<u>\$ 7,268</u>

See accompanying independent auditors' report.

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Custodial Funds

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit H-1

	Board of School Directors	Property Tax	Other Custodial Funds	Total
ASSETS				
Cash and investments.....	\$ -	\$ 100,066	\$ 1,138	\$ 101,204
Taxes receivable.....	<u>178,147</u>	<u>125,530</u>	<u>1,276</u>	<u>304,953</u>
Total Assets	<u>178,147</u>	<u>225,596</u>	<u>2,414</u>	<u>406,157</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,288	\$ 1,288
Due to other governmental agencies.....	<u>178,147</u>	<u>225,596</u>	<u>1,126</u>	<u>404,869</u>
Total Liabilities	<u>178,147</u>	<u>225,596</u>	<u>2,414</u>	<u>406,157</u>
Net Position restricted for other purposes.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit H-2

	Board of School Directors	Property Tax	Other Custodial Funds	Total
Additions				
Contributions:				
Plan members	\$ -	\$ -	\$ 126	\$ 126
Fees, Penalties & Taxes:				
Property Tax	1,371,743	224,707	1,429	1,597,879
Investment earnings:				
Net appreciation in fair value of investments, dividends and interest	- -	- -	17	17
Total Additions	1,371,743	224,707	1,572	1,598,022
Deductions				
Funds remitted to agencies	- -	- -	1,572	1,572
Taxes remitted to other governments	1,371,743	224,707	- -	1,596,450
Total Deductions	1,371,743	224,707	1,572	1,598,022
Change in Net Position	- -	- -	- -	- -
Net Position - Beginning	- -	- -	- -	- -
Net Position - Ending	\$ - -	\$ - -	\$ - -	\$ - -

See accompanying *independent auditors' report*.

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
DECEMBER 31, 2022
(*Thousands of Dollars*)

Exhibit I-1

Year Levied	Real Estate	Personal Property	Total
2010	\$ 467	\$ -	\$ 467
2011	496	-	496
2012	628	-	628
2013	776	-	776
2014	1,030	-	1,030
2015	1,234	-	1,234
2016	1,532	219	1,751
2017	1,830	215	2,045
2018	2,353	239	2,592
2019	3,132	243	3,375
2020	5,640	134	5,774
2021	<u>16,744</u>	<u>161</u>	<u>16,905</u>
Delinquent Taxes Receivable	<u>\$ 35,862</u>	<u>\$ 1,211</u>	<u>37,073</u>
Add: Property taxes receivable on foreclosed property (A)			<u>43,561</u>
Total Delinquent Taxes Receivable			80,634
Less: Estimated uncollectible taxes			<u>(37,011)</u>
Net Delinquent Taxes Receivable			<u>\$ 43,623</u>

(A) *Property taxes receivable on foreclosed property is valued at the cost of delinquent taxes and assessments on acquired property.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-2

Cash and Cash Equivalents:		
Cash	\$ 80,010	
Local Government Pooled - Investment Fund ...	181,393	
Institutional Money Market Fund	597,265	
Cash with Fiscal Agent	<u>46,793</u>	
 Total Cash and Cash Equivalents		\$ 905,461
 Investments:		
Municipal Bonds.....	25,449	
Investment Portfolio	30,771	
Other	<u>575</u>	
 Total Investments		<u>56,795</u>
 Total Cash and Cash Equivalents and		
Investments	\$ 962,256	

	Cash and Investments Total
Cash and Cash Equivalents and Investments - Fund:	
General	\$ 108,684
General Obligation Debt Service	84,507
Public Debt Amortization	38,840
Economic Development	129,589
Capital Projects	40,700
Grant and Aid Projects	356,800
Nonmajor Governmental Funds	876
Water Works	70,277
Sewer Maintenance	19,897
Nonmajor Proprietary Funds	5,377
Fiduciary Funds	<u>106,709</u>
Total Cash and Cash Equivalents and Investments - Fund	\$ 962,256

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,634	\$ 2,167	\$11,818	\$ 3,457	\$ 2,082	\$ 915
2024	5,634	1,900	11,714	2,870	2,082	819
2025	5,855	1,635	9,176	2,347	3,532	687
2026	5,119	1,377	9,176	1,888	2,215	555
2027	4,870	1,149	9,176	1,429	1,943	463
2028	4,694	939	7,065	1,023	1,883	382
2029	4,121	747	7,065	670	1,870	302
2030	3,532	576	5,296	361	1,440	230
2031	2,955	428	3,068	152	1,219	171
2032	2,550	309	1,504	38	1,001	124
2033	2,441	210	-	-	876	88
2034	1,781	133	-	-	819	58
2035	1,507	72	-	-	682	31
2036	905	28	-	-	431	12
2037	245	6	-	-	85	2
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Totals	51,843	11,676	75,058	14,235	22,160	4,839
Total Requirements	<u>\$63,519</u>		<u>\$89,293</u>		<u>\$26,999</u>	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 599	\$ 207	\$ 2,922	\$ 1,030	\$ 597	\$ 59
596	182	2,909	907	597	36
600	157	2,855	774	596	12
566	132	2,710	646	-	-
531	111	2,334	537	-	-
466	92	2,287	446	-	-
447	74	2,224	356	-	-
345	57	2,158	266	-	-
331	44	1,790	185	-	-
275	31	1,135	125	-	-
228	22	1,043	81	-	-
173	14	671	48	-	-
118	8	586	24	-	-
60	4	214	8	-	-
49	1	82	2	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,384	1,136	25,920	5,435	1,790	107
<u>\$6,520</u>		<u>\$31,355</u>		<u>\$1,897</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2022
(*Thousands of Dollars*)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 65,270	\$ 5,325	\$ 456	\$ 103	\$ 4,885	\$ 2,203
2024	4,145	3,611	419	84	5,155	1,998
2025	10,296	3,267	395	66	7,677	1,697
2026	4,145	2,923	348	51	4,858	1,402
2027	3,697	2,730	257	39	4,556	1,182
2028	3,480	2,551	171	32	4,380	982
2029	2,931	2,391	171	26	4,127	795
2030	121,731	1,208	171	20	3,914	618
2031	1,706	56	171	14	3,504	455
2032	260	7	113	10	3,052	318
2033	-	-	104	6	2,217	216
2034	-	-	95	3	1,919	140
2035	-	-	52	1	1,279	79
2036	-	-	20	-	819	37
2037	-	-	-	-	411	10
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	—	—	—	—	—	—
Totals	217,661	24,069	2,943	455	52,753	12,132
Total Requirements	<u>\$241,730</u>		<u>\$3,398</u>		<u>\$64,885</u>	

See accompanying independent auditors' report.

Public Buildings		Schools		Sewer Maintenance	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 17,953	\$ 6,265	\$ 1,243	\$ 2,205	\$ 750	\$ 94
17,233	5,516	1,057	2,155	750	56
15,341	4,748	12,830	2,116	749	19
15,113	4,033	-	1,959	-	-
14,947	3,345	37,300	979	-	-
13,879	2,701	-	-	-	-
13,011	2,100	-	-	-	-
11,883	1,539	-	-	-	-
9,424	1,056	-	-	-	-
7,675	675	-	-	-	-
4,919	419	-	-	-	-
3,919	261	-	-	-	-
2,844	140	-	-	-	-
1,818	56	-	-	-	-
473	12	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>150,432</u>	<u>32,866</u>	<u>52,430</u>	<u>9,414</u>	<u>2,249</u>	<u>169</u>
<u>\$183,298</u>		<u>\$61,844</u>		<u>\$2,418</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Streets		Tax Incremental Districts		Transportation	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 27,753	\$ 11,235	\$ 15,984	\$ 5,684	\$ 1,916	\$ 610
2024	28,859	10,070	15,710	5,082	1,840	532
2025	27,930	8,733	13,642	4,480	1,724	462
2026	26,861	7,444	14,730	3,920	1,560	398
2027	24,495	6,272	15,363	3,350	1,443	340
2028	21,696	5,270	14,277	2,802	1,349	289
2029	20,423	4,364	11,712	2,348	1,268	242
2030	18,146	3,516	10,362	1,980	1,161	198
2031	16,464	2,756	9,777	1,643	1,086	157
2032	13,356	2,124	8,924	1,320	1,009	119
2033	14,114	1,564	7,697	1,028	993	84
2034	10,615	1,067	3,952	821	900	52
2035	8,737	669	3,218	686	810	25
2036	6,260	347	3,174	567	534	7
2037	4,248	106	3,070	454	-	-
2038	-	-	2,750	350	-	-
2039	-	-	2,810	255	-	-
2040	-	-	2,745	164	-	-
2041	-	-	2,320	80	-	-
2042	<u>-</u>	<u>-</u>	<u>995</u>	<u>21</u>	<u>-</u>	<u>-</u>
Totals	<u>269,957</u>	<u>65,537</u>	<u>163,212</u>	<u>37,035</u>	<u>17,593</u>	<u>3,515</u>
Total Requirements	<u>\$335,494</u>		<u>\$200,247</u>		<u>\$21,108</u>	

See accompanying independent auditors' report.

Urban Renewal		Total Requirements	
Principal	Interest	Principal	Interest
\$ 5,158	\$ 1,061	\$ 165,020	\$ 42,620
5,130	885	103,830	36,703
5,042	709	118,240	31,909
3,189	565	90,590	27,293
2,043	471	122,955	22,397
1,973	398	77,600	17,907
1,920	329	71,290	14,744
1,856	259	181,995	10,828
1,820	188	53,315	7,305
1,816	120	42,670	5,320
1,183	69	35,815	3,787
811	36	25,655	2,633
382	17	20,215	1,752
125	7	14,360	1,073
92	2	8,755	595
-	-	2,750	350
-	-	2,810	255
-	-	2,745	164
-	-	2,320	80
		995	21
<u>32,540</u>	<u>5,116</u>	<u>1,143,925</u>	<u>227,736</u>
		<u>\$37,656</u>	<u>\$1,371,661</u>

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY - WATER REVENUE
AND DISCLOSURE OF BOND COVERAGE
(Thousands of Dollars)

Exhibit I-4

Year	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 460	\$ 293	\$ 5,011	\$ 1,557	\$ 5,471	\$ 1,850
2024	465	270	5,097	1,470	5,562	1,740
2025	475	246	5,185	1,381	5,660	1,627
2026	480	222	5,275	1,290	5,755	1,512
2027	490	203	5,366	1,198	5,856	1,401
2028	500	187	5,459	1,105	5,959	1,292
2029	510	168	5,553	1,010	6,063	1,178
2030	520	148	5,649	913	6,169	1,061
2031	535	127	5,747	814	6,282	941
2032	550	105	5,846	714	6,396	819
2033	565	83	5,947	612	6,512	695
2034	580	60	5,670	512	6,250	572
2035	595	36	5,255	419	5,850	455
2036	610	12	5,344	329	5,954	341
2037	-	-	4,536	244	4,536	244
2038	-	-	4,255	168	4,255	168
2039	-	-	3,628	101	3,628	101
2040	-	-	2,904	47	2,904	47
2041	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>12</u>	<u>1,594</u>	<u>12</u>
	<u>\$ 7,335</u>	<u>\$ 2,160</u>	<u>\$ 93,321</u>	<u>\$ 13,896</u>	<u>\$ 100,656</u>	<u>\$ 16,056</u>

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2022 consisted of gross revenues plus interest income in the amount of \$99,504, less operating expenses (excluding depreciation) of \$59,311. As a result, the net revenue available for debt service was \$40,193. Debt service requirements consists of \$7,321 for 2023. At the end of the year, bond coverage computes to 5.49.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY - SEWERAGE SYSTEM REVENUE
AND DISCLOSURE OF BOND COVERAGE
(Thousands of Dollars)

Exhibit I-5

Year	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,875	\$ 6,000	\$ 11,961	\$ 2,981	\$ 19,836	\$ 8,981
2024	5,670	5,661	12,218	2,722	17,888	8,383
2025	5,960	5,370	12,480	2,457	18,440	7,827
2026	8,035	5,029	12,748	2,185	20,783	7,214
2027	10,230	4,613	13,023	1,908	23,253	6,521
2028	10,730	4,155	12,379	1,636	23,109	5,791
2029	11,255	3,675	10,356	1,397	21,611	5,072
2030	11,775	3,196	9,458	1,195	21,233	4,391
2031	12,295	2,722	8,243	1,021	20,538	3,743
2032	10,660	2,279	8,404	858	19,064	3,137
2033	11,110	1,871	8,568	692	19,678	2,563
2034	7,410	1,535	7,196	543	14,606	2,078
2035	7,665	1,277	7,326	412	14,991	1,689
2036	7,935	1,009	6,180	292	14,115	1,301
2037	1,820	828	5,058	196	6,878	1,024
2038	1,915	734	3,878	123	5,793	857
2039	2,010	636	3,028	67	5,038	703
2040	2,115	533	2,130	28	4,245	561
2041	2,225	424	847	6	3,072	430
2042	2,315	334	-	-	2,315	334
2043	2,385	264	-	-	2,385	264
2044	2,455	191	-	-	2,455	191
2045	2,530	116	-	-	2,530	116
2046	<u>2,610</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>2,610</u>	<u>39</u>
	<u>\$ 150,985</u>	<u>\$ 52,491</u>	<u>\$ 155,481</u>	<u>\$ 20,719</u>	<u>\$ 306,466</u>	<u>\$73,210</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$73,319 less operating expenses \$11,301 (excluding depreciation) of \$9,671. As a result, the net revenue available for debt service was \$62,018. Debt service requirements consisted of \$28,817 for 2023. At the end of the year, bond coverage computes to 2.15.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$ 5,444	\$ 848	\$ 1,016	\$ 1,076	\$ 631
Receivables (net):					
Taxes	-	64	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	310	-	-	5	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$ 5,754</u>	<u>\$ 912</u>	<u>\$ 1,016</u>	<u>\$ 1,081</u>	<u>\$ 631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 668	\$ 4	\$ 12	\$ 78	\$ 59
Accrued expenses	27	-	-	5	9
Due to component units	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Unearned revenue.....	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>695</u>	<u>4</u>	<u>12</u>	<u>83</u>	<u>68</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>127</u>	<u>115</u>	<u>-</u>	<u>5</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Committed.....	4,932	793	1,004	993	563
Unassigned.....	-	-	-	-	-
Total Fund Balances	<u>4,932</u>	<u>793</u>	<u>1,004</u>	<u>993</u>	<u>563</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 5,754</u>	<u>\$ 912</u>	<u>\$ 1,016</u>	<u>\$ 1,081</u>	<u>\$ 631</u>

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ 343	\$ 11,683	\$ 8,737	\$ 4,301	\$ 6,445	\$ 176	\$ 40,700
- 34	417	55	38	7,541	1,004	9,081
-	-	-	-	-	-	72
-	-	141	-	-	5,555	5,555
-	-	-	6,667	-	-	141
-	-	-	72	187	-	6,982
\$ 377	\$ 12,100	\$ 8,933	\$ 11,078	\$ 14,173	\$ 6,735	\$ 62,790
\$ 65	\$ 4,702	\$ 348	\$ 5,288	\$ 2,202	\$ 331	\$ 13,757
21	11	307	13	-	-	393
-	9	-	-	-	-	9
-	-	56	-	-	-	56
-	-	6	-	-	-	6
<u>65</u>	<u>4,723</u>	<u>368</u>	<u>5,657</u>	<u>2,215</u>	<u>5,946</u>	<u>19,836</u>
-	750	100	4,615	13,552	4,768	24,032
- 312	6,627	8,465	734	187	-	259
-	-	-	-	(1,781)	(3,979)	24,423
<u>312</u>	<u>6,627</u>	<u>8,465</u>	<u>806</u>	<u>(1,594)</u>	<u>(3,979)</u>	<u>18,922</u>
\$ 377	\$ 12,100	\$ 8,933	\$ 11,078	\$ 14,173	\$ 6,735	\$ 62,790

CITY OF MILWAUKEE
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS BY PURPOSE**
 FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 115	\$ -	\$ -	\$ -
Other taxes	- -	- -	- -	- -	- -
Special Assessments	- -	- -	- -	- -	- -
Intergovernmental	424	- -	- -	954	- -
Other	- -	- -	- -	- -	3,120
 Total Revenues	 424	 115	 - -	 954	 3,120
Expenditures:					
Capital outlay	3,425	99	2,960	1,146	3,705
Excess (deficiency) of Revenues over Expenditures	 (3,001)	 16	 (2,960)	 (192)	 (585)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	3,668	- -	2,329	784	- -
Transfers in	- -	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -	- -
 Total Other Financing Sources and Uses	 3,668	 - -	 2,329	 784	 - -
 Net Change in Fund Balance	 667	 16	 (631)	 592	 (585)
 Fund Balance (Deficit) - Beginning	 4,265	 777	 1,635	 401	 1,148
 Fund Balance (Deficit) - Ending	 \$ 4,932	 \$ 793	 \$ 1,004	 \$ 993	 \$ 563

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Interfund Adjustments	Total to A-3
\$ -	\$ -	\$ 200	\$ -	\$ 9,688	\$ -	\$ -	\$ 10,003
-	-	-	-	215	-	-	215
-	-	-	-	-	2,970	-	2,970
-	224	113	4,939	1,009	-	-	7,663
-	350	578	140	2,109	-	-	6,297
<u>-</u>	<u>574</u>	<u>891</u>	<u>5,079</u>	<u>13,021</u>	<u>2,970</u>	<u>-</u>	<u>27,148</u>
<u>6,161</u>	<u>22,636</u>	<u>4,788</u>	<u>39,431</u>	<u>14,533</u>	<u>1,505</u>	<u>-</u>	<u>100,389</u>
<u>(6,161)</u>	<u>(22,062)</u>	<u>(3,897)</u>	<u>(34,352)</u>	<u>(1,512)</u>	<u>1,465</u>	<u>-</u>	<u>(73,241)</u>
8,677	23,904	367	28,572	24,738	-	-	93,039
-	-	457	-	457	-	(457)	457
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,791)</u>	<u>-</u>	<u>457</u>	<u>(3,334)</u>
<u>8,677</u>	<u>23,904</u>	<u>824</u>	<u>28,572</u>	<u>21,404</u>	<u>-</u>	<u>-</u>	<u>90,162</u>
2,516	1,842	(3,073)	(5,780)	19,892	1,465	-	16,921
<u>(2,204)</u>	<u>4,785</u>	<u>11,538</u>	<u>6,586</u>	<u>(21,486)</u>	<u>(5,444)</u>	<u>-</u>	<u>2,001</u>
<u>\$ 312</u>	<u>\$ 6,627</u>	<u>\$ 8,465</u>	<u>\$ 806</u>	<u>\$ (1,594)</u>	<u>\$ (3,979)</u>	<u>\$ -</u>	<u>\$ 18,922</u>

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**CITY OF MILWAUKEE
GENERAL FUND**
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 90,039	\$ 90,039	\$ -
Provision for Employees' Retirement	129,315	129,315	-
Total Property Taxes	<u>219,354</u>	<u>219,354</u>	<u>-</u>
Other Taxes:			
Payment in lieu of taxes	1,225	1,679	454
Interest on city tax certificates and other taxes	1,913	1,504	(409)
Total Other Taxes	<u>3,138</u>	<u>3,183</u>	<u>45</u>
Licenses and Permits:			
Licenses:			
Business and occupational	4,552	5,454	902
Other	92	102	10
Permits:			
Building	11,102	12,962	1,860
Zoning	275	287	12
Other	722	996	274
Total Licenses and Permits	<u>16,743</u>	<u>19,801</u>	<u>3,058</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	231,026	231,515	489
Local street aids	30,692	29,758	(934)
Payment for municipal services	2,100	4,858	2,758
Other	9,649	7,174	(2,475)
Total Intergovernmental	<u>273,467</u>	<u>273,305</u>	<u>(162)</u>
Charges for Services:			
General government	7,952	7,521	(431)
Public safety	23,048	28,920	5,872
Public works	104,422	110,667	6,245
Health	1,349	753	(596)
Culture and recreation	931	909	(22)
Conservation and development	108	109	1
Total Charges for Services	<u>137,810</u>	<u>148,879</u>	<u>11,069</u>
Fines and Forfeits:			
Court and contract forfeitures	2,601	3,133	532
Other	1	29	28
Total Fines and Forfeits	<u>2,602</u>	<u>3,162</u>	<u>560</u>
Other:			
Interest on temporary investments	863	3,649	2,786
Miscellaneous	20,632	11,519	(9,113)
Total Other	<u>21,495</u>	<u>15,168</u>	<u>(6,327)</u>
Total	<u>\$ 674,609</u>	<u>\$ 682,852</u>	<u>\$ 8,243</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND

Exhibit I-9

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

	Salaries and Wages				Operating Costs				
	Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)	
General Government:									
Administration	\$ 6,534	\$ 6,483	\$ 6,035	448	\$ 6,562	\$ 5,625	\$ 5,298	\$ 327	
Assessor's Office	2,890	2,799	2,792	7	289	391	391	-	
City Attorney	4,887	4,901	4,373	528	2,953	9,110	9,098	12	
City Treasurer	1,678	1,752	1,752	-	112,404	99,907	98,649	1,258	
Common Council - City Clerk	5,778	5,788	5,780	8	2,327	1,715	1,607	108	
Comptroller	15,585	3,131	3,058	73	20,432	18,517	18,485	32	
Election Commission	2,772	2,253	2,253	-	595	1,102	1,102	-	
Employee Relations	2,950	2,729	2,712	17	133,833	114,638	107,716	6,922	
Employee's Retirement	-	-	-	-	4,657	4,085	4,013	72	
Mayor	910	947	947	-	49	43	43	-	
Municipal Court	1,760	1,579	1,568	11	846	1,433	1,389	44	
Zoning Appeals	210	211	200	11	30	30	14	16	
Total General Government	45,954	32,573	31,470	1,103	284,977	256,596	247,805	8,791	
Public Safety:									
Emergency Communication	851	454	412	42	7,972	7,703	7,703	-	
Fire and Police Commission	1,495	1,501	1,343	158	1,525	1,475	1,135	340	
Fire Department	54,798	52,032	52,032	-	1,532	8,523	8,408	115	
Neighborhood Services	10,871	10,395	10,161	234	1,946	2,084	2,073	11	
Police Department	178,153	181,368	181,368	-	15,722	18,499	18,449	50	
Total Public Safety	246,168	245,750	245,316	434	28,697	38,284	37,768	516	
Public Works:									
General Office	1,876	1,989	1,989	-	388	388	294	94	
Infrastructure	18,967	14,794	14,772	22	10,212	14,080	14,002	78	
Operations	35,879	28,874	28,402	472	28,293	34,507	33,391	1,116	
Total Public Works	56,722	45,657	45,163	494	38,893	48,975	47,687	1,288	
Health	4,380	4,636	4,636	-	2,616	2,856	2,699	157	
Culture and Recreation:									
Public Library	13,549	13,175	13,175	-	3,572	3,855	3,824	31	
Conservation and Development:									
Department of City Development ...	2,842	2,898	2,898	-	1,551	1,437	1,287	150	
Total	\$ 369,615	\$ 344,689	\$ 342,658	\$ 2,031	\$ 360,306	\$ 352,003	\$ 341,070	\$ 10,933	

See accompanying independent auditors' report.

Equipment					Total to E-1				
Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)		Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)	
\$ 254	\$ 238	\$ 234	\$ 4		\$ 13,350	\$ 12,346	\$ 11,567	\$ 779	
-	-	-	-		3,179	3,190	3,183	7	
42	22	22	-		7,882	14,033	13,493	540	
30	30	29	1		114,112	101,689	100,430	1,259	
88	71	59	12		8,193	7,574	7,446	128	
10	10	10	-		36,027	21,658	21,553	105	
-	-	-	-		3,367	3,355	3,355	-	
2	2	2	-		136,785	117,369	110,430	6,939	
-	-	-	-		4,657	4,085	4,013	72	
-	-	-	-		959	990	990	-	
6	6	4	2		2,612	3,018	2,961	57	
-	-	-	-		240	241	214	27	
<u>432</u>	<u>379</u>	<u>360</u>	<u>19</u>		<u>331,363</u>	<u>289,548</u>	<u>279,635</u>	<u>9,913</u>	
-	-	-	-		8,823	8,157	8,115	42	
2	2	1	1		3,022	2,978	2,479	499	
781	662	609	53		57,111	61,217	61,049	168	
-	-	-	-		12,817	12,479	12,234	245	
<u>1,131</u>	<u>1,117</u>	<u>1,078</u>	<u>39</u>		<u>195,006</u>	<u>200,984</u>	<u>200,895</u>	<u>89</u>	
<u>1,914</u>	<u>1,781</u>	<u>1,688</u>	<u>93</u>		<u>276,779</u>	<u>285,815</u>	<u>284,772</u>	<u>1,043</u>	
-	-	-	-		2,264	2,377	2,283	94	
1,132	643	509	134		30,311	29,517	29,283	234	
<u>4,975</u>	<u>2,505</u>	<u>2,502</u>	<u>3</u>		<u>69,147</u>	<u>65,886</u>	<u>64,295</u>	<u>1,591</u>	
<u>6,107</u>	<u>3,148</u>	<u>3,011</u>	<u>137</u>		<u>101,722</u>	<u>97,780</u>	<u>95,861</u>	<u>1,919</u>	
-	-	-	-		6,996	7,492	7,335	157	
<u>2,099</u>	<u>1,963</u>	<u>1,962</u>	<u>1</u>		<u>19,220</u>	<u>18,993</u>	<u>18,961</u>	<u>32</u>	
-	-	-	-		4,393	4,335	4,185	150	
<u>\$ 10,552</u>	<u>\$ 7,271</u>	<u>\$ 7,021</u>	<u>\$ 250</u>		<u>\$ 740,473</u>	<u>\$ 703,963</u>	<u>\$ 690,749</u>	<u>\$ 13,214</u>	

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STATISTICAL SECTION

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Statistical Section (Unaudited)

The Statistical Section presents data to assist users of this report to assess the economic condition of the City. The tables presented in this section are intended to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules presented in other sections of this report. The five categories of information are as follows:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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CITY OF MILWAUKEE
NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis of Accounting)
(Thousands of Dollars)

Table 1

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets.....	\$ 706,111	\$ 748,374	\$ 769,340	\$ 816,916	\$ 836,422
Restricted	216,314	211,316	209,116	176,923	161,592
Unrestricted (deficit)	<u>(723,716)</u>	<u>(745,740)</u>	<u>(739,204)</u>	<u>(856,449)</u>	<u>(1,076,694)</u>
Total governmental activities net position ..	<u>198,709</u>	<u>213,950</u>	<u>239,252</u>	<u>137,390</u>	<u>(78,680)</u>
Business-type activities					
Net investment in capital assets.....	648,594	669,428	675,510	684,085	734,161
Restricted	770	930	1,174	1,229	2,209
Unrestricted	<u>74,764</u>	<u>57,112</u>	<u>68,134</u>	<u>74,720</u>	<u>59,824</u>
Total business-type activities net position ..	<u>724,128</u>	<u>727,470</u>	<u>744,818</u>	<u>760,034</u>	<u>796,194</u>
Primary government					
Net investment in capital assets.....	1,354,705	1,417,802	1,444,850	1,501,001	1,570,583
Restricted	217,084	212,246	210,290	178,152	163,801
Unrestricted (deficit)	<u>(648,952)</u>	<u>(688,628)</u>	<u>(671,070)</u>	<u>(781,729)</u>	<u>(1,016,870)</u>
Total primary government net position ..	<u>\$ 922,837</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>	<u>\$ 897,424</u>	<u>\$ 717,514</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets.....	\$ 812,090	\$ 841,714	\$ 877,376	\$ 939,647	\$ 963,538
Restricted	202,334	196,639	206,060	209,636	210,671
Unrestricted (deficit)	<u>(1,884,385)</u>	<u>(2,231,744)</u>	<u>(2,572,912)</u>	<u>(2,941,394)</u>	<u>(2,867,494)</u>
Total governmental activities net position ..	<u>(869,961)</u>	<u>(1,193,391)</u>	<u>(1,489,476)</u>	<u>(1,792,111)</u>	<u>(1,693,285)</u>
Business-type activities					
Net investment in capital assets.....	801,685	820,749	839,337	824,814	837,114
Restricted	10,461	9,773	23,136	20,657	22,025
Unrestricted (deficit)	<u>(34,102)</u>	<u>(29,585)</u>	<u>(61,455)</u>	<u>(28,414)</u>	<u>(21,500)</u>
Total business-type activities net position ..	<u>778,044</u>	<u>800,937</u>	<u>801,018</u>	<u>817,057</u>	<u>837,639</u>
Primary government					
Net investment in capital assets.....	1,613,775	1,662,463	1,716,713	1,764,461	1,800,652
Restricted	212,795	206,412	229,196	230,293	232,696
Unrestricted (deficit)	<u>(1,918,487)</u>	<u>(2,261,329)</u>	<u>(2,634,367)</u>	<u>(2,969,808)</u>	<u>(2,888,994)</u>
Total primary government net position ..	<u>\$ (91,917)</u>	<u>\$ (392,454)</u>	<u>\$ (688,458)</u>	<u>\$ (975,054)</u>	<u>\$ (855,646)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis of Accounting)
(Thousands of Dollars)

Table 2

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities				
General government	\$ 305,744	\$ 251,538	\$ 204,691	\$ 255,177
Public safety	320,317	315,952	399,620	423,903
Public works	169,250	170,054	182,340	174,470
Health	19,743	18,852	20,249	21,594
Culture and recreation	20,348	21,503	25,315	24,375
Conservation and development	45,605	57,617	88,252	77,670
Capital contribution to Milwaukee Public Schools	278	-	-	-
Contributions	22,331	24,001	-	-
Interest on long-term debt	28,275	23,105	24,749	25,109
Total Governmental Activities Expenses.....	931,891	882,622	945,216	1,002,298
Business-type Activities				
Water	68,728	72,540	72,141	73,620
Sewer Maintenance	44,795	46,840	49,661	53,002
Transportation	24,248	24,053	25,233	25,005
Other activities	47,592	48,382	50,855	52,577
Total Business-type Activities	185,363	191,815	197,890	204,204
Total Primary Government Expenses	1,117,254	1,074,437	1,143,106	1,206,502
Program Revenues				
Governmental Activities				
Charges for services				
General government	10,131	10,344	31,100	27,733
Public safety	23,759	23,833	26,711	25,438
Public works	75,968	78,520	81,325	80,352
Health	877	923	1,081	1,164
Culture and recreation	1,137	1,114	1,092	1,057
Conservation and development	9	9	9	10
Total Governmental Activities				
Program Revenues.....	111,881	114,743	141,318	135,754
Business-type Activities				
Charges for services				
Water	85,034	88,013	96,687	97,850
Sewer Maintenance	57,270	59,121	60,695	62,954
Transportation	43,256	41,411	42,532	38,286
Other activities	48,920	47,457	51,129	53,541
Total Business-type Activities				
Program Revenues.....	234,480	236,002	251,043	252,631
Total Primary Government				
Program Revenues	346,361	350,745	392,361	388,385

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 274,652	\$ 309,828	\$ 363,272	\$ 249,456	\$ 290,849	\$ 195,073
485,016	437,746	557,403	710,794	624,406	469,399
206,205	192,613	206,475	233,775	234,986	201,732
23,655	21,789	24,313	38,265	50,530	33,242
28,193	26,866	30,023	31,054	35,827	30,531
65,175	47,904	47,529	67,345	78,832	51,738
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,097</u>	<u>21,451</u>	<u>23,710</u>	<u>25,542</u>	<u>25,627</u>	<u>28,235</u>
<u>1,104,993</u>	<u>1,058,197</u>	<u>1,252,725</u>	<u>1,356,231</u>	<u>1,341,057</u>	<u>1,009,950</u>
70,219	78,310	74,954	84,198	85,287	81,481
59,823	58,550	55,747	56,563	61,147	58,645
25,287	25,031	27,931	28,772	28,375	28,626
54,423	58,612	58,025	58,866	64,559	68,026
<u>209,752</u>	<u>220,503</u>	<u>216,657</u>	<u>228,399</u>	<u>239,368</u>	<u>236,778</u>
<u>1,314,745</u>	<u>1,278,700</u>	<u>1,469,382</u>	<u>1,584,630</u>	<u>1,580,425</u>	<u>1,246,728</u>
27,180	27,538	37,984	35,394	35,517	36,284
23,382	19,862	21,898	19,136	26,043	28,920
83,344	87,817	91,842	89,993	104,418	110,667
1,267	1,332	1,992	1,370	1,054	753
1,024	1,023	989	850	835	909
19	8	9,853	10,453	108	109
<u>136,216</u>	<u>137,580</u>	<u>164,558</u>	<u>157,196</u>	<u>167,975</u>	<u>177,642</u>
97,833	100,661	99,015	98,587	99,730	98,968
65,141	66,585	68,058	68,720	70,970	72,920
37,557	39,045	37,793	22,646	32,838	32,329
55,958	57,518	57,100	61,075	63,939	63,764
<u>256,489</u>	<u>263,809</u>	<u>261,966</u>	<u>251,028</u>	<u>267,477</u>	<u>267,981</u>
<u>392,705</u>	<u>401,389</u>	<u>426,524</u>	<u>408,224</u>	<u>435,452</u>	<u>445,623</u>

CITY OF MILWAUKEE
CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis of Accounting)
(Thousands of Dollars)

Table 2 (continued)

	Fiscal Year			
	2013	2014	2015	2016
Grants and Contributions				
Governmental Activities				
General government	\$ 2,409	\$ 2,207	\$ 2,289	\$ 2,006
Public safety	16,650	15,173	14,200	14,022
Public works	4,286	33,755	25,600	45,902
Health	9,674	8,917	8,597	9,481
Culture and recreation	2,660	2,318	3,767	3,832
Conservation and development	19,733	17,951	15,669	14,214
Capital contributions to Milwaukee Public Schools	<u>21,871</u>	<u>23,752</u>	-	-
Total Governmental Activities				
Grants and Contributions.....	<u>77,283</u>	<u>104,073</u>	<u>70,122</u>	<u>89,457</u>
Business-type Activities				
Water	958	384	1,276	2,798
Sewer Maintenance	2,849	275	-	585
Transportation	-	-	-	-
Other activities	45	140	1,464	1,582
Total Business-type Activities				
Grants and Contributions.....	<u>3,852</u>	<u>799</u>	<u>2,740</u>	<u>4,965</u>
Total Primary Government				
Grants and Contributions.....	<u>\$ 81,135</u>	<u>\$ 104,872</u>	<u>\$ 72,862</u>	<u>\$ 94,422</u>
Net (Expense)/Revenue				
Governmental Activities	(742,727)	(663,806)	(733,776)	(777,087)
Business-type Activities	<u>52,969</u>	<u>44,986</u>	<u>55,893</u>	<u>53,392</u>
Total primary government net expense	<u>\$ (689,758)</u>	<u>\$ (618,820)</u>	<u>\$ (677,883)</u>	<u>\$ (723,695)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 276,193	\$ 284,664	\$ 287,602	\$ 286,513
State aids for General Fund	259,735	260,886	263,350	265,191
Miscellaneous	82,059	88,718	89,487	83,919
Transfers	41,628	43,115	43,038	39,602
Total Governmental Activities	<u>659,615</u>	<u>677,383</u>	<u>683,477</u>	<u>675,225</u>
Business-type Activities				
Miscellaneous	1,443	1,471	1,709	1,426
Transfers	<u>(41,628)</u>	<u>(43,115)</u>	<u>(43,038)</u>	<u>(39,602)</u>
Total Business-type Activities	<u>(40,185)</u>	<u>(41,644)</u>	<u>(41,329)</u>	<u>(38,176)</u>
Total Primary Government	<u>619,430</u>	<u>635,739</u>	<u>642,148</u>	<u>637,049</u>
Change in Net Position				
Governmental Activities	(83,112)	15,241	(50,299)	(101,862)
Business-type Activities	<u>12,784</u>	<u>3,342</u>	<u>14,564</u>	<u>15,216</u>
Total Primary Government	<u>\$ (70,328)</u>	<u>\$ 18,583</u>	<u>\$ (35,735)</u>	<u>\$ (86,646)</u>

See accompanying independent auditors' report.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,026	\$ 23,159	\$ 2,158	\$ 2,068	\$ 18,695	\$ 19,582
12,314	13,132	13,552	95,374	51,206	115,318
3,082	3,617	4,276	14,546	4,863	16,379
9,937	9,831	9,260	23,599	31,641	24,458
3,243	3,358	5,081	3,881	4,146	5,868
13,966	13,017	11,679	30,288	13,995	27,614
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>44,568</u>	<u>66,114</u>	<u>46,006</u>	<u>169,756</u>	<u>124,546</u>	<u>209,219</u>
22,528	1,551	4,007	5,425	49	74
3,358	1,261	1,992	920	6,285	3,995
180	37,762	2,041	2,150	4,525	2,965
<u>-</u>	<u>1,214</u>	<u>867</u>	<u>1,227</u>	<u>7,927</u>	<u>7,638</u>
<u>26,066</u>	<u>41,788</u>	<u>8,907</u>	<u>9,722</u>	<u>18,786</u>	<u>14,672</u>
<u>\$ 70,634</u>	<u>\$ 107,902</u>	<u>\$ 54,913</u>	<u>\$ 179,478</u>	<u>\$ 143,332</u>	<u>\$ 223,891</u>
(924,209)	(854,503)	(1,042,161)	(1,029,279)	(1,173,082)	(832,308)
<u>72,803</u>	<u>85,094</u>	<u>54,216</u>	<u>32,351</u>	<u>28,109</u>	<u>31,203</u>
<u>\$ (851,406)</u>	<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	<u>\$ (996,928)</u>	<u>\$ (1,144,973)</u>	<u>\$ (801,105)</u>
\$ 307,828	\$ 316,655	\$ 329,601	\$ 352,910	\$ 369,565	\$ 368,200
265,700	268,792	270,575	273,422	273,422	273,305
97,757	115,735	84,084	72,875	70,004	53,366
36,854	37,801	34,471	33,987	32,910	27,044
<u>708,139</u>	<u>738,983</u>	<u>718,731</u>	<u>733,194</u>	<u>745,901</u>	<u>721,915</u>
211	1,638	3,148	1,717	2,054	1,751
<u>(36,854)</u>	<u>(37,801)</u>	<u>(34,471)</u>	<u>(33,987)</u>	<u>(32,910)</u>	<u>(27,044)</u>
<u>(36,643)</u>	<u>(36,163)</u>	<u>(31,323)</u>	<u>(32,270)</u>	<u>(30,856)</u>	<u>(25,293)</u>
<u>671,496</u>	<u>702,820</u>	<u>687,408</u>	<u>700,924</u>	<u>715,045</u>	<u>696,622</u>
(216,070)	(115,520)	(323,430)	(296,085)	(302,635)	98,826
<u>36,160</u>	<u>48,931</u>	<u>22,893</u>	<u>81</u>	<u>16,039</u>	<u>20,582</u>
<u>\$ (179,910)</u>	<u>\$ (66,589)</u>	<u>\$ (300,537)</u>	<u>\$ (296,004)</u>	<u>\$ (286,596)</u>	<u>\$ 119,408</u>

CITY OF MILWAUKEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

Table 3

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Property taxes	\$ 245,254	\$ 250,036	\$ 253,815	\$ 252,986
Other taxes	31,156	34,475	32,861	34,921
Special assessments	1,986	1,945	4,666	1,945
Licenses and permits	15,030	16,063	16,629	16,767
Intergovernmental	329,892	317,987	322,763	323,161
Charges for services	116,813	131,147	154,402	147,480
Fines and forfeits	4,492	4,587	4,110	3,534
Contributions received	21,871	23,752	2,588	2,378
Other	38,577	52,464	42,188	43,477
Total Revenues	805,071	832,456	834,022	826,649
Expenditures:				
Current:				
General government	322,431	268,263	254,168	248,581
Public safety	287,330	283,599	307,185	334,411
Public works	102,657	106,779	103,512	107,649
Health	18,821	18,088	18,014	19,688
Culture and recreation	18,560	19,330	20,190	21,128
Conservation and development	30,616	32,583	29,178	28,565
Capital outlay	98,913	139,898	155,227	139,236
Debt Service:				
Principal retirement	531,243	385,884	414,499	442,671
Interest	36,887	37,322	36,606	36,889
Bond issuance costs	755	447	1,180	1,305
Total Expenditures	1,448,213	1,292,193	1,339,759	1,380,123
Excess (deficiency) of Revenues over Expenditures	(643,142)	(459,737)	(505,737)	(553,474)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	410,945	332,444	380,522	266,452
Refunding bonds issued	182,341	41,216	106,316	196,659
Loans activities	635	(2,506)	(4,972)	(1,587)
Issuance premium	14,345	12,783	12,645	15,956
Transfers in	230,452	235,824	214,406	138,397
Transfers out	(188,824)	(192,709)	(171,368)	(98,795)
Total Other Financing Sources and Uses	649,894	427,052	537,549	517,082
Net Change in Fund Balances	\$ 6,752	\$ (32,685)	\$ 31,812	\$ (36,392)
Debt service as a percentage of noncapital expenditures	<u>41.0%</u>	<u>36.9%</u>	<u>36.9%</u>	<u>38.7%</u>

See accompanying *independent auditors' report*.

Fiscal Year					
2017		2018		2019	
\$	299,552	\$	310,933	\$	325,039
	6,699		5,093		6,208
	2,019		1,724		2,449
	15,597		17,232		18,502
	338,615		332,632		331,473
	156,785		159,473		164,558
	3,357		3,297		2,633
	3,022		3,205		2,719
	36,054		46,274		43,190
	<u>861,700</u>		<u>879,863</u>		<u>896,771</u>
					973,361
					<u>1,015,011</u>
					<u>1,070,975</u>
	253,638		297,229		296,385
	326,962		330,227		332,900
	103,324		106,636		110,131
	20,182		19,698		21,078
	21,168		21,774		23,159
	28,717		27,708		26,023
	172,270		165,877		125,788
	<u>259,911</u>		<u>271,569</u>		<u>321,761</u>
	40,366		40,619		44,144
	329		245		133
	<u>1,226,867</u>		<u>1,281,582</u>		<u>1,301,502</u>
					1,309,741
					<u>1,246,238</u>
					<u>1,189,606</u>
	(365,167)		(401,719)		(404,731)
					(336,380)
					(231,227)
					(118,631)
	176,997		266,889		229,888
	76,243		57,273		85,416
	(1,876)		(1,772)		(2,205)
	23,601		31,626		18,527
	229,508		198,721		119,457
	(192,654)		(160,920)		(84,986)
	<u>311,819</u>		<u>391,817</u>		<u>366,097</u>
					469,028
	<u>\$ (53,348)</u>		<u>\$ (9,902)</u>		<u>\$ (38,634)</u>
					<u>\$ 132,648</u>
					<u>\$ 13,060</u>
					<u>\$ 68,758</u>
	<u>27.3%</u>		<u>28.0%</u>		<u>31.1%</u>
					<u>27.4%</u>
					<u>21.2%</u>
					<u>16.8%</u>

CITY OF MILWAUKEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

Table 4

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 15,389	\$ 17,301	\$ 17,094	\$ 16,127	\$ 18,401
Committed.....	1,741	1,587	2,035	2,266	3,444
Assigned	43,172	44,150	46,404	38,802	37,281
Unassigned.....	43,232	50,006	61,715	50,737	38,350
Total General Fund.....	\$ 103,534	\$ 113,044	\$ 127,248	\$ 107,932	\$ 97,476
All Other Governmental Funds					
Nonspendable	\$ 254	\$ -	\$ -	\$ 7	\$ 3,684
Restricted.....	230,642	214,932	227,376	215,480	188,578
Committed.....	21,249	8,489	5,264	-	-
Unassigned (deficit).....	(10,194)	(23,665)	(15,276)	(15,199)	(34,866)
Total all other governmental funds	\$ 241,951	\$ 199,756	\$ 217,364	\$ 200,288	\$ 157,396

See accompanying independent auditors' report.

CITY OF MILWAUKEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Thousands of Dollars)

Table 5

Budget Year	Real Estate			Personal Property			Ratio of Total Assessed to Total Estimated Actual Value
	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other	
2013	\$ 14,750,295	\$ 8,992,762	\$ 707,124	\$ 214,694	\$ 538,278	\$ 118,947	
2014	14,265,491	9,195,174	709,328	216,866	525,387	121,913	
2015	14,198,159	9,178,216	707,901	293,288	424,803	222,175	
2016	14,254,964	9,430,293	726,810	215,006	430,290	205,599	
2017	14,438,034	9,964,809	765,075	209,206	427,626	205,720	
2018	14,854,224	10,496,051	765,075	212,186	423,911	185,913	
2019	15,647,626	11,255,216	763,523	74,475	431,067	176,661	
2020	16,098,609	11,915,466	790,548	79,091	433,110	173,022	
2021	17,953,629	12,426,339	829,539	-	402,255	318,867	
2022	18,005,749	12,612,314	763,234	84,236	444,129	135,808	
Budget Year	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value		
2013	\$ 25,322,101		\$ 10.25	\$ 26,421,932	95.8%		
2014	25,034,158		10.58	26,089,611	60.0%		
2015	25,024,542		10.71	26,138,108	95.7%		
2016	25,262,963		10.61	25,980,470	97.2%		
2017	25,974,258		10.75	27,042,047	96.1%		
2018	26,937,359		10.76	26,903,885	100.0%		
2019	28,348,568		10.59	28,340,401	100.0%		
2020	29,489,846		10.58	29,746,346	99.1%		
2021	31,930,629		10.09	31,475,102	101.4%		
2022	32,045,469		10.16	35,338,274	90.7%		

Source: The Assessed Values are established by the City of Milwaukee Assessor's Office and are used to calculate property taxes. The Estimated Actual (Equalized) Values are provided by the State Supervisor of Assessments. State law requires all assessments to be within 10% of the equalized value ratio at least once every four year period.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Rate per \$1,000 of assessed value)

Table 6

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Direct Rates (A)										
City of Milwaukee	\$ 9.87	\$ 10.23	\$ 10.42	\$ 10.29	\$ 10.47	\$ 10.57	\$ 10.45	\$ 10.48	\$ 10.08	\$ 10.15
Allocation of Debt Service incurred for Schools	0.38	0.35	0.29	0.32	0.28	0.18	0.14	0.10	0.01	0.01
Total Direct Rate	10.25	10.58	10.71	10.61	10.75	10.75	10.59	10.58	10.09	10.16
Overlapping Rates (B)										
Milwaukee School Board	10.73	10.86	10.93	10.52	9.61	8.34	7.61	7.91	8.85	10.20
Less: allocation of Debt Service in City rate	(0.38)	(0.35)	(0.29)	(0.32)	(0.28)	(0.18)	(0.14)	(0.10)	(0.01)	(0.01)
Total School Rate	10.35	10.51	10.64	10.20	9.33	8.16	7.47	7.81	8.84	10.19
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.21	2.22	1.33	1.29	1.31	1.26	1.23	1.19	1.13	1.11
County of Milwaukee	5.26	5.35	5.33	5.28	5.31	5.05	4.90	4.83	4.54	4.73
State of Wisconsin	0.18	0.18	0.17	0.18	0.18	-	-	-	-	-
Milwaukee Metropolitan Sewerage District	1.70	1.78	1.79	1.79	1.82	1.72	1.69	1.66	1.56	1.64
Total Tax Rate (C)	\$ 29.95	\$ 30.62	\$ 29.97	\$ 29.35	\$ 28.70	\$ 26.94	\$ 25.88	\$ 26.07	\$ 26.16	\$ 27.83

(A) State law prohibits the City from increasing its base levy in any year by more than the percentage change in the equalized value due to net new construction.

(B) Overlapping rates are those of local and county governments that apply to property owners within the City of Milwaukee.

(C) Tax rates were constructed considering the provision of the tax incremental district law. The application of these rates to the applicable assessed values will provide a tax yield higher than the levy.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
(Thousands of Dollars)

Table 7

Taxpayer	Type of Business	2022		2013	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
			.70 %		.45
Northwestern Mutual Life Ins.	Insurance	\$ 580,999	1.60 %	\$ 176,204	.70 %
Mandel Group (Includes Park Lafayette)	Real Estate	382,678	1.06	113,530	.45
Berrada Properties	Real Estate	361,310	1.00		
Weidner Investments	Real Estate	267,311	.74		
US Bank Corp	Banking	257,670	.71	243,891	.97
Komatsu Mining	Mining company	213,428	.59		
Irgens	Real Estate	211,509	.58		
Katz Properties	Real Estate	161,503	.45		
Metropolitan Associates	Real Estate	152,112	.42	93,710	.37
Marcus Corp	Hotels/Motels/Restaurant	149,205	.41	113,688	.45
NNN 411 East Wisconsin LLC	Real Estate			88,399	.35
100 E Wisconsin Ave Joint Venture	Real Estate			76,288	.30
Gorman & Co.	Real Estate			68,773	.27
Towne Realty	Real Estate			66,368	.27
Riverbend Place	Real Estate			58,146	.23
		\$ 2,737,725	7.56 %	\$ 1,098,997	4.36 %

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Thousands of Dollars)

Table 8

Budget Year	Taxes Levied for the Fiscal Year		Purchased and Adjustments (A)	Collected for the Levy			Collections			Total Collections to Date		
	(Original Levy)	Fiscal Year (Original Levy)		Levy Year (B)		Percent Original Levy Collected	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years				
				Total Adjusted Levy	Current Tax Collections			Amount	Percentage of Adjusted Levy			
2013	\$ 304,700	\$ 35,744	\$ 340,444	\$ 293,489	96.32	\$ 16,237	\$ 18,326	\$ 339,816	99.82			
2014	307,246	21,567	328,813	296,107	96.37	13,875	17,968	328,036	99.76			
2015	312,216	17,855	330,071	302,084	96.76	12,471	14,238	329,041	99.69			
2016	312,091	17,483	329,574	302,628	96.97	10,907	14,627	328,339	99.63			
2017	318,867	22,775	341,642	309,345	97.01	15,266	14,674	339,890	99.49			
2018	325,152	15,318	340,470	316,357	97.30	7,544	14,918	338,425	99.40			
2019	333,909	17,769	351,678	325,692	97.66	10,921	11,248	349,087	99.26			
2020	346,409	23,224	369,633	338,689	97.77	14,463	12,088	366,259	99.09			
2021	362,346	20,441	382,787	355,626	98.15	11,827	10,605	378,402	98.50			
2022	361,603	21,355	382,958	354,834	98.13	11,508	-	366,053	95.59			

(A) This column includes adjustments. The City purchases delinquent taxes from the other units (Milwaukee County, Metropolitan Sewerage District, State, Milwaukee Area Technical College and Milwaukee Public Schools).

(B) Tax collections begin in December for the succeeding Budget Year

(C) Collections of (A) in the year purchased.

Note: State law limits levy increases to 2% of economic development for general city purposes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(Dollars in Thousands, except per capita)

Table 9

Governmental Activities				Estimated Actual Taxable Value of <u>Property</u>	Percentage of Total Taxable Value of <u>Property</u>	Per <u>Capita</u>	
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>				
2013	\$ 822,046	\$ 178,068	\$ 643,978	\$ 26,421,932	2.44%	\$ 1,081.41	
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15	
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28	
2016	949,001	143,918	805,083	25,980,470	3.10%	1,353.99	
2017	942,330	138,682	803,648	27,042,047	2.97%	1,359.58	
2018	994,923	112,631	882,292	26,903,885	3.28%	1,481.60	
2019	988,466	153,782	834,684	28,340,401	2.95%	1,413.52	
2020	1,122,936	74,939	1,047,997	29,746,346	3.52%	1,785.04	
2021	1,109,251	72,053	1,037,198	31,475,102	3.30%	1,766.65	
2022	1,118,699	78,203	1,040,496	35,338,274	2.94%	1,802.35	
Business-Type Activities							
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Revenue Bonds</u>	<u>State Loans (Revenue Bonds)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (A)</u>	<u>Per Capita (A)</u>	
2013	\$ 39,334	\$ 98,871	\$ 82,736	\$ 860,598	2.21%	\$ 1,446.90	
2014	35,247	94,624	92,100	895,391	2.17%	1,525.16	
2015	31,822	95,459	107,533	1,039,897	2.20%	1,928.37	
2016	52,139	190,086	101,612	1,147,485	2.78%	1,932.26	
2017	38,875	200,156	114,308	1,235,631	2.88%	2,090.39	
2018	34,172	158,360	166,243	1,193,459	2.64%	2,004.13	
2019	66,674	149,675	183,866	1,234,899	2.66%	2,091.28	
2020	64,869	140,580	208,722	1,451,369	3.01%	2,472.10	
2021	27,834	166,190	245,242	1,476,464	3.79%	2,514.84	
2022	25,226	163,765	248,802	1,478,289	Not Available	2,560.69	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements and in the Miscellaneous Financial Data Section.

(A) See Table 13 for personal income and population data

See accompanying independent auditors' report.

CITY OF MILWAUKEE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Thousands of Dollars)

Table 10

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 1,849,535	\$ 1,826,273	\$ 1,829,668	\$ 1,818,633	\$ 1,892,943
Total net debt applicable to limit	<u>683,312</u>	<u>696,614</u>	<u>622,044</u>	<u>857,223</u>	<u>905,647</u>
Legal debt margin	<u>\$ 1,166,223</u>	<u>\$ 1,129,659</u>	<u>\$ 1,207,624</u>	<u>\$ 961,410</u>	<u>\$ 987,296</u>
Total net debt applicable to the limit as a percentage of debt limit ...	36.95%	38.14%	34.00%	47.14%	47.84%
	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 1,883,272	\$ 1,983,828	\$ 2,082,244	\$ 2,203,257	\$ 2,473,679
Total net debt applicable to limit	<u>876,597</u>	<u>901,358</u>	<u>1,112,866</u>	<u>1,065,032</u>	<u>1,065,722</u>
Legal debt margin	<u>\$ 1,006,675</u>	<u>\$ 1,082,470</u>	<u>\$ 969,378</u>	<u>\$ 1,138,225</u>	<u>\$ 1,407,957</u>
Total net debt applicable to the limit as a percentage of debt limit ...	46.55%	45.44%	53.45%	48.34%	43.08%

CITY OF MILWAUKEE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Thousands of Dollars)

Table 10

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	<u>\$ 32,045,469</u>
Equalized Value	<u>35,338,274</u>
Debt Limit 7% of Equalized Value	2,473,679
Debt Limit	Gen City \$ 1,766,914
	Schools \$ 706,765
	Total \$ 2,473,679
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	311,863
General Obligation notes	754,406
Parking bonds and notes	17,593
Harbor bonds and notes	5,384
Sewer Maintenance bonds and notes.....	2,249
Total Debt	<u><u>\$ 1,091,495</u></u>
	<u><u>\$ 52,430</u></u>
	<u><u>\$ 1,143,925</u></u>
Deduct:	
Assets in Debt Service Funds	<u>78,203</u>

	78,203
Total Amount of Debt Applicable to Debt Limit	1,013,292
	52,430
	1,065,722
Legal Debt Margin	<u><u>\$ 753,622</u></u>
	<u><u>\$ 654,335</u></u>
	<u><u>\$ 1,407,957</u></u>

(A) *The Water Revenue Bonds, Sewer Revenue Bonds and clean water loans are payable only from the income and revenues derived from the operations of the water system and sewer system, respectively. These bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision.*

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. 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.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2022
(Thousands of Dollars)

Table 11

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee (C)	City of Milwaukee's Share of Debt
Debt Repaid with property taxes			
Direct Debt:			
City of Milwaukee (A)	\$ 1,065,721	100%	\$ 1,065,721
Overlapping Debt:			
Milwaukee Area Technical College District	97,950	36%	35,262
County of Milwaukee	436,005	45%	197,544
Milwaukee Metropolitan Sewerage Area (B)	728,183	46%	<u>342,211</u>
Total Direct and Overlapping Debt			<u>\$ 1,640,738</u>

Sources: *Estimated Actual (Equalized) Values used to estimate applicable percentages provided by the State Supervisor of Assessments. Debt outstanding data provided by each governmental unit.*

Note: *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Milwaukee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

- (A) *Excludes \$100,656 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.*
- (B) *Includes \$375,143 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.*
- (C) *The percentage of overlapping debt applicable is estimated using estimated actual (equalized) property values. Applicable percentages were estimated by determining the portion of the City's equalized value.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
PLEDGED-REVENUE COVERAGE
LAST TEN YEARS
(Thousands of Dollars)

Table 12

Year	Water Revenue Bonds							Coverage	
	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service			
				Principal	Interest				
2013	\$ 85,043	\$ 65,661	\$ 19,382	\$ 1,015	\$ 158	\$ 1,173	16.52		
2014	88,013	67,166	20,847	1,264	216	1,480	14.09		
2015	96,711	67,396	29,315	1,335	225	1,560	18.79		
2016	97,881	55,229	42,652	1,677	315	1,992	21.41		
2017	97,910	51,676	46,234	2,205	672	2,877	16.07		
2018	100,876	59,548	41,328	3,126	938	4,064	10.17		
2019	99,170	64,109	35,061	2,411	1,047	3,458	10.14		
2020	98,587	59,386	39,201	3,886	1,520	5,406	7.25		
2021	99,740	62,200	37,539	5,163	1,881	7,044	5.33		
2022	99,504	59,311	40,193	5,471	1,850	7,321	5.49		
Sewer Revenue Bonds									
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service		Coverage	
				Principal	Interest				
	2013	\$ 57,300	\$ 15,873	\$ 41,427	\$ 7,032	\$ 4,400	\$ 11,432	3.62	
2014	59,125	16,443	42,682	8,603	5,726	14,329	2.98		
2015	60,713	17,256	43,457	9,398	5,889	15,287	2.84		
2016	63,050	17,879	45,171	10,471	6,085	16,556	2.73		
2017	65,275	20,207	45,068	13,575	9,263	22,838	1.97		
2018	66,838	17,021	49,817	14,893	9,123	24,016	2.07		
2019	68,400	13,450	54,950	16,274	8,874	25,148	2.19		
2020	68,937	13,023	55,914	18,893	8,161	27,054	2.07		
2021	70,853	16,803	54,050	18,466	9,377	27,843	1.94		
2022	73,319	11,301	62,018	19,836	8,981	28,817	2.15		

Note: Water Revenue Bonds issued between 2013 and 2021. Sewer Revenue bonds issued between 2013 and 2021. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include nonoperating interest income. Operating expenses do not include interest, depreciation, amortization expenses or the transfer for Payment in Lieu of Taxes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Table 13

County of Milwaukee						
Year	Population (A)	Personal Income (Thousands of Dollars) (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2013	596,500	\$ 38,460,362	\$ 40,252	33.7	78,502	10.0%
2014	595,993	\$ 39,758,839	\$ 41,591	33.8	77,391	7.8%
2015	595,787	\$ 41,178,967	\$ 43,107	34.0	75,568	6.4%
2016	594,667	\$ 41,181,743	\$ 43,297	34.2	76,856	5.5%
2017	591,076	\$ 42,279,261	\$ 44,681	34.3	77,215	4.5%
2018	595,555	\$ 44,346,651	\$ 47,044	34.6	75,081	4.0%
2019	590,547	\$ 45,398,877	\$ 48,239	35.2	74,633	4.3%
2020	587,072	\$ 48,377,271	\$ 51,567	35.2	71,867	9.3%
2021	587,976	\$ 51,904,010	\$ 55,927	35.2	69,115	6.5%
2022	577,309	Not available	Not available	35.4	68,435	4.2%

- (A) *The December 31, 2013 through 2022 City of Milwaukee populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)*
- (B) *Personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Personal income includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.*
- (C) *Per capita personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce and includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.*
- (D) *Milwaukee County Median age of the population was determined only during a census. These figures represent the data collected by the American Community Survey.*
- (E) *Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.*
- (F) *City of Milwaukee Unemployment Rate is the annual average from the State of Wisconsin Department of Workforce Development.*

See accompanying independent auditors' report.

**CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 14

Employer	2022 Estimates (1)			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	29,503	1	6.67	24,462	1	5.57
Froedtert and Community Health	14,058	2	3.18	8,982	3	2.05
Ascension Wisconsin	10,449	3	2.36			
Roundy's Supermarkets Inc.	7,800	4	1.76	8,400	4	1.91
Medical College of Wisconsin	6,554	5	1.48	5,417	5	1.23
GE Healthcare	6,000	6	1.36			
Quad Graphics	5,800	7	1.31			
Children's Hospital and Health System	5,309	8	1.20	4,447	9	1.01
Kohl's Corp.	5,000	9	1.13			
Northwestern Mutual	5,000	10	1.13	5,000	6	1.14
Wheaton Franciscan Healthcare				11,171	2	2.55
ProHealth Care Inc				4,819	7	1.10
Columbia St. Mary's Health System				4,542	8	1.03
Rockwell Automation Inc.				4,273	10	0.97
 Total	 <u>95,473</u>		 <u>21.58</u>		 <u>81,513</u>	 <u>18.56</u>

(1) Reflects full-time equivalent employees of businesses and industrial firms, does not include Government employers

Note: Data includes all of Milwaukee County and areas contiguous to Milwaukee County,

The 2013 data was from Business Journal of Greater Milwaukee, Book of Lists as of July 19, 2013.

Total employment data (2013 = 438,862) (2022 = 442,178) from the State of Wisconsin Workforce Development.

CITY OF MILWAUKEE
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS - ADOPTED BUDGET POSITIONS
LAST TEN YEARS

Table 15

Functions/Programs	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	707	728	736	750	741	766	786	773	782	778
Temporary - Election Commission	819	2,389	823	2,473	820	2,250	1,505	2,523	2,250	1,523
Public Safety										
Fire										
Fire Fighting Force	911	900	875	876	810	765	736	739	730	723
Civilians	116	112	118	131	133	133	135	135	137	137
Police										
Law Enforcement	2,013	1,978	1,942	1,979	1,989	1,955	1,954	1,956	1,839	1,856
Civilian	608	618	625	619	598	636	633	631	694	635
School Crossing Guards	251	252	242	241	241	241	241	241	241	241
Neighborhood Services	269	272	283	293	289	280	292	289	285	285
Public Works										
Administrative Services	46	47	48	49	43	45	46	45	44	43
Infrastructure Services	802	810	801	790	805	815	822	820	815	824
Operations	1,438	1,433	1,436	1,437	1,443	1,440	1,435	1,396	815	815
Winter relief	-	-	-	-	-	-	-	-	-	-
Health	254	252	251	252	252	254	280	285	385	637
Culture and recreation	372	370	371	358	364	375	377	364	348	359
Conservation and development	142	134	135	133	121	127	125	121	121	121
Youth initiative positions	-	-	-	-	-	-	-	-	-	-
Water	369	369	371	381	395	406	430	436	437	439
Sewer Maintenance	146	146	146	146	145	144	147	148	160	156
Parking	120	120	121	121	118	118	126	127	122	118
Port of Milwaukee	37	37	37	37	37	35	35	35	35	35
Subtotal	9,420	10,967	9,361	11,066	9,344	10,785	10,105	11,064	10,240	9,725
Less Temporary Positions	(819)	(2,631)	(1,055)	(2,703)	(1,050)	(2,491)	(1,746)	(2,764)	(2,491)	(1,764)
Total Budgeted Positions	8,601	8,336	8,306	8,363	8,294	8,294	8,359	8,300	7,749	7,961

Source: Budget Office. Firefighters and Law Enforcement from Departmental reports.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN YEARS

Table 16

Functions/Programs	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Investment portfolio return	0.22%	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%	0.56%	0.06%	1.53%
Courtroom cases	119,761	93,577	80,821	84,464	74,120	80,870	61,284	19,908	15,865	17,360
Public safety										
Police										
Dispatched assignments	241,423	247,552	260,860	284,893	249,855	255,599	264,969	271,530	279,818	274,525
Traffic citations	73,325	53,744	55,592	46,969	71,655	69,048	50,072	41,524	53,957	33,128
Homicide clearance rates	64%	60%	58%	67%	70%	76%	77%	55%	50%	57%
Fire										
Number of medical emergency assists	60,499	62,766	70,504	78,484	76,793	71,323	70,461	67,559	70,740	75,516
Number of fires extinguished	2,444	2,419	2,351	2,198	2,017	1,749	1,580	2,241	2,120	2,964
Civilian fire deaths	2	10	10	5	7	9	7	6	14	16
Building Inspection										
Complaints reported	37,212	36,567	34,933	36,548	36,938	38,788	41,699	39,414	46,085	37,393
Orders issued	67,457	58,217	60,106	43,499	25,949	25,821	36,825	31,488	33,752	29,029
Public Works										
Major streets paving (miles)	17.12	24.60	33.50	35.4	34.0	29.0	28.0	23.3	17	20.2
Asphalt patching/pot holes (tons)	15,845	17,025	18,816	18,857	22,257	19,019	17,460	12,794	12,784	10,949
Refuse tonnage	256,411	253,997	243,478	248,083	256,599	259,450	268,162	276,982	272,644	240,186
Recycling tonnage	25,052	25,273	25,105	25,232	25,325	25,505	24,258	26,432	26,421	25,968
Health										
Food inspections	8,735	8,556	9,236	10,087	8,208	9,775	9,525	3,957	6,391	8,476
Immunizations	16,417	10,912	10,561	8,360	8,271	5,921	6,859	4,818	220,190	33,859
Culture and Recreation										
Library hours of operation	30,914	30,846	30,866	32,282	32,282	33,440	31,546	17,520	25,269	29,356
Collections size	2,364,905	2,306,138	2,308,825	2,323,743	2,293,455	2,571,761	2,703,907	2,543,110	2,359,441	2,382,798
Public computers	754	723	752	682	600	655	681	527	969	796
Conservation and Development										
Jobs created	2,198	834	2,337	2,063	1,140	1,327	606	915	503	1,712
Jobs retained	2,800	1,626	2,535	1,960	1,355	2,715	641	624	0	0
New housing units	402	331	2,340	2,081	1,265	1,720	1,271	782	646	342
Water										
Millions gallons sold	30,560	29,894	29,657	29,440	28,761	28,730	27,708	27,179	27,234	26,868
Population served	864,715	864,653	865,109	864,144	868,882	866,933	863,921	860,919	861,074	852,208
Sewer Maintenance										
Sewer service backups	25	31	22	23	26	33	30	20	26	37
Street flooding complaints	3,092	3,023	3,096	1,808	2,523	3,350	2,448	1,935	1,573	2,513
Parking										
Citations issued	770,430	743,038	705,850	626,333	594,360	636,117	572,070	303,087	517,305	469,641
Vehicle tows	32,631	33,416	34,892	32,185	31,204	29,291	25,268	15,873	25,274	24,687
Port										
Metric tonnage total	2,618,312	3,022,657	2,711,347	2,441,072	2,573,475	2,393,877	2,668,624	2,812,008	2,348,419	2,272,972

Sources: Various city departments

See accompanying independent auditors' report.

CITY OF MILWAUKEE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS
LAST TEN YEARS

Table 17

Functions/Programs	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police										
Stations	8	8	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	537	521	504	505	505	418	426	415	398	381
Patrol motorcycles	56	55	55	56	56	56	56	63	64	62
Fire Stations	36	36	36	36	36	30	30	30	29	29
Public Works										
Streets - paved	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,425
Streets - unpaved	15	15	15	15	15	15	15	15	15	5
Alleys	414	414	414	414	414	414	414	414	414	414
Street lights	68,698	68,698	68,856	69,111	69,111	69,195	69,235	69,845	69,977	70,960
Alley lights	8,815	8,815	8,786	8,797	8,797	9,014	9,014	8,879	8,879	8,882
Garbage/snow trucks	180	180	180	192	183	177	180	183	187	180
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	130	138	138	138	138	138	138	144	144	130
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,962	1,963	1,962	1,962	1,961	1,961	1,961	1,960	1,960	1,960
Hydrants	19,870	19,870	19,846	19,862	19,861	19,865	19,876	19,889	19,867	19,864
Million gallons pumped	36,490	37,460	35,872	35,447	34,456	35,506	33,839	32,532	33,843	34,578
Million gallons consumed	30,560	29,894	29,657	29,440	28,760	28,967	27,905	27,337	27,483	27,056
Miles of Sewers										
Storm	965	965	966	967	967	968	968	963	965	963
Sanitary	943	943	944	945	945	945	945	978	945	946
Combined	547	547	551	551	551	551	551	557	551	551
Parking										
Parking lots	45	45	44	44	45	42	42	42	42	40
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	7	7	7	7	7	7	7	7	7	7
Rental warehouses and buildings	10	10	11	11	10	11	11	11	9	9
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	11	11	11	11	11	11	9	9	9	9
Vessel berths	17	17	17	17	17	17	17	17	17	17

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.

See accompanying independent auditors' report.