

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

ISSUE- BOOK-ENTRY-ONLY

RATINGS: S&P “___”; Fitch “___”
(See “THE OBLIGATIONS – Ratings” herein.)



CITY OF MILWAUKEE, WISCONSIN
\$50,000,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024 N5

Issuer	City of Milwaukee, Wisconsin (the “City”), is issuing the above-referenced notes (the “Obligations” or “N5 Notes”).
Yields	See inside front cover.
Interest Rates	See inside front cover.
Dated.....	Date of Issuance.
Interest Payment Date.....	Each June 1 and December 1, commencing June 1, 2025.
Principal Payment Date ..	See inside front cover (to be designated as maturity dates of serial notes or sinking fund payments of term notes 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 <i>ad valorem</i> 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 Obligations are subject to (i) mandatory sinking fund redemption and (ii) optional redemption on any date on and after December 1, 2034. 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. 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 F.
Delivery Date.....	The City expects that the Obligations will be available for delivery to DTC on or about October 23, 2024.

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:

Bill Christianson, 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

ELECTRONIC BIDS FOR THE N5 NOTES WILL BE RECEIVED
ON WEDNESDAY, OCTOBER 2, 2024 UNTIL 10:15 A.M. (CENTRAL TIME)

_____, 2024

* Preliminary; subject to change.

MATURITY SCHEDULES

\$50,000,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024 N5

Maturing (December 1)	Amount*	Interest Rate	Yield	CUSIP ⁽¹⁾ Base 602366
2025	\$3,740,000			
2026	3,750,000			
2027	3,755,000			
2028	3,755,000			
2029	3,760,000			
2030	3,760,000			
2031	3,760,000			
2032	3,705,000			
2033	3,705,000			
2034	3,705,000			
2035	2,515,000			
2036	2,515,000			
2037	2,520,000			
2038	2,525,000			
2039	2,530,000			

* 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 Underwriter 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 Underwriter 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 G. PEREZ

ALDERPERSONS

ANDREA M. PRATT
MARK CHAMBERS, JR.
JONATHAN BROSTOFF
ROBERT BAUMAN
LAMONT WESTMORELAND
MILELE A. COGGS
DIANDRE JACKSON
JOCASTA ZAMARRIPA
LARRESA TAYLOR
SHARLEN P. MOORE
PETER BURGELIS
SCOTT SPIKER
MARINA DIMITRIJEVIC
RUSSELL W. STAMPER, II

COMPTROLLER
BILL CHRISTIANSON

CITY TREASURER
SPENCER COGGS

CITY ATTORNEY
EVAN GOYKE

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:	\$50,000,000* General Obligation Promissory Notes, Series 2024 N5 (the “Obligations”)
Dated Date:	Date of Issuance.
Principal Due Date*:	December 1 of the years 2025 through 2039 for the Obligations*
Interest Payment Date:	Each June 1 and December 1, commencing June 1, 2025. 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. See “ TAX MATTERS ” herein.
Redemption*:	The Obligations are subject to (i) mandatory sinking fund redemption and (ii) optional redemption on any date on and after December 1, 2034. See “ THE OBLIGATIONS – Redemption Provisions ” herein.
Record Dates:	May 15 and November 15 (whether or not a business day).
Delivery:	Delivery of the Obligations will occur on or about October 23, 2024 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.
Ratings:	S&P: “___” Fitch: “___” See “ THE OBLIGATIONS – Ratings ” herein.

*Preliminary; subject to change.

INTRODUCTION

General

This Official Statement provides information about the \$50,000,000* General Obligation Promissory Notes, Series 2024 N5 (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) a resolution adopted by the Common Council of the City on January 17, 2024 authorizing the issuance of general obligation notes, and (ii) a resolution to be adopted by the City’s Public Debt Commission on October 2, 2024 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 577,922** 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 E**.

Additional Financing Plans

The City has lines of credit in place with each of U.S. Bank National Association and The Huntington National Bank, under which the City may draw funds (collectively, the “**Lines of Credit**”). As of September 15, 2024, 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, 2024. The City intends to renew the Lines of Credit prior to expiration in December, 2024.

* Preliminary; subject to change.

** U.S. Census Bureau 2020 decennial census.

THE OBLIGATIONS

General

The Obligations are dated their date of issuance, expected to be October 23, 2024, and bear interest from that date at the rates, and mature each December 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 June 1, 2025 and thereafter on each June 1 and December 1 and will be calculated on the basis of 30-day months and a 360-day year.

Redemption Provisions*

Optional Redemption

The Obligations are subject to optional redemption prior to their maturity, at the option of the City, on any date on and after December 1, 2034 at a price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Obligations maturing on December 1 in the years 20__ and 20__ (the “**Term Notes**”) 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 Term Notes:

Term Notes Maturing December 1, 20__

<u>Sinking Fund Redemption Date (December 1)</u>	<u>Principal Amount To be Redeemed</u>
20__	\$
20__	
20__ (Stated Maturity)	

Term Notes Maturing December 1, 20__

<u>Sinking Fund Redemption Date (December 1)</u>	<u>Principal Amount To be Redeemed</u>
20__	\$
20__	
20__ (Stated Maturity)	

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

Selection of Obligations to be Redeemed

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

* Preliminary; subject to change.

If less than all of the Obligations of the same maturity are called for redemption, the particular Obligations 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, or in the manner required by The Depository Trust Company, New York, New York (“**DTC**”), no earlier than 60 days and no later than 30 days prior to the redemption date, to the persons in whose name such Obligations 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 notice to DTC at least 15 days before the proposed redemption date. So long as the Obligations 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 Obligation called for redemption will cease to accrue on the redemption date so long as the Obligation 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 Fitch Ratings.

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 note certificates but instead will have their ownership in the Obligations recorded in the book-entry system. 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 Sections 67.05(10) and 67.12(12)(ee) of the Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the 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 Obligations (collectively, the “Project”)*</u>	
Streets	\$ 23,867,864
Public Buildings	8,158,099
Bridges	7,000,000
Police	3,895,225
Sanitation.....	2,969,844
Tax Incremental Districts	1,469,820
Fire	809,250
Parks.....	700,000
Library	413,444
Parking	384,838
Blight Elimination/Urban Renewal	331,616
Total	<u><u>\$ 50,000,000</u></u>

Estimated Sources and Uses*:

<u>Sources of Funds</u>	
Principal Amount of Obligations	\$50,000,000
[Net] Original Issue Premium	\$
Total Sources of Funds.....	\$
<u>Uses of Funds</u>	
Deposit to Borrowed Money Fund for Project	\$50,000,000
Deposit to Debt Service Fund Account	\$
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 [09/15]/24		Obligations*		Total Requirements After Issuance*
	Principal ⁽¹⁾⁽⁴⁾	Interest	Principal	Interest ⁽⁵⁾	
2024	\$ 925,000	\$18,093,020			\$19,018,020
2025	113,560,000	42,808,247	\$3,740,000	\$2,763,889	162,872,136
2026	102,005,000	37,801,296	3,750,000	2,313,000	145,869,296
2027	104,095,000	32,240,397	3,755,000	2,125,500	142,215,897
2028	153,620,000 ⁽²⁾	25,551,101	3,755,000	1,937,750	184,863,851
2029	85,320,000	20,260,853	3,760,000	1,750,000	111,090,853
2030	196,045,000 ⁽³⁾	15,643,514	3,760,000	1,562,000	217,010,514
2031	67,395,000	11,417,223	3,760,000	1,374,000	83,946,223
2032	56,740,000	8,728,309	3,705,000	1,186,000	70,359,309
2033	49,915,000	6,490,799	3,705,000	1,000,750	61,111,549
2034	36,710,000	4,708,231	3,705,000	815,500	45,938,731
2035	28,595,000	3,340,884	2,515,000	630,250	35,081,134
2036	22,775,000	2,242,443	2,515,000	504,500	28,036,943
2037	17,205,000	1,343,045	2,520,000	378,750	21,446,795
2038	11,225,000	675,008	2,525,000	252,750	14,677,757
2039	5,065,000	311,514	2,530,000	126,500	8,033,014
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>\$1,057,255,000⁽⁴⁾</u>	<u>\$231,920,638</u>	<u>\$50,000,000</u>	<u>\$18,721,139</u>	<u>\$1,357,896,777</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 \$37,100,000 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. The City must comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “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.

Section 55(b) of the Internal Revenue Code of 1986, as amended (the "Code") 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 regarding any current or future 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 note premium. No deduction is allowable for the amortizable note premium in the case of notes, 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 note premium must reduce his, her, or its tax basis in the Obligation by the amount of the amortizable note 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

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 2, 2024.

The award of the Obligations was made to _____, its co-managers and associates (the "**Underwriter**"), 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 Underwriter, the City will furnish to the Underwriter 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:

Bill Christianson, 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

Bill Christianson
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. Unless otherwise indicated, capitalized terms used in this APPENDIX A are defined in the Official Statement. Certain documents may be expressly incorporated into this APPENDIX A by reference; however, any websites listed in this APPENDIX A are provided for informational purposes only and are not incorporated by reference into this APPENDIX A.

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”).

The City 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. It is the 31st largest city in the United States, with an estimated population of 577,922*. 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 2024. 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 the City’s annual 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 its 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.

* U.S. Census Bureau 2020 decennial census.

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 (Employees' Retirement System Director), David Misky (Assistant Executive Director of the Redevelopment Authority of the City) and Mary Reavey (Retired City Assessment Commissioner).

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 African American mayor elected in the City, and the fourth elected mayor in the past sixty-two years. After graduating from 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, 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 2024, Bill Christianson was elected as Comptroller for the City. Prior to becoming the Comptroller, he served as the Deputy Comptroller beginning in 2022. His career with the City began in the Budget & Management Division in 2010, where he served for 12 years. He holds a Master's Degree in Public Administration from the University of Wisconsin-Milwaukee. He earned his Certified Public Finance Officer (CPFO) designation in 2023.

City Attorney. In April of 2024, Evan Goyke was elected as City Attorney. Prior to becoming the City Attorney, he served six terms in the Wisconsin State Assembly, representing diverse neighborhoods on the City's north and west sides. He is a 2009 graduate of Marquette University Law School and previously worked as an assistant state public defender and adjunct professor of law at Marquette.

City Treasurer. In April of 2012, Spencer Cogg 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 acting Superintendent, Eduardo Galvan, appointed in mid-June 2024 following the early June 2024 resignation of the Superintendent. MPS failed to timely submit to the Department of Public Instruction (“DPI”) the financial data necessary to receive state aid for the 2023-24 school year. Under the leadership of the acting Superintendent, MPS established new internal procedures and provided the necessary financial data to DPI. MPS is actively searching for a permanent Superintendent.

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, 2023, the City managed 31 active Business Improvement Districts, 10 Neighborhood Improvement Districts, 66 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 in 2020 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, which opened in 2017. 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 includes a 44-story, \$188 million mixed-use development with apartments and retail. The development includes a transit concourse to improve Milwaukee County’s east-west bus rapid transit system (See “INDUSTRY AND EMPLOYMENT – Transportation” below). The first 30 floors were available for

residents in April 2024 and the remaining floors were available in phases through July 2024; the project is substantially complete.

- 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 first 9 floors were available for residents in June 2024 and the remaining floors were available in phases through August 2024; the project is substantially complete.
- Michels Corporation continues construction of its \$100 million development on the Kinnickinnic River known as River One (R1ver). 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 was completed in May 2024.
- A 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 expected to open in 2026.
- 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 Employment by Sector*
(June 2024)

	<u>Employment</u>
Mining and Logging	5,000
Construction	38,400
Manufacturing	114,600
Trade, Transportation & Utilities	148,100
Information	11,100
Financial activities	49,600
Professional & Business Services	119,300
Education & Health Services	176,700
Leisure & Hospitality	85,300
Other Services	43,600
Government	<u>81,700</u>
	868,900

**Includes Milwaukee, Waukesha, and West Allis, Wisconsin metropolitan areas. Numbers do not include farm employment.
Source: Bureau of Labor Statistics, Milwaukee Area Economic Summary updated August 5, 2024.*

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	575,722	
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, 2019 through 2023 are set forth below. The monthly unemployment rate for the City as of June 2024 was 4.3%.

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>
2023*	4.3%	3.3%	3.0%	3.6%
2022	4.2	3.2	2.9	3.6
2021	6.4	4.4	3.8	5.3
2020*				
*	9.3	7.2	6.3	8.1
2019	4.3	3.4	3.2	3.7

Source: State of Wisconsin Department of Workforce Development (City of Milwaukee data); U.S. Department of Labor, Bureau of Labor Statistics (Milwaukee Metropolitan Area, State of Wisconsin and United States data). Not seasonally adjusted.

- Preliminary

** Reflects the effects of COVID-19 pandemic.

Employers

The Milwaukee metropolitan area is home to six 2024 Fortune 500 companies and five 2024 Fortune 1,000 companies, as set forth in the table below.

**Fortune 500 and 1,000
Companies Headquartered in the Milwaukee Metropolitan Service Area
(2024)**

	<u>Fortune Rank</u>
Northwestern Mutual Life Insurance Co.	111
Manpower Group	202
Kohl's Corp	226
Fiserv, Inc.	230
WEC Energy Group	404
Bath and Body Works	435
Rockwell Automation	476
Harley-Davidson, Inc.	572
Snap-on, Inc.	661
Generac Holdings	690
A.O. Smith Corp.	780
Quad/Graphics, Inc.	866

Source: visitmilwaukee.org

The non-governmental companies employing the greatest number of workers in Milwaukee County as of August 2024 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	32,000
Froedtert Health, Inc.	Health Care System	14,871
Ascension Wisconsin	Health Care System	10,300
Northwestern Mutual	Insurance, Investment Products	7,550
Roundy's Supermarkets, Inc.	Retail Supermarkets	7,500
Medical College of Wisconsin	Private Medical School	7,343
Children's Hospital and Health System	Health Care System	5,860
Kohl's Corp.	Retail	5,300
GE Healthcare	Health Care Technology	5,100
Milwaukee Tool	Manufacturing	4,900

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

Source: 2024 Business Journal of Greater Milwaukee (August 9-15, 2024, Vol 41, No. 50 printed edition).

Transportation

Public Transportation. Public transportation in the City is mainly provided by the Milwaukee County Transit System ("MCTS"), which contains 49 routes and 3,984 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 Regional 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 2023. 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 seven 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 2.4 million metric tons of cargo in 2023. 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 35 cities are served nonstop from MKE, and more than 200 destinations are available worldwide with one connection from Milwaukee. A total of 6,015,731 passengers used MKE in 2023, and passenger numbers are projected to increase for 2024 as a result of the Republican National Convention. MKE has earned a Best Airport – North America award for 2021, 2022, and 2023 from Airports Council International for providing an outstanding customer experience.

Government

The City has approximately 6,095 full-time employees as of August 23, 2024. Of that number, 2,304 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 Milwaukee Police Association and the Milwaukee Professional Fire Fighters' Association expired on December 31, 2022. The City's contract with the Milwaukee Police Supervisors' Organization expires on December 31, 2024. Negotiations with the Unions for new contracts are on-going.

Construction and Housing

Building Permits

The following table indicates building permit activity between 2019 and 2023.

Value of Permits

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2023	\$ 42,546,638	\$ 446,696,805	\$ 489,243,433
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

Permits Issued

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2023	1,693	1,020	2,713
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

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 \$6.4 million and \$137.4 million, respectively, on September 15, 2024.

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 and "A3" from Fitch Ratings.

Outstanding Bonds

The City's *pro forma* general obligation debt outstanding totaled \$1,150,355,000 as of September 15, 2024 (assuming the N5 Notes 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 September 15, 2024.

<u>General Obligation Purpose</u>	<u>Principal Amount</u>
Streets	\$ 306,973,038
Tax Increment Districts	142,489,186
Cash Flow Notes	119,000,000
Public Buildings	104,605,305
Finance Real & Personal Property Tax Receivables	85,936,480
Municipal Expenses	85,691,192
Police	57,950,518
Bridges	55,307,847
Schools	50,130,000
Sanitation	47,337,521
Blight Elimination/Urban Renewal	25,900,512
Library	22,592,796
Fire	21,792,268
Parking	15,833,878
Harbor	4,876,770
Playground/Recreational Facilities	3,188,117
Sewers	<u>749,574</u>
Total Outstanding GO Debt	\$ 1,150,355,000

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 \$431,527,488, or 36.6%, of the total *pro forma* general obligation debt outstanding as of September 15, 2024 (assuming the N5 Notes 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 September 15, 2024 is set forth below.

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Debt</u>
Area Board of Vocational, Technical and Adult Education, District No. 9*	\$ 79,780,000	43.20%	\$ 34,462,067
County of Milwaukee	342,519,377	45.68%	156,465,719
Milwaukee Metropolitan Sewerage District*	<u>802,527,768</u>	54.49%	<u>437,324,701</u>
Total Overlapping Debt	\$1,224,827,145		\$628,252,487

* Reflects 2023 Equalized Values; 2024 Equalized Values not available as of the date of this Preliminary Official Statement.

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 September 15, 2024 (assuming the N5 Notes been issued as of such date).

Statutory Debt Limit Calculation

Equalized Value of Taxable Property in the City	\$ 46,534,366,600
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Legal Debt Limitation for City Borrowing

5% of Equalized Value.....	\$ 2,326,718,330
General Obligation Debt Outstanding subject to 5% limit as of 09/15/2024	\$ 1,100,355,000
Plus: N5 Notes	\$ 50,000,000
Less: Short Term General Obligation Debt to be Refunded/Redeemed	-
Net General Obligation Debt Outstanding subject to the 5% limit as of 09/15/2024.....	\$ 1,150,355,000
Total Debt Margin for City Borrowing (in Dollars).....	\$ 1,176,363,330
As a percentage	50.6%

Legal Debt Limitation for School Purpose Borrowing

2% of Equalized Value.....	\$ 930,687,332
General Obligation Debt Outstanding subject to 2% limit as of 09/15/2024.....	\$ 0
Net General Obligation Debt Outstanding subject to the 2% limit as of 09/15/2024.....	\$ 0
Total Debt Margin for School Purpose Borrowing (in Dollars).....	\$ 930,687,332
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 September 15, 2024, \$50,130,000 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 September 15, 2024, the outstanding balance of Safe Drinking Water loans was \$90.5 million and the outstanding balance of Clean Water Fund loans was \$151.8 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 September 15, 2024, \$143 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 \$84 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 Section 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 September 15, 2024, RACM bonds outstanding for MPS expenditures (“**RACM-MPS Bonds**”) totaled \$255 million. The RACM-MPS Bonds are comprised of eight 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 September 15, 2024, RACM had one bond issue outstanding for the Port of Milwaukee in a principal amount of \$4.9 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 September 15, 2024, HACM had \$12 million of mortgage revenue bonds outstanding.

The Department of Housing and Human Development (“HUD”) issued a report that included an allegation of serious deficiencies in the operations of HACM. HACM operates independently from the City (including, but not limited to, determining its own budget, issuing revenue bonds and establishing and revising rents or charges without the City’s consent) and, as a result, the City is limited in its ability to address the deficiencies in operations alleged in the HUD report. The City does have the ability to address certain identified inspection related concerns. To that end, the City passed an ordinance to allow the Department of Neighborhood Services to inspect HACM properties and issue code violations, which began on January 1, 2024.

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 2023 fund balance of the General Obligation Debt Service Fund decreased by \$3.8 million to \$30.5 million compared to the 2022 balance of \$34.3 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 2022 to use for the 2023 budget was \$3 million. The 2024 Budget did not include a withdrawal from the PDAF in 2023.

The PDAF unsegregated balance for the period from 2021 to 2023 is below.

<u>Year</u> <u>(December 31)</u>	<u>PDAF Balance</u>
2023	\$ 54,162,908
2022	43,898,485
2021	43,131,377

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, 2023, 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 2022 and 2023, by category, are set forth below.

Governmental Activities Revenues
(Thousands of Dollars)

Category	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property taxes	\$ 376,609	32%	\$ 368,200	34%
State aids	273,846	23	273,305	25
Charges for services	170,547	15	177,642	17
Grants and contributions	235,389	20	209,219	19
Miscellaneous	<u>113,233</u>	<u>10</u>	<u>50,366</u>	<u>5</u>
Total	\$1,169,624	100%	\$1,081,732	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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City (Controlled by the Common Council): General City Purpose	\$ 115,229,998	\$ 112,786,102	\$ 85,038,772	\$ 88,461,529	\$ 96,730,870
Provision for Employee Retirement	96,710,343	97,347,853	129,314,718	118,230,671	70,408,886
Capital Improvement Program	566,000	620,115	315,000	965,000	38,879,000
City Debt (including MPS debt)	73,512,200	83,446,500	85,434,549	98,545,626	106,677,819
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	\$ 291,018,541	\$ 299,200,570	\$ 305,103,039	\$ 311,202,826	\$ 317,696,575

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 September 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.

2020-2024 Equalized Value by Class of Property

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	\$ 16,400,446,700	\$ 19,741,611,600	\$ 22,242,016,900	\$ 24,991,737,900	\$ 26,760,706,800
Commercial	13,486,451,500	14,001,423,300	15,698,245,500	16,936,832,300	18,674,279,300
Manufacturing	816,715,100	841,168,500	861,103,500	1,098,507,600	1,099,360,500
Total Real Estate	30,703,613,300	34,584,203,400	38,801,365,900	43,027,077,800	46,534,366,600
Personal Property	<u>771,489,000</u>	<u>754,070,600</u>	<u>646,873,100</u>	<u>746,760,700</u>	<u>0</u>
Total Taxable Assessed Valuation	\$ 31,475,102,300	\$ 35,338,274,000	\$ 39,448,239,000	\$ 43,773,838,500	\$ 46,534,366,000

Top Ten Property Taxpayers by EAV

The top 10 property taxpayers in 2024, based on the 2023 Equalized Assessed Valuation (“EAV”), are shown in the following table.

<u>Taxpayer</u>	<u>2023 EAV</u>
Northwestern Mutual	\$ 529,696,168
Berrada Properties	399,168,742
Mandel Group	357,077,973
Weidner Investments	249,540,676
US Bank Corp	234,684,150
Irgens	193,581,292
Katz Properties	159,778,900
New Land Investments	156,996,766
Metropolitan Associates	140,176,019
Marcus Corp	135,083,358

Source: City Assessor’s Office January 2024.

Delinquent Property Taxes, Special Assessments and Charges

On December 31, 2023, 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:

	City Levy	Purchased Taxes Receivables (Thousands of Dollars)	Total
2018 and Prior	\$ 7,724	\$ 1,003	\$ 8,727
2019	2,229	254	2,483
2020	2,569	256	2,825
2021	5,691	662	6,353
2022	16,897	2,309	19,206
Total delinquent property taxes receivable	\$ 35,110	\$ 4,484	\$39,594
Property taxes receivable on foreclosed property			42,801
Less: Allowance for uncollectable taxes.....			(4,863)
Net delinquent property taxes receivable, including tax deeded property.....			\$47,532

The City issues general obligation notes to provide funds for purchases of delinquent taxes. The City issued \$19.2 million in general obligation notes to finance delinquent tax borrowing in the spring of 2024.

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 County and Municipal Aid and Utility Aid Programs (“CMA”); Supplemental CMA; and the Expenditure Restraint Incentive Program (“ERP”).

CMA base payments remain the same for 2024 as they were in 2023. Supplemental CMA was created by 2023 Wisconsin Act 12 (“**2023 Act 12**”), enacted into law on June 20, 2023, and will be paid to counties and municipalities in 2024. In 2024 the City will receive 10% of its base CMA payment, or \$21.7 million in Supplement CMA. Payments in 2025 and beyond for both CMA and Supplemental CMA will be adjusted based on State sales tax revenues which are expected to increase over time. Payments will be based on the proportion of the total payment a county or municipality received from the State CMA/supplemental CMA in 2024 multiplied by the total amount for the year in the CMA/supplemental CMA account, which is based on State sales tax revenues.

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 have been calculated based on a set formula, and the aggregate amount provided by the State to all qualifying municipalities has been unchanged since 2003. From 2024 to 2025 payments for this program are frozen.

As a result of 2023 Act 12, every county and municipality is required to submit a new maintenance of effort report to the Wisconsin Department of Revenue (“**DOR**”), starting in 2024, to certify they have maintained the level of law enforcement, fire, and emergency medical services equivalent to the prior year. There are penalties in the form of shared revenue deductions for counties and municipalities not satisfying the maintenance of effort requirements each year. As these new forms are created, DOR will provide instruction, training, and various reminders to file timely.

- **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 American Rescue Plan Act of 2021 (“**ARPA**”) funds, State funding for transportation and public works, among others.

CARES Act and ARPA

In 2020, the City was allocated approximately \$103 million of grant assistance under the Coronavirus Aid, Relief, and Economic Security Act (“**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.

In 2021, the City was awarded a direct payment under ARPA totaling \$394.2 million. The first half of ARPA funds was received in 2021, with the second half received on June 6, 2022. To date, approximately \$342 million of ARPA funds has been allocated 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.

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 totaled \$49 million. In 2024, these revenues are budgeted to total \$31 million.

- **Fines and Forfeitures:** In 2023, revenue from licenses and permits totaled \$2.4 million. In 2024 these revenues are budgeted to total \$3.0 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 totaled \$19.6 million. In 2024, these revenues are budgeted to total \$17.9 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 totaled \$52.8 million in 2023. This offset is budgeted to total \$59.2 million in 2024.
- **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, 2024 was \$64.6 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 2024 Budget does not include a withdrawal on the tax stabilization fund.

Revenue from the City's business-type activities for 2023, by category, are set forth below.

Business-Type Program Revenues
(Millions of Dollars)

	<u>Amount</u>	<u>Percentage of Total</u>	
		<u>Revenue</u>	<u>Expense</u>
Water.....	\$ 112	38%	44%
Sewer.....	79	27	31
Transportation.....	36	12	14
Port.....	10	3	4
MMSD sewer user charges.	<u>60</u>	<u>20</u>	<u>24</u>
Total.....	\$ 297	100%	117%

Establishment of a City Sales and Use Tax

2023 Act 12 provides, among other things, for 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 was January 1, 2024.

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

The 2024 Budget includes an estimate of \$184 million for revenue generated from the sales and use tax, net of administrative expenses. Of that figure, approximately \$156 million will be used for payments to the City's retirement system.

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>2023</u>	<u>% of Total</u>	<u>2022</u>	<u>% of Total</u>	<u>2023</u>	<u>2022</u>
General government.....	\$ 218,436	19%	\$ 195,073	19%	\$ 165,685	\$ 139,207
Public safety.....	527,757	45	469,399	47	362,960	325,161
Public works.....	215,450	19	201,732	20	97,819	74,686
Health.....	41,758	4	33,242	3	17,786	8,031
Culture and recreation.....	41,021	4	30,531	3	27,996	23,754
Conservation and development.....	72,597	6	51,738	5	38,837	24,015
Interest on long-term debt.....	<u>33,300</u>	<u>3</u>	<u>28,235</u>	<u>3</u>	<u>33,300</u>	<u>28,235</u>
Total Governmental Activities.....	\$ 1,150,319	100%	\$ 1,009,950	100%	\$ 744,383	\$ 623,089

Long-Term Liabilities

As of December 31, 2023, the City's unaudited long-term liabilities were \$4.209 billion (which included \$213 million of short-term amortization), as set forth in more detail below.

Total Long-term Liabilities
(Millions of Dollars)

	<u>2023</u>	<u>2022</u>
Outstanding debt.....	\$ 1,677	\$ 1,659
OPEB.....	1,115	1,229
Pension.....	1,283	381
Compensated absences.....	50	48
Claims and judgments ⁽¹⁾	<u>84</u>	<u>60</u>
Total.....	\$ 4,209	\$ 3,377

⁽¹⁾ Includes \$47.3 in legal claims, \$11.7 of workers' compensation claims, \$24.1 in environmental impairment/pollution remediation obligations and \$0.9 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 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 \$6 million from December 31, 2022 to December 31, 2023, which was driven by an increase to other revenue.

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)

Revenues and Other Financing Sources

<u>Revenues:</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Property taxes	\$ 211,692	\$ 219,354	\$ 216,995	-3.5%
Other taxes	4,273	3,183	4,286	34.2
Licenses and permits	19,596	19,801	17,197	-1.0
Intergovernmental	273,846	273,305	275,702	0.2
Charges for services	163,847	165,994	147,310	-1.3
Fines and forfeits	2,429	3,162	2,578	-23.2
Contributions received	3,140	2,865	2,235	9.6
Other	<u>29,807</u>	<u>15,168</u>	<u>14,648</u>	<u>95.5</u>
Total Revenues	\$ 708,630	\$ 702,832	\$ 680,951	0.8%
Excess of Revenues over Expenditures	(11,261)	(7,756)	(49,699)	45.2
Other Financing Sources Debt proceeds and	76,884	7,351		
Proceeds of Subscription Arrangements			900	945.9
Transfers in	<u>32,520</u>	<u>33,762</u>	<u>38,921</u>	<u>-3.7</u>
Total Revenues and Other Financing Sources	\$ 818,034	\$ 743,945	\$ 720,772	2.9%

Expenditures and Other Financing Uses

<u>Expenditures</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>% Change</u>
General government	\$ 288,456	\$ 297,247	\$ 273,787	-3.0%
Public safety	265,662	285,902	312,937	-7.1
Public works	112,155	95,916	107,360	16.9
Health	13,350	7,432	12,687	79.6
Culture and recreation	20,601	19,903	19,203	3.5
Conservation and development	<u>4,783</u>	<u>4,188</u>	<u>4,676</u>	<u>14.2</u>
Capital Outlay	<u>14,884</u>			
Other Total Expenditures	\$ 719,891	\$ 710,588	\$ 730,650	1.3%
<u>Other Financing Uses</u>				
Transfers out	<u>63,234</u>	<u>8,260</u>	<u>2,109</u>	<u>665.5</u>
Total Expenditures and Other Financing				
Uses	<u>\$ 783,125</u>	<u>\$ 718,848</u>	<u>\$ 732,759</u>	<u>8.9</u>
Net Change in Fund Balance	\$ 34,909	\$ 25,097	\$ (11,987)	39.1%

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 2022 and 2023 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 Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital assets not being depreciated:						
Land	\$ 166,374	\$ 166,469	\$ 19,434	\$ 19,252	\$185,808	\$ 185,721
Construction in progress	143,283	148,073	35,295	32,871	178,578	180,944
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated						
Buildings	404,520	401,274	141,671	135,087	546,191	536,361
Infrastructure	1,925,920	1,886,815	1,469,001	1,412,998	3,394,921	3,299,813
Improvements other than buildings	11,776	11,966	15,550	15,550	27,326	27,516
Machinery and equipment	273,174	267,284	331,754	322,258	604,928	589,542
Intangible software	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,791	3,791	3,791	3,791
Accumulated depreciation	<u>(1,590,026)</u>	<u>(1,557,135)</u>	<u>(672,254)</u>	<u>(647,101)</u>	<u>(2,262,280)</u>	<u>(2,204,236)</u>
Total capital assets being depreciated and amortized, net	<u>\$1,351,085</u>	<u>\$ 1,340,810</u>	<u>\$ 1,344,242</u>	<u>\$ 1,294,706</u>	<u>\$2,695,327</u>	<u>\$ 2,640,501</u>
Right of use assets*	20,870	4,985	-	-	20,870	4,985
Total*	<u>\$ 1,371,955</u>	<u>\$1,345,795</u>	<u>\$1,344,242</u>	<u>\$1,294,706</u>	<u>\$2,716,197</u>	<u>\$2,640,501</u>
Net investment in capital assets	\$948,355	\$ 963,538	\$892,838	\$ 837,114	\$1,841,193	\$ 1,800,652

* Amounts were adjusted to reflect the implementation of GASB 96, net of amortization

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 2024 include improving the useful life of 224 miles of streets and funding for 2,200 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 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	\$ 179,001	\$ 157,582	\$ 191,218	\$ 159,084	\$ 200,280	\$ 158,159	\$ 1,045,324
Levy supported GO							
Borrowing	\$ 93,783	\$ 93,568	\$ 103,849	\$ 99,167	\$ 96,358	\$ 98,610	\$ 585,335
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	\$ 184,343	\$ 166,201	\$ 205,141	\$ 171,772	\$ 212,968	\$ 170,847	\$ 1,111,272
Tax Incremental Districts							
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 5.13% in 2023. 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 2023 of 2.45% on about \$29.9 million in investments.

Employees' Retirement System

The Employees' 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, 2024, the measurement date, the membership of the plan was as follows:

Plan members currently receiving benefits	13,867
Inactive plan members entitled to, but not yet receiving benefits	6,136
Current employees:	
Vested	6,995
Non-Vested	<u>3113</u>
Total	30,111

2023 Act 12 included, as a prerequisite to implementation of the City sales and use tax, 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 mandated 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%. In June 2024, ERS’ actuary presented the January 1, 2024 actuarial valuation to the Board. The valuation was based on the actuarial assumptions and methods adopted by the Board, taking into account the requirements of 2023 Act 12, 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 \$6.0 billion as of January 1, 2024. The actuarial liability was \$7.8 billion, the unfunded actuarial liability was \$1.8 billion, and the present value of future normal costs was \$962 million. The ERS’s funded ratio, which is the ratio of actuarial assets to actuarial liability, decreased from 82.7% in 2023 to 76.7% in 2023.

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

Year Ended <u>Dec. 31</u>	Required <u>Contribution</u>	Percentage of Required Contribution <u>Contributed</u>	Net Pension <u>Liability</u>
2023	\$130,274	100.0%	\$1,282,532
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

* Assumptions and methods were updated based on the recommendations of a new actuary.
Source: City’s 2023 and prior years’ Annual Comprehensive Financial Reports.

Schedule of Funding Progress

Valuation As of Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2023*	\$ 6,008,486	\$ 7,829,371	\$ 1,820,885	76.7%	\$ 662,236	275.0%
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

* Assumptions and methods were updated based on the requirements of 2023 Act 12. This increased the actuarial accrued liability by \$563.9 million.

Source: Table 15 of the Actuarial Valuation Report as of January 1, 2024.

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 2023 was \$127.1 million for all ERS employers and was due to ERS by January 31, 2024. This contribution represents 29.6% 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 2023 was 9.98%, which outperformed the investment policy for the long-term expected return assumption for 2023.

The January 1, 2024 actuarial valuation report can be found at:

<https://www.cmers.com/CMERS/Reports/Actuary/2024-CMERS-Valuation-Document-Final.pdf>

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 2023, the City paid approximately \$35 million and \$3.5 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 Dec. 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2023	\$ 9,442	407.4%	\$ 1,114,845
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

Source: City's 2023 and prior years' Annual Comprehensive Financial Reports.

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of Jan. 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2023	\$0	\$ 1,114,845	\$ 1,114,845	0.0%	\$ 311,463	358%
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

Source: City's 2023 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 2024 budget was adopted by the Common Council on November 3, 2023 and finalized on November 21, 2023. The 2024 Budget is available at <https://city.milwaukee.gov/doa/budget/Milwaukee-Budgets>.

Adopted Budget – Combined Revenues – 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
<u>Taxes</u>						
Property Tax – General	\$ 96,730,870		\$ 106,677,819	\$ 38,879,000		\$ 242,287,689
Provision for Employee Retirement (1)	70,408,886					70,408,886
Local Sales Tax for Employee Retirement	155,668,000					155,668,000
Contingent Fund	<u>5,000,000</u>					<u>5,000,000</u>
Total Taxes	<u>\$ 328,107,756</u>	=	<u>\$ 106,677,819</u>	<u>\$ 38,879,000</u>	=	<u>\$ 473,664,575</u>
<u>Revenues</u>						
Taxes and PILOT	\$ 47,084,000					\$ 47,084,000
Licenses and Permits	17,857,000					17,857,000
Intergovernmental Revenues	295,496,000	\$ 166,900,995				462,396,995
Charges for Service	174,177,564					174,177,564
Fines and Forfeitures	3,001,000					3,001,000
Miscellaneous Revenues	30,993,000	10,619,045				41,612,045
Fringe benefits (2)	59,200,000					59,200,000
Parking			\$ 3,663,780		\$ 38,811,707	42,475,487
Water Works			2,224,375	\$ 10,000	110,369,299	112,603,674
Sewer Maintenance Fund			1,668,271	3,700,000	74,109,379	79,477,650
Retained Earnings					10,620,382	10,620,382
Delinquent Taxes			13,894,708			13,892,708
Tax Incremental Districts			22,128,326			22,128,326
Other Self Supporting Debt			4,578,484			4,578,484
Cash Flow borrowings			114,000,000			114,000,000
Special Assessments						5,510,000
Capital Revenue						<u>31,496,174</u>
<u>Total Revenues</u>	<u>\$ 627,808,654</u>	<u>\$ 177,520,040</u>	<u>\$ 162,155,944</u>	<u>\$ 40,716,174</u>	<u>\$ 233,910,767</u>	<u>\$ 1,242,111,489</u>

Adopted Budget – Combined Revenues – 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
<u>Tax Stabilization Fund</u>						
Transfer from Reserves	\$ 0					\$ 0
<u>Sale of Bonds and Notes</u>						
General City				\$ 120,999,084		
Enterprise Funds				<u>72,110,000</u>		
<u>Grand Total</u>	<u>\$ 955,916,320</u>	<u>\$ 177,520,040</u>	<u>\$ 268,833,763</u>	<u>\$ 277,191,247</u>	<u>\$ 233,910,767</u>	<u>\$ 1,913,372,137</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 – 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
<u>Expenditures</u>						
Administration, Dept. of	\$ 14,540,829			\$ 8,945,000		\$ 23,485,829
Assessor's Office	2,142,959					2,142,959
City Attorney	3,321,967					3,321,967
City Treasurer	2,458,640					2,458,640
Common Council – Clerk	5,274,504			95,000		5,369,504
Municipal Court	1,438,166			760,000		2,198,166
Comptroller	1,924,083					1,924,083
Dept. of City Development	2,178,454			43,100,000		45,278,454
Election Commission	4,641,013					4,641,013
Emergency Communications, Dept. of	10,366,425			113,000		10,479,425
Employee Relations, Dept. of	2,240,928					2,240,928
Fire and Police Commission	3,253,099					3,253,099
Fire Department	143,047,117			6,260,000		149,307,117
Health Department	19,431,271					19,431,271
Library Board	14,720,741			3,470,000		18,190,741
Mayor's Office	661,182					661,182
Neighborhood Services	10,473,044			4,064,000		14,537,044

Adopted Budget – Combined Appropriations – 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Police Department	304,124,605			20,835,000		324,959,605
Port of Milwaukee	6,743,282			3,589,714		10,332,996
DPW–Administration	2,063,831					2,063,831
DPW–Infrastructure	39,321,573			81,666,370		120,987,943
DPW–Operations	104,428,303			13,471,174		117,899,477
Water Works			\$ 2,224,375	50,495,000	\$ 121,878,966	174,598,341
Sewer Maintenance Fund			1,668,271	26,400,000	79,835,786	107,904,057
Special Purpose Accounts	178,196,625					178,196,625
Pension Funds	253,587,168					253,587,168
Debt Service – City			139,090,327			139,090,327
Debt Service – Schools			8,187,010			8,187,010
Debt Service – Cash Flow			114,000,000			114,000,000
Contingency	5,000,000					5,000,000
Delinquent Tax Fund		\$ 10,619,045				10,619,045
Parking			3,663,780	3,411,989	32,196,015	39,271,784
Grant & Aid Fund		166,900,955				166,900,955
Special Capital Projects				10,515,000		10,515,000
Economic Development						
Fringe Benefit Offset	(179,663,489)					(163,714,990)
<u>Grand Total</u>	<u>\$ 955,916,320</u>	<u>\$ 177,520,040</u>	<u>\$ 268,833,763</u>	<u>\$ 277,191,247</u>	<u>\$ 233,910,767</u>	<u>\$ 1,913,372,137</u>

Budgetary Comparison Schedule – General Fund
For the Years Ending December 31, 2019 Through 2023
(Thousands of Dollars)

<u>Revenues:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Property Taxes	\$ 204,786	\$ 216,940	\$ 216,995	\$ 219,354	\$ 211,692
Other Taxes	3,821	3,508	4,286	3,183	4,273
Licenses and Permits	18,502	13,977	17,197	19,801	19,596
Intergovernmental	270,575	273,422	275,702	273,305	273,846
Charges for Services	125,728	119,608	131,251	148,879	145,712
Fines and Forfeitures	2,633	2,008	2,578	3,162	2,429
Other	23,971	9,975	14,648	15,168	29,807
Total General Fund Revenues	<u>\$ 650,016</u>	<u>\$ 639,438</u>	<u>\$ 662,657</u>	<u>\$ 682,852</u>	<u>\$ 687,355</u>
Tax Stabilization Fund Withdrawals	16,000	10,000	6,500	4,000	-
Other Financing Sources and Equity Transfers (Net)	<u>71,380</u>	<u>168,379</u>	<u>37,880</u>	<u>28,994</u>	<u>45,851</u>
Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources	<u>\$ 737,396</u>	<u>\$ 817,817</u>	<u>\$ 707,037</u>	<u>\$ 715,846</u>	<u>\$ 733,206</u>
<u>Expenditures:</u>					
General Government	\$ 275,018	\$ 244,495	\$ 257,271	\$ 279,635	\$ 269,621
Public Safety	319,348	304,221	312,277	284,772	264,107
Public Works	107,133	96,564	107,321	95,861	111,931
Health	11,818	8,561	12,623	7,335	13,308
Culture and Recreation	18,078	13,965	18,359	18,961	19,666
Conservation and Development	4,506	4,108	4,673	4,185	4,780
Capital Outlay					14,884
Total Expenditures	<u>\$ 735,901</u>	<u>\$ 671,914</u>	<u>\$ 712,524</u>	<u>\$ 690,749</u>	<u>\$ 698,297</u>
Sources Over (Under) Expenditures	1,495	145,903	(5,487)	25,097	34,909
Fund Balance - January 1 (excludes reserved for use during the year)	50,994	42,489	181,892	176,405	201,502
Fund Balance - December 31	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>	<u>\$ 236,411</u>
<u>Fund Balance Components:</u>					
Nonspendable	\$ 21,621	\$ 21,206	\$ 23,377	\$ 31,509	\$ 27,342
Restricted	-	-	-	-	-
Committed	2,949	123,007	122,337	123,261	123,247
Assigned	20,580	27,220	21,610	26,588	26,123
Unassigned	<u>7,339</u>	<u>16,959</u>	<u>9,081</u>	<u>20,144</u>	<u>59,699</u>
<u>Total Fund Balance</u>	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>	<u>\$ 236,411</u>
Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget	\$ 16,000	\$ 6,500	\$ 4,000	-	-
Reserved for Subsequent Years' Budget	\$ 24,327	\$ 23,854	\$ 14,696	\$ 29,385	\$64,600

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 accrual for legal claims included approximately \$47.3 million in 2023.

Cybersecurity

The City and 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 to reduce GHG emissions 45% from 2018 levels by 2030, and achieve net zero GHG emissions by 2050, which 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 megawatt 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 2024 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

_____, 2024

City of Milwaukee
200 East Wells Street
Milwaukee, Wisconsin 53202

Subject: \$50,000,000*
City of Milwaukee, Wisconsin
General Obligation Promissory Notes, Series 2024 N5

We have acted as co-bond counsel to the City of Milwaukee, Wisconsin (the “**Issuer**”) in connection with the issuance of its \$50,000,000* General Obligation Promissory Notes, Series 2024 N5 dated _____, 2024 (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. 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

* Preliminary; subject to change.

Obligations were issued. We express no opinion about other federal tax law consequences relating to the Obligations.

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 2024 N5

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT

Date of Issue:

_____, 2024

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 ____, 2024.

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 certificate will be issued for each maturity 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 Obligations 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 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 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; OR (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OBLIGATIONS.

APPENDIX E

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MILWAUKEE, WISCONSIN FOR THE YEAR ENDED DECEMBER 31, 2023

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 E**.



Annual Comprehensive Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2023

Office of the Comptroller

**Bill Christianson
Comptroller**

CITY OF MILWAUKEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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I N T R O D U C T O R Y S E C T I O N

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Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

July 25, 2024

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, 2023. 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, 2023, 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, 2023, 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 2024. 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 2023: 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 2023 Wisconsin Department of Administration estimated population of 575,722. 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, Baird Center, American Family Field, Fiserv Forum, the Calatrava (an internationally renowned addition to the Milwaukee Art Museum) and Pier Wisconsin. 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 the local, state and regional economies, Port Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. With access to the Gulf of Mexico through the Inland River System and the eastern seaboard via the Great Lakes St. Lawrence Seaway, Port Milwaukee serves as a transportation and logistics hub, supporting commerce throughout the surrounding region. The Port of Milwaukee processed 2.36 million metric tons of cargo in 2023. Principal inbound commodities included cement, machinery, steel, salt, and limestone. Outbound commodities included bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. Commodities are transported via vessel, truck and rail. The port is served by the Union Pacific and Canadian Pacific Kansas City railways, and has convenient access to the interstate highway system. Port Milwaukee is home to more than 20 tenants operating various businesses connected to the movement of commercial cargoes. The list also includes government agencies like the U.S. Coast Guard and U.S. Naval Reserve, who serve as partners in harbor security operations. Commercial tenants include terminal operators, stevedores, trucking companies, and liquid bulk companies.

Economic development is encouraged to promote the growth of employment opportunities for the residents 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, 2023 the City managed 31 active Business Improvement Districts, 10 Neighborhood Improvement Districts, 66 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 \$181 million as depicted in Note 14.

The City of Milwaukee continues to provide new and enhanced transportation options. The Streetcar's new Lakefront Line has a nearly 2-mile route that fully opened to the public in April 2024. The new line connects the existing streetcar line to Milwaukee's lakefront, which increases accessibility to Henry Maier Festival Park, Milwaukee Art Museum, Discovery World, and Veterans Park. Additionally, the City of Milwaukee has added to its bike infrastructure and now has over 160 miles of bike lanes, including protected bike lands, buffered bike lanes, and bike boulevards.

Downtown has had a building boom over the last decade. BMO Harris Bank completed a new 25-story office tower in the heart of downtown. 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 2021 NBA champion Milwaukee Bucks franchise has driven development with their new arena, the Fiserv Forum, and the Deer District, an entertainment destination adjacent to the arena featuring an outdoor plaza and many food and beverage establishments. The Deer District continued expansion with the construction of The Trade, a new 200 room hotel just steps away from the Fiserv Forum. The Trade opened its doors in May 2023. Additionally, FPC Live broke ground on a 4,500-person concert venue in May 2024. The venue, which is expected to be completed in fall of 2025, will be located on Vel R. Phillips Avenue across Highland Avenue from the Fiserv Forum.

Two all new high-rises, known as the Couture, and 333 Water finished construction in 2024. The Couture, is a 44 story skyscraper that features 312 apartments, as well as restaurants, retailers, 1,100 new parking spaces, and the final stop of the Lakefront Line of the City of Milwaukee's Streetcar. The \$188 million mixed-use development created an estimated 2,000 jobs which, similar to other downtown projects, emphasized the hiring of City residents. 333 Water, is a 31 story mixed-use tower situated in the city's Third Ward, and provides 333 new apartments for the downtown region.

ThriveOn King Drive is a \$105 million mixed-use development that opened in June 2024 in the Bronzeville neighborhood. This former 400,000 square foot department store holds an early childhood education space, 90 residential units, and a first-floor community space. Additionally, this space will host headquarters offices for major Milwaukee institutions such as the Medical College of Wisconsin and the Greater Milwaukee Foundation.

The Wisconsin Center District continued expansion and renovation of the state's largest convention center in 2023. This phase will bring the total exhibition hall space of the Baird Center to 300,000 contiguous square feet, as well as 24 new meeting rooms and a ballroom with seating for 2,000. The Baird Center is projected to stimulate at least \$12.6 billion in total spending in the state over 30 years. Construction was completed in May 2024, in time to host the Republican National Convention.

Vel R. Philips Plaza is a 30,000 square foot public plaza being constructed on Wisconsin Avenue across from the Baird Center. It will feature food and beverage retail space, a garden, public art installations, and flexible space for events. The plaza is planned to be completed in summer of 2024.

A 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 located 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 2026. The new professional outdoor soccer team will compete in the USL Championship League and will mark the return of professional outdoor soccer in Milwaukee for the first time since 2002.

The Milwaukee Public Museum broke ground on a brand new 200,000 square foot building inspired by geological formations found at Mill Bluff State Park. The project is expected to be open to the public in early 2027. The project will be in a new location separate from the current public museum, on 6th Street across from the Deer District. The current location will remain open to the public during construction, and the new museum is expected to bring in 5.5 million visitors within the first decade.

Milwaukee was selected as the host city for the 2024 Republican National Convention. The three-day attraction will utilize the Fiserv Forum, UWM Panther Arena and the newly expanded Baird Center for its festivities. The event has the potential to attract around 50,000 visitors to the region, which is expected to be one of the largest political gatherings in Milwaukee's history and generate an estimated economic impact of up to \$200 million for the region. This large event will further show that Milwaukee is a first-class city capable of hosting large scale, high-profile events.

Fiserv formally opened their global headquarters in Downtown Milwaukee in March 2024. The Fortune 500 Company has called Wisconsin home for over 40 years, and the new state of the art campus reaffirms their commitment to the City of Milwaukee.

The MLK Library Apartments project will give residents both a state-of-the-art green library, and additional affordable housing. The redevelopment on the corner of Locust Street and Martin Luther King, Jr. Drive consists of an 18,000 square foot facility, and 93 affordable housing units. Above the library will be three stories of apartments. The greater development includes two other buildings, including the Garfield Theatre. The theater has its exterior façade restored along with its trademark marquee. In an effort to bring more affordable housing options to the current neighborhood's population, 20% of the units will be prioritized for people that already live in the area. In addition, units will be set aside for those in need of supportive housing as well as veterans. It will feature geothermal heating and cooling along with solar panels and is expected to be completed early 2025.

The City continues to progress in strengthening its neighborhoods. In 2023, City resources contributed to the creation of 760 new housing units, improvements to 77 existing housing units through the Home Rehab and Strong Homes Loan Programs totaling over \$1.7 million, and the assistance of 247 individuals in home buying through the Homebuyer Assistance and Down Payment Assistance Programs, totaling over \$1.8 million.

The City's Commercial Corridor team provided 107 revitalization grants totaling more than \$1.3 million to business and commercial property throughout the City in 2023. These investments helped launch 54 new businesses, expand 24 businesses, and improve 29 business sites.

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.

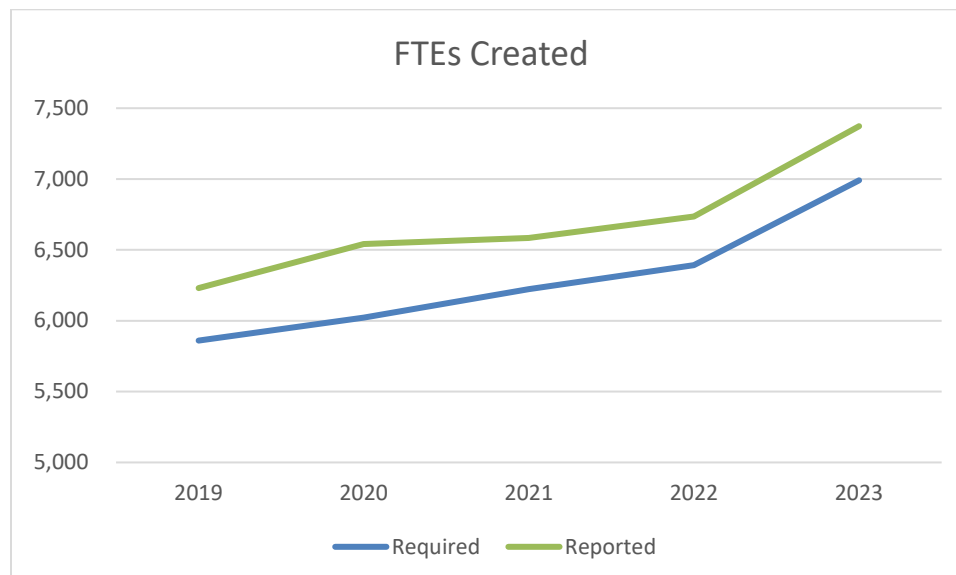
Great Lakes cruising continues to strengthen Port Milwaukee's tourism business. With 30 vessel visits, representing 58 trips and 11,502 cruise passengers who visited Milwaukee in 2023, the port has positioned itself as a premier turnaround for cruise tourism. Future support for Great Lakes cruising includes plans for a new Seawaymax cruise dock. Construction of the new dock will begin in 2025 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 the largest international cruise vessels built to operate on the Great Lakes.

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.

TAX INCREMENTAL DISTRICTS (TIDs)

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. The TIF process allows a municipality to pay for public improvements and other eligible costs within a designated area. These designated areas or TIDs, use future taxes collected on the districts increased property value to repay the cost of loans, or grants to developers on projects. TIDs allow for projects among other things to attract businesses, build affordable housing, and preserve historic structures, which are aligned to the City of Milwaukee's [Growing Prosperity Economic Development Action Agenda](#), [Collective Affordable Housing Strategic Plan](#), [Anti-Displacement Plan](#), [Area Plans](#), and [Connect+ing MKE: Downtown Plan](#). They are monitored and enforced by the Department of City Development (DCD).

Tax abatements are accounted for in the annual calculation of the property tax mill rate and are approved in the annual budget. In the past 5 years, the City of Milwaukee has approved 10 grants and 19 developer-financed projects totaling \$151 million. The return on the City's investment in TIDs is demonstrated by the growth in the assessed value of the TID after investment versus the base value of the TID. The Financial Statements and Supplementary Schedules TIDs report for 2022 is located here: [Tax Incremental Districts Reports 2022](#). Detailed documents related to the TIDs and their associated adoption dates are located here: [City of Milwaukee - Legistar](#). The below chart demonstrates additional non-financial benefits with full-time equivalent (FTE) employees required versus reported for TIDs from 2019 through 2023.



ECONOMIC OUTLOOK

For the year 2023, the City's unemployment rate averaged approximately 4.3% (see Table 13 in Statistical Section); compared to the State of Wisconsin average of 3.2% (from Wisconsin Department of Revenue) and the United States average of 3.7% (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 A+ from Fitch Ratings, Inc. and A- from S&P Global Ratings. 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 A+/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 2023 property tax rate for 2024 purposes increased from \$9.16 to \$9.47 compared to the prior year's per \$1,000 of assessed value. The 2024 budgetary City property tax levy of approximately \$317.7 million represents a \$6.5 million increase compared to the \$311.2 million in 2023. The estimated assessed value used for 2024 budget purposes is stable from 2023 to 2024 at approximately \$34 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2023 was 32.2% compared to 31.8% for 2022 as depicted in Exhibit E-1. Property tax increases are limited by state legislation.

The 2024 budget estimates intergovernmental revenues of \$295.3 million which is an increase of \$22.3 million from 2023. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be \$241.3 million in 2024, which is an increase of \$21.9 million from 2023. The State Transportation Aids (the second largest category) total \$29.8 million for 2024, a \$335 thousand increase from 2023. 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 \$9.8 million in 2024. 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 2024 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of \$49.5 million and the storm water management charges for services to the sewer fund of \$21.5 million. The snow and ice fee is estimated in 2024 to generate just under \$11 million. The street lighting fee is estimated to generate \$9.7 million in 2024. Total Charges for Services are estimated to decrease by \$1.4 million to \$147.1 million in 2024.

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. 2023, this reserve has a year-end balance of \$65 million compared to \$31 million for 2022. The 2024 budget reflects that no funding is withdrawn for tax stabilization.

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 2024 capital budget includes funds for various infrastructure and building projects. For 2024, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals \$196.9 million, an increase of 20% or \$32.9 million from the 2023 budget of \$164 million. Funding of \$43.1 million for various tax incremental districts and development projects comprises 22% of the total capital budget for 2024. The Department of Public Works budget for bridges (\$5.6 million), street/paving construction (\$67.6 million), various building, equipment and forestry projects (\$21.9 million) with a total of \$95.1 million or approximately 48% of the total 2024 capital budget. Police projects

(\$20.8 million), Fire projects (\$6.3 million), and Library projects (\$3.5 million) in the aggregate total \$30.6 million or 16% of the total capital budget. Some major projects planned for 2024 include improving the useful life of 96 lane miles of streets and funding for 2,200 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 \$34.4 million were obtained during 2023, compared to \$16.6 million in 2022 for sewer projects. Safe Drinking Water loans of \$3.7 million were obtained during 2023 compared to \$24 million in 2022 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 5.13% in 2023 compared to 1.53% in 2022. 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 2.14% on about \$29.3 million in investments.

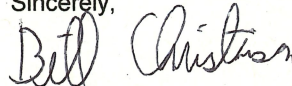
AWARDS

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, 2022. This follows the City receiving the same award in for the fiscal year ending 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,



Bill Christianson, CPFO
Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Milwaukee
Wisconsin**

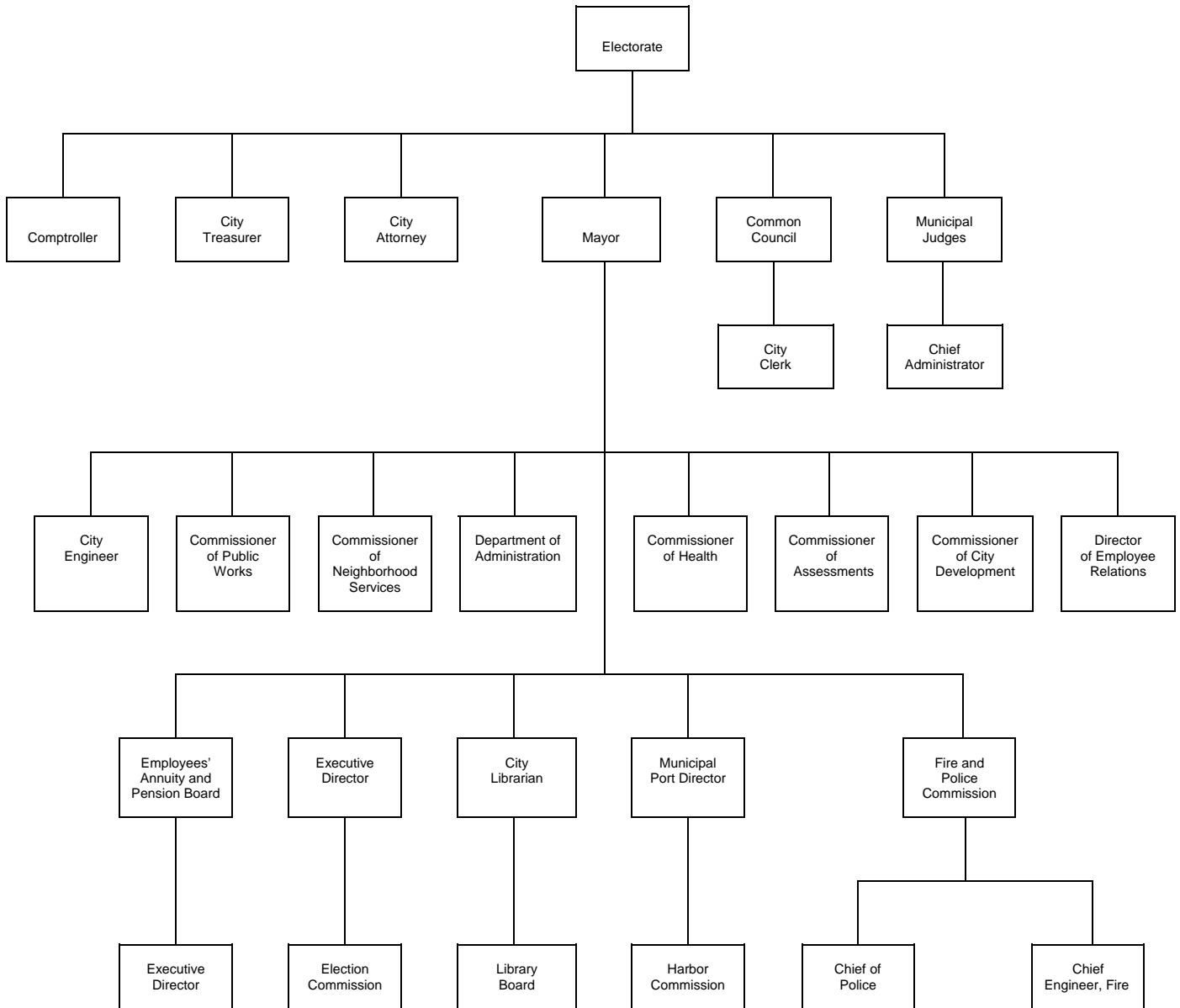
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF MILWAUKEE
ORGANIZATION CHART
 DECEMBER 31, 2023



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2023

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	Molly Gena

COMMON COUNCIL

President	Jose G. Perez
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Aldermanic District

Alderman

First	Andrea M. Pratt
Second	Mark Chambers Jr.
Third	Jonathan Brostoff
Fourth	Robert J. Bauman
Fifth	Lamont Westmoreland
Sixth	Milele A. Coggs
Seventh	Khalif J. Rainey
Eighth	JoCasta Zamarripa
Ninth	Larresa Taylor
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	Preston D. Cole
Budget & Management Director	Nik Kovac
City Purchasing Director	Rhonda Kelsey
Commissioner of Assessments	Nicole F. Larsen
Chief Information Officer	David Henke

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Independent Auditors' Report

To the Honorable Members of the
Common Council of the City of Milwaukee

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 (the City), as of and for the year ended December 31, 2023, 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, 2023 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. 96, *Subscription-Based Information Technology Arrangements*, effective January 1, 2023. 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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 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 25, 2024 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 written in a cursive, flowing style.

Milwaukee, Wisconsin
July 25, 2024

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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, 2023. 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 2023 was (\$789) million, a 8% increase compared to the previous year's total of (\$856) million. This increase was related the overall increase in operating revenues over expenditures of \$67 million. Of the (\$789) million net position, (\$1.648) billion of the deficit was related to governmental activities and \$859 million was related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled (\$2.82) 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: \$1.841 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations: \$227 million.
 - Unrestricted net deficit: (\$2.876) billion.
- The 2023 year-end, net pension liability is \$1,283 million compared to the 2022 total of \$381 million. This \$902 million increase is due to an increase in the actuarial liability, accompanied by a realized 2022 net investment return of (6.58%) compared to the actuarial assumption of 7.5%. The 2023 liability is based on an actuarial valuation performed on January 1, 2022, rolled forward to December 31, 2022. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.
- Total 2023 long-term liabilities were \$4.209 billion of which \$213 million was short-term compared to the 2022 total of \$3.377 billion of which \$225 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>2023</u>	<u>2022</u>
Outstanding debt.....	\$ 1,677	\$ 1,659
OPEB.....	1,115	1,229
Pension.....	1,283	381
Compensated absences.....	50	48
Claims and judgments.....	84	60
Total.....	<u>\$ 4,209</u>	<u>\$ 3,377</u>

Statement of Activities

- Governmental expenses were \$1.15 billion while combined program revenues were \$171 million, a difference of \$987 million. However, general revenues and transfers plus capital grants and contributions were \$1,025 million, resulting in a \$45 million increase to net position for the year. Business-type activity expenses were \$255 million while combined program and general revenues were \$297 million plus \$5.5 million of miscellaneous revenue, resulting in a surplus of \$48 million. Transfers out reduced this excess by \$26 million, resulting in a net increase in net position of \$22 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

- Governmental revenues and transfers of \$1.195 billion, which supported 104% of the total 2023 governmental expenses of \$1.157 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.....	\$ 404	34%	35%
Property and other taxes.....	377	31%	33%
State aids for the general fund.....	274	23%	24%
Miscellaneous revenues and transfers.....	140	12%	12%
Total.....	<u>\$ 1,195</u>	<u>100%</u>	<u>104%</u>

- Business-type activity program revenue of \$297 million, which supported 117% of the total 2023 business-type expenses of \$255 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.....	\$ 112	38%	44%
Sewer.....	79	27%	31%
Transportation.....	36	12%	14%
Port.....	10	3%	4%
MMSD sewer user charges.....	60	20%	24%
Total.....	<u>\$ 297</u>	<u>100%</u>	<u>117%</u>

Fund Financial Statements

- The total governmental fund, year-end 2023 fund balance was \$510 million, compared to the 2022 ending fund balance of \$421 million, an increase of \$89 million or 21%.
- The 2023 General Fund year-end fund balance totaled \$236 million, a \$35 million increase compared to the 2022 balance of \$202 million. The 2023 ending fund balance is approximately 30% of the \$784 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were \$1.156 billion at year-end 2023, an increase of \$12 million compared to the 2022 total of \$1.144 billion. In addition, revenue bonds of \$155 million, state loans of \$255 million and \$21 million of lease and subscription based information technology arrangements (SBITA) obligations were outstanding at year-end. Total outstanding debt at the end of 2023, including unamortized premium, totaled \$1.677 billion, a \$17 million increase over the 2022 total of \$1.659 billion.

Required Supplementary Information

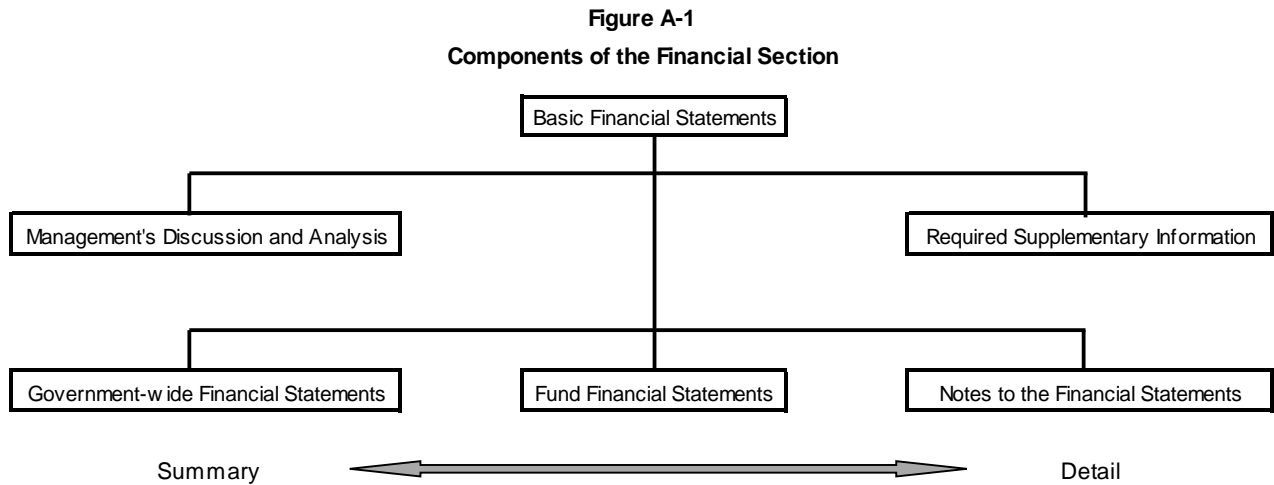
- General Fund operating revenues were \$11 million greater than budgeted while operating expenditures were \$3.5 million less than budgeted in 2023. Property and other taxes were under budget by \$272 thousand, while revenues other than taxes were \$11.2 million more than budget. Other revenue exceeded budget by \$5.9 million, while charges for services were \$3.6 over budget. Operating expenditures were under budget in all categories, including general government of \$33.1 million, public safety \$15.2 million and public works \$575 thousand. The primary reasons for the general government category being under budget is unfilled budgeted positions due to the difficult hiring environment, with no wage supplement carry over, along with positive experience in employee benefit claims.
- Total OPEB liability decreased approximately \$114 million to \$1.115 billion as of December 31, 2023, compared to \$1.229 billion as of December 31, 2022 primarily due to a full update of the actuarial valuation for 2023.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

- Due to an increase in the actuarial determined liability along with a decrease in the net assets of the plan, the 2023 pension liability increased \$902 million to \$1,283 million compared to the 2022 pension liability of \$381 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



The basic financial statements include two kinds of statements.

- Government-wide financial statements that provide both long-term and current period information about the City's overall financial status.
- "Fund" specific financial statements that focus on individual components of City government, reporting the City's operations in more detail than the government-wide statements.
 - Governmental fund statements tell how general government services such as public safety were financed in the past year as well as what remains for future spending.
 - Proprietary fund statements offer current year and long-term financial information about business-type activities such as the water utility and the sewer maintenance systems.
 - Fiduciary fund statements provide financial information about certain operations—such as benefit plans for the City's employees—in which the City is solely a trustee or 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, 2023
 (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 custodial funds which use the economic resources 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, 2023
(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, 2023
 (Unaudited)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,362,560	\$ 1,330,001	\$ 197,310	\$ 212,044	\$ 1,559,870	\$ 1,542,045
Capital assets	1,371,955	1,345,795	1,344,242	1,294,706	2,716,197	2,640,501
Total assets	2,734,515	2,675,796	1,541,552	1,506,750	4,276,067	4,182,546
Deferred Outflows of Resources:						
Deferred outflows for pensions.....	433,060	157,374	12,645	5,071	445,705	162,445
Deferred outflows for OPEB.....	188,103	192,172	6,340	10,263	194,443	202,435
Total deferred outflows.....	621,163	349,546	18,985	15,334	640,148	364,880
Long-term obligations	3,655,043	2,845,141	553,494	531,362	4,208,537	3,376,503
Other liabilities	362,620	449,552	80,713	70,996	443,333	520,548
Total liabilities	4,017,663	3,294,693	634,207	602,358	4,651,870	3,897,051
Deferred Inflows of Resources:						
Gain on Refunding.....	1,385	2,305	330	420	1,715	2,725
Subsequent years property taxes.....	390,584	369,514	-	-	390,584	369,514
Pension, OPEB, Lease & SBITA related....	594,300	1,052,115	66,524	81,667	660,824	1,133,782
Total deferred inflows	986,269	1,423,934	66,854	82,087	1,053,123	1,506,021
Net position:						
Net investment in capital assets.....	948,355	963,538	892,838	837,114	1,841,193	1,800,652
Restricted	223,886	210,671	22,150	22,025	246,036	232,696
Unrestricted (deficit)	(2,820,495)	(2,867,494)	(55,512)	(21,500)	(2,876,007)	(2,888,994)
Total net position	\$ (1,648,254)	\$ (1,693,285)	\$ 859,476	\$ 837,639	\$ (788,778)	\$ (855,646)

Net position of the City's governmental activities increased to (\$1.648) billion for 2023. The portion of net position restricted as to use totaled \$224 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$948 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 \$2.82 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 \$859 million at the end of 2023. 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 2023 long-term obligations for governmental activities were \$3.655 billion, an increase of 28% over the 2022 amount of \$2.845 billion. Most of this increase is attributable to the increases in the actuarial pension liability, as previously noted. Year-end long-term obligations related to business-type activities were \$553.5 million, an increase of 4% from the 2022 amount of \$531.4 million.

Total 2023 year end primary government assets, including capital assets, were \$4.276 billion, an increase of \$93 million or 2% from the 2022 amount of \$4.183 billion, some of which is due to the implementation of GASB 96. At year-end 2023, the 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.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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 (Unaudited)

Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2023 totaled \$1.17 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 2023 expenditures were \$1.15 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 15% (see Table 2b) of total governmental activity revenue. General revenues (taxes, State aids, grants, and miscellaneous) account for the remaining 85%.

Governmental Activity revenues for 2023 were \$19 million above expenditures, and \$45 million above after \$26 million of transfers from business-type activities. Business-type activity revenues exceeded expenditures and transfers during 2023 by \$22 million. Chart 1 presents *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depicts the comparison of revenues versus 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 Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 170,547	\$ 177,642	\$ 284,907	\$ 267,981	\$ 455,454	\$ 445,623
Operating grants and contributions	233,832	208,211	-	-	233,832	208,211
Capital grants and contributions	1,557	1,008	11,852	14,672	13,409	15,680
General revenues:						
Property taxes and other taxes	376,609	368,200	-	-	376,609	368,200
State aids for General Fund	273,846	273,305	-	-	273,846	273,305
Miscellaneous	113,233	53,366	5,501	1,751	118,734	55,117
Total revenues	<u>1,169,624</u>	<u>1,081,732</u>	<u>302,260</u>	<u>284,404</u>	<u>1,471,884</u>	<u>1,366,136</u>
Expenses						
General government	218,436	195,073	-	-	218,436	195,073
Public safety	527,757	469,399	-	-	527,757	469,399
Public Works	215,450	201,732	-	-	215,450	201,732
Health	41,758	33,242	-	-	41,758	33,242
Culture and recreation	41,021	30,531	-	-	41,021	30,531
Conservation and development	72,597	51,738	-	-	72,597	51,738
Interest on long-term debt	33,300	28,235	-	-	33,300	28,235
Water	-	-	80,604	81,481	80,604	81,481
Sewer Maintenance	-	-	60,059	58,645	60,059	58,645
Transportation	-	-	28,635	28,626	28,635	28,626
Port of Milwaukee	-	-	26,926	13,592	26,926	13,592
Metropolitan Sewerage District User Charges.....	-	-	58,473	54,434	58,473	54,434
Total expenses	<u>1,150,319</u>	<u>1,009,950</u>	<u>254,697</u>	<u>236,778</u>	<u>1,405,016</u>	<u>1,246,728</u>
Increase (Decrease) in net position before transfers.....	19,305	71,782	47,563	47,626	66,868	119,408
Transfers	25,726	27,044	(25,726)	(27,044)	-	-
Increase (decrease) in net position	45,031	98,826	21,837	20,582	66,868	119,408
Net position (deficit) – Beginning.....	(1,693,285)	(1,792,111)	837,639	817,057	(855,646)	(975,054)
Net position (deficit) – Ending	<u>\$ (1,648,254)</u>	<u>\$ (1,693,285)</u>	<u>\$ 859,476</u>	<u>\$ 837,639</u>	<u>\$ (788,778)</u>	<u>\$ (855,646)</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

Governmental Activities

Revenues for the City's governmental activities totaled \$1.17 billion, while total expenses totaled \$1.15 billion for 2023, resulting in a surplus of \$19 million. Total revenues, excluding transfers, supported 102% of total expenses; 104% including transfers. Comparable data for 2022 indicates total revenues, excluding transfers supported 107% of expenses; 110% including transfers.

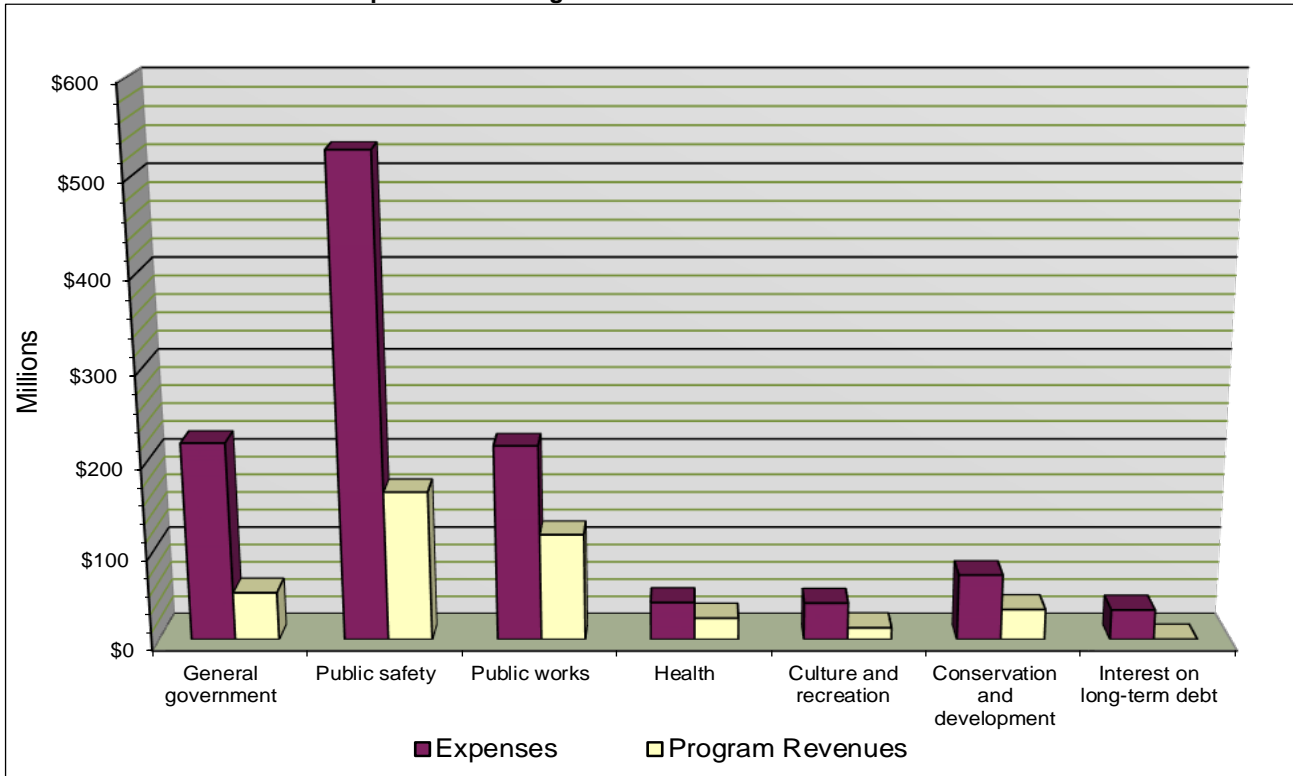
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

<u>Category</u>	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property taxes.....	\$ 376,609	32%	\$ 368,200	34%
State aids.....	273,846	23%	273,305	25%
Charges for services.....	170,547	15%	177,642	17%
Grants and contributions.....	235,389	20%	209,219	19%
Miscellaneous.....	113,233	10%	53,366	5%
Total.....	<u>\$ 1,169,624</u>	<u>100%</u>	<u>\$ 1,081,732</u>	<u>100%</u>

Total 2023 governmental activity expenditures increased \$147 million or 14% compared to 2022 which is primarily due to the increased actuarial expenses tied to the increased pension liability. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2023 Expenses and Program Revenues – Governmental Activities



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
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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 increased in 2023 to \$751 million from \$623 million in 2022, a 20% decrease.

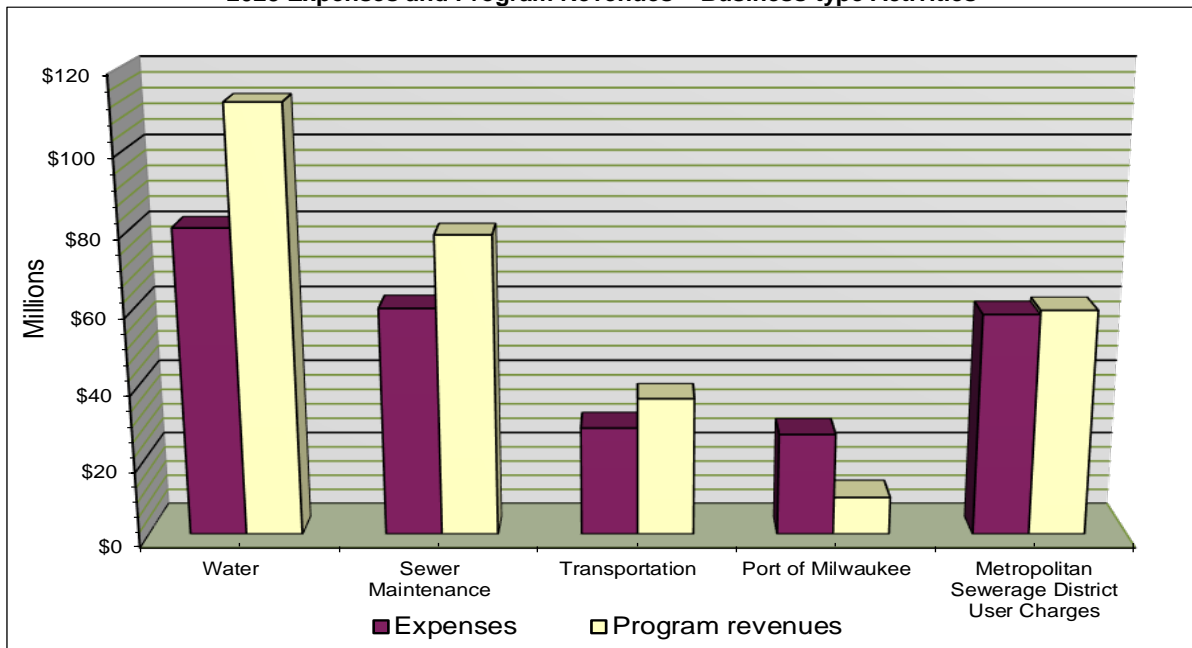
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	2023	% of Total	2022	% of Total	2023	2022
General government	\$ 218,436	19%	\$ 195,073	19%	\$ 165,685	\$ 139,207
Public safety	527,757	45%	469,399	47%	362,960	325,161
Public works	215,450	19%	201,732	20%	97,819	74,686
Health	41,758	4%	33,242	3%	17,786	8,031
Culture and recreation	41,021	4%	30,531	3%	27,996	23,754
Conservation and development ...	72,597	6%	51,738	5%	38,837	24,015
Interest on long-term debt	33,300	3%	28,235	3%	33,300	28,235
Total Governmental Activities .	<u>\$ 1,150,319</u>	<u>100%</u>	<u>\$ 1,009,950</u>	<u>100%</u>	<u>\$ 744,383</u>	<u>\$ 623,089</u>

Business-type Activities

Operating revenues for the City's business-type activities totaled \$297 million, while expenses and transfers out totaled \$280 million for 2023, resulting in an increase to net position (see Table 3b). Total revenues supported 119% of total expenses excluding transfers out and 108% including transfers out. Comparable data for 2022 indicates total revenues supported 120% of expenses excluding transfers out and 108% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2023 Expenses and Program Revenues – Business-type Activities



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.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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 (Unaudited)

Table 3a
Major Enterprise Funds - Revenues and Expenses
(Thousands of Dollars)

	<u>Water</u> <u>Works</u>	<u>Sewer</u> <u>Maintenance</u>
Revenues.....	\$ 110,144	\$ 74,465
Expenses.....	\$ 78,649	\$ 23,303
Net operating income.....	<u>\$ 31,495</u>	<u>\$ 51,162</u>

Business-type activities total 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)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues.....	\$ 302,260	\$ 284,404	\$ 17,856	6%
Expenses/Transfers.....	\$ 280,423	\$ 263,822	\$ 16,601	6%
Net position.....	\$ 859,476	\$ 837,639	\$ 21,837	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 2023, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$510 million, an increase of \$89 million or 21% from the 2022 balance of \$421 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 expenditures being under budget. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

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

	<u>General</u>	<u>General</u> <u>Obligation</u>	<u>Public Debt</u> <u>Amortization</u>	<u>Economic</u> <u>Development</u>	<u>Grant and</u> <u>Aid</u> <u>Projects</u>	<u>Capital</u> <u>Projects</u>	<u>Nonmajor</u>	<u>Total</u>
2023 ending balance.....	\$ 236,411	\$ 30,537	\$ 54,163	\$ 142,856	\$ (5,650)	\$ 57,551	\$ (6,095)	\$ 509,773
2022 ending balance.....	201,502	34,305	43,898	134,146	(5,450)	18,922	(6,521)	420,802
Increase/(decrease).....	\$ 34,909	\$ (3,768)	\$ 10,265	\$ 8,710	\$ (200)	\$ 38,629	\$ 426	\$ 88,971
% increase/(decrease).....	17%	-11%	23%	6%	4%	204%	-7%	21%

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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 (Unaudited)

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 \$103 million in 2022 compared to \$93 million in 2022.

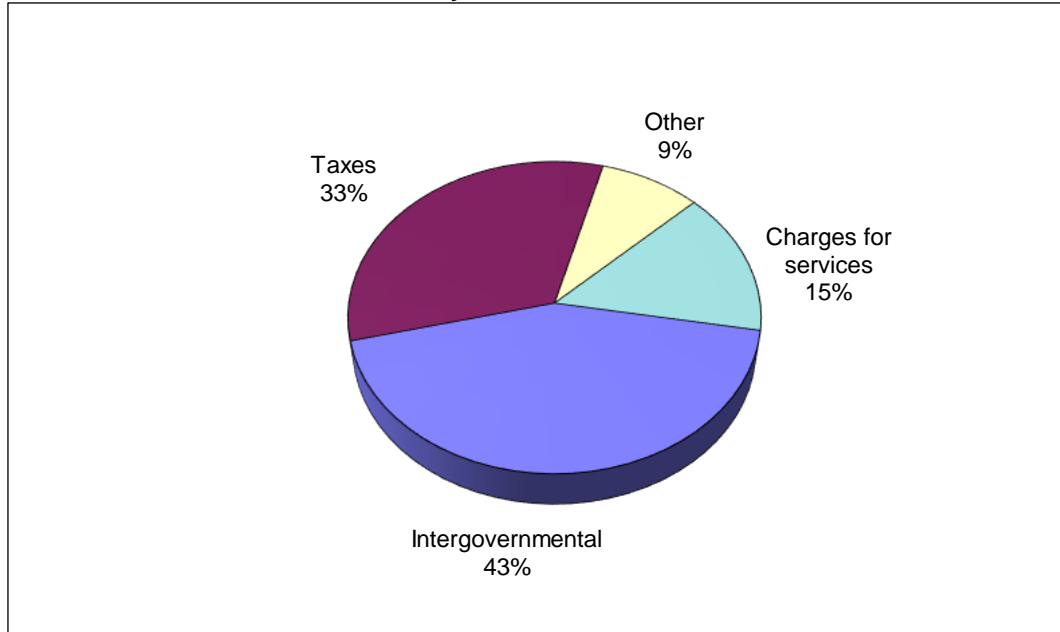
Revenues for governmental functions overall totaled \$1.141 billion in the fiscal year ended December 31, 2023, an increase of \$70 million compared to the 2022 total of \$1.071 billion. Other financing sources were \$365 million, a \$111 million increase from the 2022 total of \$254 million. Other financing sources include, proceeds from issuance of debt and subscription based information technology arrangements, refunding payments 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	General Obligation Debt Service	Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor	Total
Intergovernmental.....	\$ 273,846	\$ -	\$ -	\$ -	\$ 192,158	\$ 11,453	\$ 17,331	\$ 494,788
Taxes.....	215,965	98,546	2,371	44,758	-	14,742	-	376,382
Charges for services.....	163,847	6,700	-	-	-	-	-	170,547
Other.....	54,972	2,620	7,897	-	-	23,694	9,768	98,951
Total revenues.....	708,630	107,866	10,268	44,758	192,158	49,889	27,099	1,140,668
Other sources.....	109,404	113,109	-	3,792	-	121,051	16,896	364,252
Total revenues & sources.....	\$ 818,034	\$ 220,975	\$ 10,268	\$ 48,550	\$ 192,158	\$ 170,940	\$ 43,995	\$ 1,504,920

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

Chart 3
2023 Revenues by Source – Governmental Funds



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

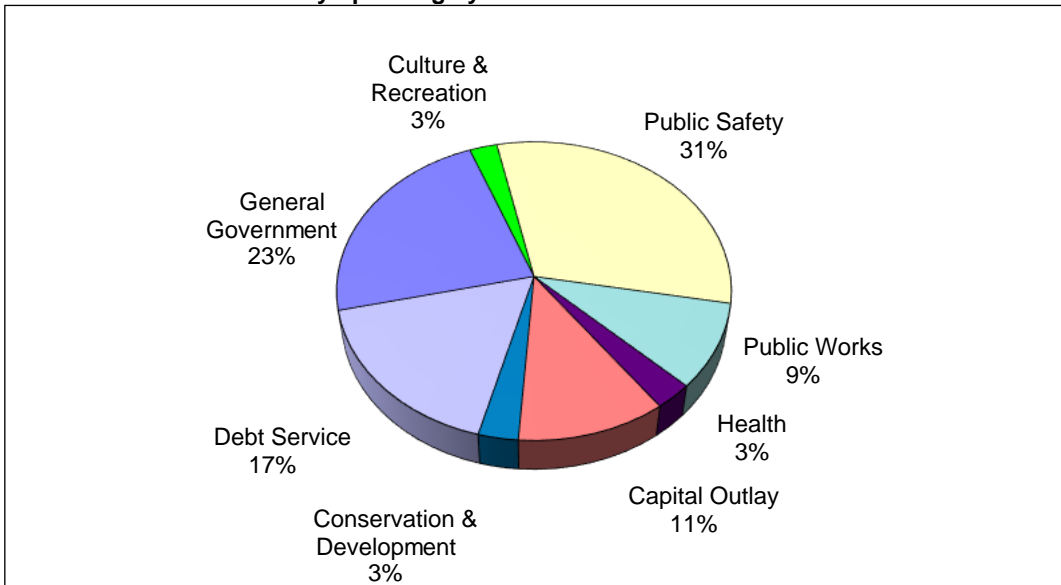
Expenditures for governmental funds totaled \$1.285 billion compared to \$1.19 billion in 2022. Other financing uses totaled \$132 million, a \$65 million increase compared to the 2022 total of \$67 million. Expenditures exceeded revenues in 2023, creating a gap of \$144 million. The excess of other financing sources over other financing uses of \$232 million offset the gap. The net change in fund balances was an increase of \$89 million for the year compared to an increase of \$69 million in 2022. Governmental expenditures, by function, are shown on Table 4c below.

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

	General	General Obligation	Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor	Total
General government.....	\$ 288,456	\$ 870	\$ 3	\$ -	\$ -	\$ -	\$ 3,684	\$ 293,013
Public safety.....	265,662	-	-	-	127,052	-	8,212	400,926
Public works.....	112,155	-	-	-	6,818	-	-	118,973
Health.....	13,350	-	-	-	23,065	-	-	36,415
Culture & recreation.....	20,601	-	-	-	9,370	-	1,771	31,742
Conservation & development...	4,783	-	-	-	25,865	-	7,782	38,430
Capital outlay.....	14,884	-	-	-	-	128,188	-	143,072
Debt service.....	-	221,599	-	-	-	-	-	221,599
Total expenditures.....	719,891	222,469	3	-	192,170	128,188	21,449	1,284,170
Other uses.....	63,234	2,274	-	39,840	188	4,123	22,120	131,779
Total expenditures & uses.....	\$ 783,125	\$ 224,743	\$ 3	\$ 39,840	\$ 192,358	\$ 132,311	\$ 43,569	\$ 1,415,949

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

Chart 4
2023 City Spending by Function – Governmental Funds



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

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 \$35 million or 17%. Revenues and other financing sources totaled approximately \$818 million and expenditures and other financing uses totaled approximately \$783 million - detailed in Table 5 below. General Fund revenues for 2023 increased \$6 million from 2022 amounts.

Expenditures increased \$9 million to \$720 million, compared to the 2022 total of \$711 million. This \$9 million included decreases in general government and public safety expenditures of \$9 million and \$20 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 for 2023. Total revenues were exceeded by total expenditures in the amount of \$11 million or 2%.

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 \$46 million. In 2023 there was no fund balance withdrawal which was \$4 million less than the 2022 withdrawal of \$4 million.

Total General Fund revenues for 2023 were \$709 million. The largest revenue category is intergovernmental at \$274 million, representing 39% of the total, primarily consisting of State of Wisconsin aid payments. The second largest revenue source is Property and Other Taxes of \$216 million or approximately 30% of the total. The Charges for Services category, which includes revenues for services provided by City departments, comprises 23% at \$164 million. These three categories comprise 92% of the total 2023 revenues.

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:	2023	2022	Percent Change	Expenditures:	2023	2022	Percent Change
Property taxes	\$ 211,692	\$ 219,354	-3.5%	General government.....	\$ 288,456	\$ 297,247	-3.0%
Other taxes	4,273	3,183	34.2%	Public safety.....	265,662	285,902	-7.1%
Licenses and permits	19,596	19,801	-1.0%	Public works.....	112,155	95,916	16.9%
Intergovernmental	273,846	273,305	0.2%	Health.....	13,350	7,432	79.6%
Charges for services	163,847	165,994	-1.3%	Culture and recreation	20,601	19,903	3.5%
Fines and forfeits	2,429	3,162	-23.2%	Conservation and			
Contributions received	3,140	2,865	9.6%	development	4,783	4,188	14.2%
Other	29,807	15,168	96.5%	Capital Outlay for SBITA's	14,884	-	
Total Revenues	708,630	702,832	0.8%	Total Expenditures	719,891	710,588	1.3%
Excess of Revenues				Other Financing Uses			
over Expenditures	(11,261)	(7,756)	-45.2%	Transfers out	63,234	8,260	665.5%
Other Financing Sources				Total Expenditures			
Debt proceeds	76,884	7,351	945.9%	Other Financing Uses	\$ 783,125	\$ 718,848	8.9%
Transfers in	32,520	33,762	-3.7%	Net Change in			
Total Revenues and				Fund Balance	\$ 34,909	\$ 25,097	39.1%
Other Financing Sources	818,034	743,945	10.0%				

During 2023, 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).

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 2023 fund balance of the General Obligation Debt Service Fund decreased \$3.8 million to \$30.5 million compared to the 2022 balance of \$34.3 million (see Table 4a).

Total revenues of the General Obligation Debt Service Fund increased to \$108 million in 2023 compared to \$94 million in 2022, mainly due to an increase in tax levy committed to this fund. Revenues combined with Other Financing Sources totaled \$221 million (see table 4b) while expenditures combined with Other Financing Uses totaled \$225 million (see Table 4c); resulting in a decrease in Fund Balance for year-end 2022 of \$3.8 million (see Table 4a) mainly due to increased debt service payments.

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 2023 PDAF fund balance was \$54.2 million, a \$10.3 million increase from the 2022 balance of \$43.9 million (see Table 4a) generated by higher than budgeted interest earnings.

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 2023 fund balance of the Economic Development fund increased \$8.7 million to \$142.8 million from the 2022 total of \$134.1 million.

The Grant and Aid Projects fund had revenue of \$192 million in 2023, an increase of \$24 million over the 2022 level. The increase is due to the continued recognition of the federal government ARPA funding used to cover certain expenditures as allowed by the grants. Total expenditures were \$192 million, an increase of \$23 million over the 2022 amount. The increase is due to the application and use of federal ARPA funds for allowed expenditures during the year, which included revenue replacement and public safety expenditures. The fund had a beginning fund balance of (\$5.4) million, and with a deficit of \$0.2 million, the Grant and Aid Projects Fund ended 2023 with a fund balance of (\$5.6) 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 2023, total debt proceeds amounted to \$102.7 million, an increase of \$9.2 million over the \$93.5 million in 2022. Total revenues increased \$22.8 million to \$49.9 million in 2023 from \$27.1 million in 2022; expenditures increased \$27.8 million, to \$128.2 million in 2023 compared to \$100.4 million in 2022. The increase was in part related to carry over of unfinished projects from prior years including an initiative to upgrade street lighting and infrastructure work. The current year's revenues, transfers in and issuance of bonds and notes exceeded expenditures and transfers out during 2023 for capital purposes resulting in a fund balance of \$57.5 million, a \$38.6 million increase compared to the 2022 fund balance of \$18.9 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 Milwaukee and the Metropolitan Sewerage District User Charge.

At the end of the fiscal year, the total net position for all proprietary funds was \$859 million, an increase of \$21 million from the 2022 balance of \$838 million. Changes in the individual components are: an increase of \$20 million in Water Works, \$20 million increase in the Sewer Maintenance fund, and a decrease of \$19 million in the Nonmajor Proprietary funds. The Nonmajor Proprietary funds decrease of \$19 million is composed of decreases of \$2.2 million in Transportation and \$17.8 million for Port, offset by an increase of \$1.1 for the Metropolitan Sewerage District User Charge (see Tables 6a and 6b for detail). The large decrease in Port is due to the recognition of a long term environmental liability related to a dredging project.

In 2023, operating revenues of the proprietary funds totaled \$285 million, an increase of 6% over 2022, while total operating expenses decreased \$3 million to \$193 million. The Water Works is the largest proprietary activity of the City, comprising approximately 39% of the total operating revenues. The Sewer Maintenance Fund comprises 26% of the total operating revenues. Both funds primarily bill customers based on water consumption.

For 2023, Water Works operating revenues were up \$11 million to \$110 million as net water sales grew due to a new long term supply agreement with the City of Waukesha beginning during the third quarter of 2023. Sewer Maintenance operating revenues were up \$1.5 million to \$74.5 million or 2%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6a, with detail presented in Table 6b) increased \$4.2 million or 4% compared to 2022. The revenue of the Transportation and Sewer User Funds was up while the Port was down slightly from 2022 levels.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Water Works total operating expenses of \$78.6 million for 2023 was a decrease of \$1.1 million compared to the 2022 total of \$79.7 million. This decrease was mostly caused by increases in water treatment and transmission offset by a reduction in depreciation expense. Sewer Maintenance operating expenses totaled \$23 million in 2023, down from the 2022 amount of \$51 million due mainly to the change in classification of a non-operating expense in 2023 from an operating expense in 2022.

The 2023 combined operating expenses of all other proprietary funds decreased \$4.5 million or 5% from the 2022 total of \$95.6 million. This \$4.5 million expense decrease is the net result of flat expenses for Transportation, a decrease for Port of \$8.6 million and a \$4 million increase for Sewerage District User Charge fund. The Port decrease was caused by nonrecurring operating expenditures not capitalized in 2022 offset by the dredging project long term liability. Table 6b below presents a summary of revenues and expenditures and changes in net position of the nonmajor proprietary funds.

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

	<u>Water Works</u>	<u>Sewer Maintenance</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Operating revenues.....	\$ 110,144	\$ 74,465	\$ 100,298	\$ 284,907
Operating expenses.....	78,649	23,303	91,147	193,099
Operating income.....	31,495	51,162	9,151	91,808
Nonoperating revenues (expenses).....	(292)	(30,751)	(14,961)	(46,004)
Income before contributions & transfers.....	31,203	20,411	(5,810)	45,804
Capital contributions and transfers.....	(10,859)	-	(13,108)	(23,967)
Increase (decrease) in net position.....	20,344	20,411	(18,918)	21,837
Net position 2022.....	471,903	338,492	27,244	837,639
Net position 2023.....	<u>\$ 492,247</u>	<u>\$ 358,903</u>	<u>\$ 8,326</u>	<u>\$ 859,476</u>

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

	<u>Transportation</u>	<u>Port of Milwaukee</u>	<u>Metropolitan Sewerage District User Charge</u>	<u>Total</u>
Operating revenues.....	\$ 34,043	\$ 6,683	\$ 59,572	\$ 100,298
Operating expenses.....	28,034	4,640	58,473	91,147
Operating income.....	6,009	2,043	1,099	9,151
Nonoperating revenues (expenses).....	4,026	(18,987)	-	(14,961)
Income before transfers.....	10,035	(16,944)	1,099	(5,810)
Transfers.....	(12,196)	(912)	-	(13,108)
Increase (decrease) in net position.....	(2,161)	(17,856)	1,099	(18,918)
Net position 2022.....	4,865	22,412	(33)	27,244
Net position 2023.....	<u>\$ 2,704</u>	<u>\$ 4,556</u>	<u>\$ 1,066</u>	<u>\$ 8,326</u>

General Fund Budgetary Highlights

For the year ended December 31, 2023, the General Fund budgetary-basis actual revenues were \$11 million greater than budgeted. All categories except Property Taxes and Fines and Forfeitures were above or essentially flat from the budget. Amounts over budget are: Other Taxes \$0.3 million, Licenses and Permits \$1.8 million, Intergovernmental \$0.8 million, Charges for services \$3.6 million and Other Revenues \$5.9 million. Amounts under budget are: Property Taxes \$0.6 million, and Fines and Forfeitures revenues by \$0.9 million. Actual total revenues increased \$4.5 million to \$687.4 million in 2023 from \$682.9 million in 2022. Other revenues recovered steadily from the reduced levels during the COVID-19 pandemic, at \$29.8 million in 2023 up \$14.6 million from \$15.2 in 2022. Intergovernmental revenues increased by \$0.5 million to \$273.8 million from \$273.3 million in 2022. The intergovernmental category includes payments from the State for shared tax revenue, local street aids, and payment for municipal services.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Operating expenditures were \$8.5 million less than budgeted. This favorable variance is due mainly to expenses not being carried over to the 2024 budget which then were not reflected in the General Fund as 2023 expenditures, favorable employee benefits claim experience and operating expenses below expectations in public safety.

Final budget for other financing sources and uses were \$70.8 million, an increase of \$62 million compared to the original budget of \$8.8 million. This change was due to the issuance of general obligation notes to finance the fiscal requirements of the City.

The original 2023 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2022 less the encumbrances carried forward to 2024. The final budget includes the original budget, as defined above, plus appropriations authorized for carryover from 2022 by the Common Council less those appropriations authorized for carryforward to 2024. 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 2023 General Fund expenditure budget of \$766 million and the final budget of \$708 million, which is a less than a 1% increase compared to the final 2022 budget of \$704 million. The final 2023 revenue budget of \$676 million is the same as the final 2022 revenue budget of \$675 million. Table 7 below presents a summary of the 2023 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.....	\$ 676,386	\$ 676,386	\$ 687,355	\$ 10,969
Operating expenses.....	<u>766,251</u>	<u>707,523</u>	<u>698,297</u>	<u>9,226</u>
Deficiency of revenues over expenditures.....	(89,865)	(31,137)	(10,942)	20,195
Other financing sources (uses).....	<u>8,800</u>	<u>70,800</u>	<u>45,851</u>	<u>(24,949)</u>
Net change in fund balance.....	(81,065)	39,663	34,909	(4,754)
Fund balance 2022.....	<u>201,502</u>	<u>201,502</u>	<u>201,502</u>	<u>-</u>
Fund balance 2023.....	<u>\$ 120,437</u>	<u>\$ 241,165</u>	<u>\$ 236,411</u>	<u>\$ (4,754)</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, 2023 total \$2.716 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, right of use assets, subscription assets and construction in progress. The total net increase in the City's capital assets for the current fiscal year was \$76 million including the implementation of GASB 96. Governmental activities' capital assets increased \$26.2 million from 2022, which includes \$20.7 million of right of use assets recorded to implement GASB 96. Business-type activity capital assets increased \$20.7 million in 2023. A schedule comparing the assets by type for 2023 and 2022, 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 2023 additions were \$113 million and disposals were \$54 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 \$13 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 75% of its total capital assets with 20% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$32 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, 2023 was \$1.841 billion, an increase of \$41 million from the December 31, 2022 net investment of \$1.80 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

Table 8
Net Capital Assets
 (Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Capital assets not being depreciated/amortized:						
Land	\$ 166,374	\$ 166,469	\$ 19,434	\$ 19,252	\$ 185,808	\$ 185,721
Construction in progress	143,283	148,073	35,295	32,871	178,578	180,944
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated/amortized:.....						
Buildings	404,520	401,274	141,671	135,087	546,191	536,361
Infrastructure.....	1,925,920	1,886,815	1,469,001	1,412,998	3,394,921	3,299,813
Improvements other than buildings.....	11,776	11,966	15,550	15,550	27,326	27,516
Machinery and equipment	273,174	267,284	331,754	322,258	604,928	589,542
Intangible software.....	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,791	3,791	3,791	3,791
Accumulated depreciation/amortization.....	(1,590,026)	(1,557,135)	(672,254)	(647,101)	(2,262,280)	(2,204,236)
Total capital assets being depreciated and amortized, net	1,351,085	1,340,810	1,344,242	1,294,706	2,695,327	2,635,516
Right of use assets *.....	20,870	4,985	-	-	20,870	4,985
Total *	\$ 1,371,955	\$ 1,345,795	\$ 1,344,242	\$ 1,294,706	\$ 2,716,197	\$ 2,640,501
Net investment in capital assets.....	\$ 948,355	\$ 963,538	\$ 892,838	\$ 837,114	1,841,193	1,800,652

*Amounts were adjusted to reflect the implementation of GASB 96, net of amortization

Debt

At year-end, the City owed \$1.156 billion in general obligation bonds and notes, \$255 million in State loans, \$155 million in revenue bonds and \$21 million in lease and subscription obligations. Debt totals, excluding unamortized premium, are itemized in Table 9. Please refer to Footnote 7 – Long Term Liabilities for additional details.

During 2023, \$187 million of general obligation bonds and notes and \$24 million of State loans were issued. No new Revenue Bonds were issued in 2023. Of the \$187 million of new general obligation bonds and notes issuances, \$185.5 million related to governmental activities and \$1.5 million was for business-type activities. All 2023 State loan issuances were for business-type activities. In 2023 liabilities of \$20.7 million were recorded for the implementation of GASB 96.

The City continues to maintain investment grade ratings from the two major rating agencies. Ratings of “A-” from S&P Global Ratings, and “A+” from Fitch's Rating Agency Inc., were received on the City's most recent 2024 general obligation bonds and notes.

The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2023, \$16.9 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, 2023
 (Unaudited)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds and notes						
(backed by the City)	\$ 1,132,402	\$ 1,118,699	\$ 23,501	\$ 25,226	\$ 1,155,903	\$ 1,143,925
Lease and Subscription Obligations *...	20,870	4,456	-	-	20,870	4,456
State loans	-	-	255,242	248,802	255,242	248,802
Revenue bonds						
(backed by specific fee revenues)	-	-	154,860	163,765	154,860	163,765
Total *	<u>\$ 1,153,272</u>	<u>\$ 1,123,155</u>	<u>\$ 433,603</u>	<u>\$ 437,793</u>	<u>\$ 1,586,875</u>	<u>\$ 1,560,948</u>

*Amounts were adjusted to reflect the implementation of GASB 96

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

In July 2023 the Wisconsin legislature passed and the Governor signed Act 12 which allows the City of Milwaukee to enact a 2% Sales Tax effective January 1, 2024. Act 12, among other things, requires the bulk of the Sales Tax revenue to be dedicated to public safety and pension obligations; and closes the City's pension plan to new hires after January 1, 2024.

The average unemployment rate within the City of Milwaukee for 2023 was 4.3%, compared to 4.2% for 2022. The City of Milwaukee per capita income for 2022 (the most recent fiscal year available) was \$61,475, compared to \$60,381 for 2021. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2024 adopted City Budget totals \$1.921 billion with a General Fund budget of \$951 million. The General Fund budget increased \$168 million from the 2023 budget of \$783 million. In 2024, the City expects to spend \$124 million for health insurance and related costs, which is unchanged from the 2023 budgeted amount of \$124 million.

The 2024 budget is a pivot year in many ways. State shared revenue is unfrozen for the first time in decades, the City has a new revenue source in the 2% City sales tax, and the City's 86-year old pension system is being soft closed. These three factors are causing conflicting pressures – new revenue and new expenses – on the 2024 and future budgets. While these three factors will have an impact on budgets beyond 2024, there are also several factors unique to the 2024 budget including the stabilization of reserves by freezing withdrawals, and \$38.9 million of cash-financing for capital needs. These factors put pressure on the 2024 budget that will not be repeated in future years. The 2025 budget is therefore the first time in many years that our budget gap is lower than the prior year. However, it is still a significant gap, and once again tough budgetary decisions will be necessary. We structured the 2024 budget with future years' budgets in mind. Many of our decisions this year position the City to have good, sustainable options during future budget deliberations.

The Public Works portion of the 2024 budget includes \$3.3 million to provide eligible home owners with financial assistance to replace lead service lines. The 2024 Water Works budget includes funding to replace 2,200 lead service lines. The cost of replacing the utility owned portion of a lead service line is paid for by ratepayers through the Water Works operating budget. Replacement of the privately owned section of lead service lines in 2024 is funded by \$5.1 million of levy supported City capital funds that were allocated in prior years, and \$3.3 million of special assessments to property owners. MWV applied for \$30.1M of funding through the Safe Drinking Water Loan Program (SDWLP) for 2024 and received principal forgiveness funding for the majority of costs for the privately owned section. The 2024 Water Works capital budget provides \$28.7 million for 14 miles of water main replacement. 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 this program is effective. Several new positions have been added to improve intake of new cases, assist families if they must temporarily or permanently vacate a property, and comply with program requirements. The Public Safety budget includes funding for an average of 1,645 sworn officers with the hiring of 195 new police officers in three recruit classes. 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.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Unaudited)

The City of Milwaukee's share of the 2024 Tax Rate increased to \$9.47 (per \$1,000 of Assessed Value) from the 2023 rate of \$9.16. The total City 2024 property tax levy increased \$6.5 million to \$317.7 million, compared to \$311.2 million in 2023, while the assessed valuation of all property within the City increased \$6 billion to approximately \$36 billion.

The 2023 property tax levy (which funds the 2024 budget) is shown in Table 10 below along with a comparison to the 2022 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	<u>Levy Year *</u>		<u>Increase</u>
	<u>2023</u>	<u>2022</u>	<u>(decrease)</u>
General city purposes.....	\$ 96,731	\$ 88,461	\$ 8,270
Employee retirement.....	70,409	118,231	(47,822)
Capital improvements.....	38,879	965	37,914
Debt.....	106,678	98,546	8,132
Contingent fund.....	5,000	5,000	-
Total levy.....	<u>\$ 317,697</u>	<u>\$ 311,203</u>	<u>\$ 6,494</u>

*Levy year funds the next year's budget.

The 2024 General City Purpose budget includes \$697 million in estimated revenue, an increase of \$57.8 million compared to the 2023 budget. The sources of funds for the 2024 General City Purpose budget, by category, compared to the 2023 budget is shown in Table 11.

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

	<u>Budget Year*</u>		<u>Increase</u>
	<u>2024</u>	<u>2023</u>	<u>(decrease)</u>
Tax levy.....	\$ 96,731	\$ 88,461	\$ 8,270
Taxes and PILOTS.....	47,084	20,489	26,595
Licenses and permits.....	17,857	17,830	27
Intergovernmental revenue.....	295,331	273,039	22,292
Charges for services.....	147,132	148,539	(1,407)
Transfers.....	-	10,000	(10,000)
Other.....	93,194	81,192	12,002
Total sources.....	<u>\$ 697,329</u>	<u>\$ 639,550</u>	<u>\$ 57,779</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.

**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2023
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 628,427	\$ 54,189	\$ 682,616	\$ 11,366
Restricted cash and cash equivalents	37,509	22,479	59,988	9,827
Receivables (net):				
Taxes	323,466	-	323,466	-
Accounts	27,295	49,585	76,880	217
Unbilled accounts	4,825	22,575	27,400	-
Special assessments	15,181	-	15,181	-
Notes and loans	60,354	-	60,354	9,135
Accrued interest	302	758	1,060	488
Leases	5,263	32,529	37,792	2,356
Due from component units	8,026	-	8,026	-
Due from primary government	-	-	-	34
Due from other governmental agencies	229,204	9,250	238,454	306
Inventory of materials and supplies	15,578	5,026	20,604	-
Inventory of property for resale	26	-	26	7,678
Prepaid items	7,104	896	8,000	3
Other assets	-	23	23	-
Total Noncapital Assets	<u>1,362,560</u>	<u>197,310</u>	<u>1,559,870</u>	<u>41,410</u>
Capital assets:				
Capital assets not being depreciated:				
Land	166,374	19,434	185,808	10,593
Construction in progress	143,283	35,295	178,578	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	404,520	141,671	546,191	14,174
Infrastructure	1,925,920	1,469,001	3,394,921	333
Improvements other than buildings	11,776	15,550	27,326	4,263
Machinery and equipment	273,174	331,754	604,928	6
Intangible software.....	14,722	-	14,722	565
Nonutility property	-	3,791	3,791	-
Accumulated depreciation and amortization	(1,590,026)	(672,254)	(2,262,280)	(9,585)
Right of use lease asset, net.....	3,927	-	3,927	-
Subscription assets, net.....	<u>16,943</u>	<u>-</u>	<u>16,943</u>	<u>132</u>
Total Capital Assets	<u>1,371,955</u>	<u>1,344,242</u>	<u>2,716,197</u>	<u>20,481</u>
Total Assets	<u>2,734,515</u>	<u>1,541,552</u>	<u>4,276,067</u>	<u>61,891</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	433,060	12,645	445,705	-
Deferred outflows for OPEB	<u>188,103</u>	<u>6,340</u>	<u>194,443</u>	<u>-</u>
Total Deferred Outflows of Resources	621,163	18,985	640,148	-

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2023
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 121,079	\$ 44,132	\$ 165,211	\$ 2,132
Accrued expenses	39,844	3,197	43,041	-
Accrued interest payable	11,878	1,566	13,444	-
Internal balances	(31,580)	31,580	-	-
Due to component units	34	-	34	-
Due to other governmental agencies	958	-	958	3,410
Unearned revenues.....	220,407	238	220,645	447
Other liabilities	-	-	-	518
Due to primary government:				
Due within one year	-	-	-	1,335
Due in more than one year	-	-	-	6,691
Long-term obligations:				
Due within one year	180,938	31,453	212,391	71
Due in more than one year	<u>3,474,105</u>	<u>522,041</u>	<u>3,996,146</u>	<u>1,301</u>
 Total Liabilities	<u>4,017,663</u>	<u>634,207</u>	<u>4,651,870</u>	<u>15,905</u>
Deferred Inflows of Resources:				
Gain on refunding.....	1,385	330	1,715	-
Subsequent years property taxes.....	390,584	-	390,584	-
Deferred inflows for pensions	14,916	376	15,292	-
Deferred inflows for OPEB	574,121	33,619	607,740	-
Deferred inflows for leases.....	<u>5,263</u>	<u>32,529</u>	<u>37,792</u>	<u>2,355</u>
 Total Deferred Inflows of Resources	<u>986,269</u>	<u>66,854</u>	<u>1,053,123</u>	<u>2,355</u>
NET POSITION				
Net investment in capital assets.....	948,355	892,838	1,841,193	20,410
Restricted for:				
Debt service	72,822	22,150	94,972	-
Business Improvement Districts.....	115	-	115	-
Grants.....	8,208	-	8,208	-
Tax increment financing.....	142,741	-	142,741	10,316
Unrestricted (Deficit)	<u>(2,820,495)</u>	<u>(55,512)</u>	<u>(2,876,007)</u>	<u>12,905</u>
 Total Net Position (Deficit)	<u>\$ (1,648,254)</u>	<u>\$ 859,476</u>	<u>\$ (788,778)</u>	<u>\$ 43,631</u>

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

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (Thousands of Dollars)

Exhibit 2

		Program Revenues	Grants and Contributions	
Functions/Programs	Expenses	Charges for Services	Operating	Capital
Primary government:				
Governmental Activities:				
General government	\$ 218,436	\$ 31,613	\$ 21,138	\$ -
Public safety	527,757	27,978	136,819	-
Public works	215,450	109,032	7,042	1,557
Health	41,758	865	23,107	-
Culture and recreation	41,021	949	12,076	-
Conservation and development	72,597	110	33,650	-
Interest on long-term debt	33,300	-	-	-
Total Governmental Activities	<u>1,150,319</u>	<u>170,547</u>	<u>233,832</u>	<u>1,557</u>
Business-type Activities:				
Water	80,604	110,144	-	1,759
Sewer Maintenance	60,059	74,465	-	4,395
Transportation	28,635	34,043	-	2,399
Port of Milwaukee	26,926	6,683	-	3,299
Metropolitan Sewerage District				
User Charges	<u>58,473</u>	<u>59,572</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>254,697</u>	<u>284,907</u>	<u>-</u>	<u>11,852</u>
Total Primary Government	<u>\$ 1,405,016</u>	<u>\$ 455,454</u>	<u>\$ 233,832</u>	<u>\$ 13,409</u>
Component units:				
Redevelopment Authority	\$ 4,895	\$ 3,110	\$ 344	\$ -
Neighborhood Improvement Development Corporation	<u>474</u>	<u>97</u>	<u>149</u>	<u>-</u>
Total Component Units	<u>\$ 5,369</u>	<u>\$ 3,207</u>	<u>\$ 493</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				
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			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (165,685)		\$ (165,685)	
(362,960)		(362,960)	
(97,819)		(97,819)	
(17,786)		(17,786)	
(27,996)		(27,996)	
(38,837)		(38,837)	
(33,300)		(33,300)	
<u>(744,383)</u>		<u>(744,383)</u>	
-	\$ 31,299	31,299	
-	18,801	18,801	
-	7,807	7,807	
-	(16,944)	(16,944)	
-	1,099	1,099	
-	42,062	42,062	
<u>(744,383)</u>	<u>42,062</u>	<u>(702,321)</u>	
			\$ (1,441)
			<u>(228)</u>
			<u>(1,669)</u>
376,609	-	376,609	-
273,846	-	273,846	-
113,233	5,501	118,734	890
25,726	(25,726)	-	-
<u>789,414</u>	<u>(20,225)</u>	<u>769,189</u>	<u>890</u>
45,031	21,837	66,868	(779)
<u>(1,693,285)</u>	<u>837,639</u>	<u>(855,646)</u>	<u>44,410</u>
<u>\$ (1,648,254)</u>	<u>\$ 859,476</u>	<u>\$ (788,778)</u>	<u>\$ 43,631</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit A-1

	General	General Obligation Debt Service
ASSETS		
Assets:		
Cash and investments	\$ 78,746	\$ 44,153
Restricted cash and cash equivalents.....	-	37,509
Receivables (net):		
Taxes	147,482	65,462
Accounts	26,514	-
Unbilled accounts	4,825	-
Special assessments	-	-
Notes and loans	-	52,145
Accrued interest	125	-
Leases	5,263	-
Due from other funds	41,859	-
Due from component units	580	-
Due from other governmental agencies	196,127	-
Advances to other funds	4,901	-
Inventory of materials and supplies	15,578	-
Inventory of property for resale	26	-
Prepaid items	6,837	-
Total Assets	<u>\$ 528,863</u>	<u>\$ 199,269</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 63,854	\$ 1,144
Accrued expenses	38,648	-
Due to other funds	-	8,765
Due to component units	30	-
Due to other governmental agencies	82	-
Unearned revenue.....	672	-
Advances from other funds	-	-
Total Liabilities	<u>103,286</u>	<u>9,909</u>
Deferred Inflows of Resources:.....	<u>189,166</u>	<u>158,823</u>
Fund Balances:		
Nonspendable	27,342	-
Restricted.....	-	30,537
Committed.....	123,247	-
Assigned	26,123	-
Unassigned (Deficit).....	59,699	-
Total Fund Balances	<u>236,411</u>	<u>30,537</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 528,863</u>	<u>\$ 199,269</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
\$ 53,986	\$ 135,599	\$ 218,337	\$ 96,730	\$ 876	\$ 628,427
-	-	-	-	-	37,509
-	47,217	-	34,485	28,820	323,466
-	-	503	278	-	27,295
-	-	-	-	-	4,825
-	-	-	15,181	-	15,181
-	-	3,813	-	4,396	60,354
177	-	-	-	-	302
-	-	-	-	-	5,263
-	-	-	-	-	41,859
-	6,848	232	311	55	8,026
-	-	19,386	7,235	6,456	229,204
-	29,404	-	-	-	34,305
-	-	-	-	-	15,578
-	-	-	-	-	26
-	-	2	261	4	7,104
\$ 54,163	\$ 219,068	\$ 242,273	\$ 154,481	\$ 40,607	\$ 1,438,724
\$ -	\$ 12,087	\$ 17,788	\$ 21,578	\$ 4,628	\$ 121,079
-	-	650	447	99	39,844
-	-	841	-	30,077	39,683
-	-	-	4	-	34
-	-	-	-	876	958
-	-	219,181	22	532	220,407
-	-	-	4,516	385	4,901
-	12,087	238,460	26,567	36,597	426,906
-	64,125	9,463	70,363	10,105	502,045
-	-	2	261	4	27,609
54,163	142,856	3,813	-	4,395	235,764
-	-	-	62,037	-	185,284
-	-	-	-	-	26,123
-	-	(9,465)	(4,747)	(10,494)	34,993
54,163	142,856	(5,650)	57,551	(6,095)	509,773
\$ 54,163	\$ 219,068	\$ 242,273	\$ 154,481	\$ 40,607	\$ 1,438,724

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 509,773

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	166,374	
Buildings, net of \$189,379 accumulated depreciation	215,141	
Infrastructure, net of \$1,195,198 accumulated depreciation	730,722	
Improvements other than buildings, net of \$11,207 accumulated depreciation	749	
Machinery and equipment, net of \$181,005 accumulated depreciation	92,169	
Intangible assets net of \$13,417 accumulated depreciation	2,647	
Right of use assets, net of \$1,058 accumulated amortization	3,927	
Subscription-based agreements, net of \$3,741 accumulated amortization	16,943	
Construction in progress	<u>143,283</u>	
		1,371,955

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

Taxes to be collected	13,286	
Receivables to be collected	64,531	
Grant revenues to be collected	17,896	
Special assessments to be collected	<u>10,485</u>	
		106,198

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	(574,121)	
Deferred outflows for other post employment benefits	188,103	
Deferred inflows for pensions	(14,916)	
Deferred outflows for pensions	<u>433,060</u>	
		32,126

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	(11,878)	
Bonds and notes payable	(1,132,402)	
Gain on refunding	(1,385)	
Unamortized premiums	(72,475)	
Leases	(3,927)	
Subscription-based agreements	(16,943)	
Compensated absences	(46,685)	
Total other postemployment benefits liability	(1,071,260)	
Net pension liability	(1,249,376)	
Claims and judgments	<u>(61,975)</u>	
		<u>(3,668,306)</u>

Total net position of governmental activities (Exhibit 1) **\$ (1,648,254)**

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, 2023
(Thousands of Dollars)

Exhibit A-3

	General	General Obligation Debt Service
Revenues:		
Property taxes	\$ 211,692	\$ 98,546
Other taxes	4,273	-
Special assessments	-	-
Licenses and permits	19,596	-
Intergovernmental	273,846	-
Charges for services	163,847	6,700
Fines and forfeits	2,429	-
Contributions received	3,140	-
Other	<u>29,807</u>	<u>2,620</u>
Total Revenues	<u>708,630</u>	<u>107,866</u>
Expenditures:		
Current:		
General government	288,456	870
Public safety	265,662	-
Public works	112,155	-
Health	13,350	-
Culture and recreation	20,601	-
Conservation and development	4,783	-
Capital outlay	14,884	-
Debt Service:		
Principal retirement	-	171,755
Interest	-	48,639
Bond issuance costs	<u>-</u>	<u>1,205</u>
Total Expenditures	<u>719,891</u>	<u>222,469</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(11,261)</u>	<u>(114,603)</u>
Other Financing Sources (Uses):		
General obligation bonds and notes issued	62,000	-
Issuance of refunding bonds	-	3,849
Proceeds of subscription arrangements	14,884	-
Loans activities	-	(1,468)
Issuance premium	-	8,185
Transfers in	32,520	101,075
Transfers out	<u>(63,234)</u>	<u>(806)</u>
Total Other Financing Sources and Uses	<u>46,170</u>	<u>110,835</u>
Net Change in Fund Balances	34,909	(3,768)
Fund Balances (Deficit) - Beginning.....	<u>201,502</u>	<u>34,305</u>
Fund Balances (Deficit) - Ending.....	<u>\$ 236,411</u>	<u>\$ 30,537</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
\$ -	\$ 44,758	\$ -	\$ 14,518	\$ -	\$ 369,514
2,371	-	-	224	-	6,868
-	-	-	6,084	-	6,084
-	-	-	-	-	19,596
-	-	192,158	11,453	17,331	494,788
-	-	-	-	-	170,547
-	-	-	-	-	2,429
-	-	-	-	-	3,140
<u>7,897</u>	<u>-</u>	<u>-</u>	<u>17,610</u>	<u>9,768</u>	<u>67,702</u>
<u>10,268</u>	<u>44,758</u>	<u>192,158</u>	<u>49,889</u>	<u>27,099</u>	<u>1,140,668</u>
3	-	-	-	3,684	293,013
-	-	127,052	-	8,212	400,926
-	-	6,818	-	-	118,973
-	-	23,065	-	-	36,415
-	-	9,370	-	1,771	31,742
-	-	25,865	-	7,782	38,430
-	-	-	128,188	-	143,072
-	-	-	-	-	171,755
-	-	-	-	-	48,639
-	-	-	-	-	1,205
<u>3</u>	<u>-</u>	<u>192,170</u>	<u>128,188</u>	<u>21,449</u>	<u>1,284,170</u>
<u>10,265</u>	<u>44,758</u>	<u>(12)</u>	<u>(78,299)</u>	<u>5,650</u>	<u>(143,502)</u>
-	-	-	102,713	16,896	181,609
-	-	-	-	-	3,849
-	-	-	-	-	14,884
-	-	(188)	-	(124)	(1,780)
-	-	-	-	-	8,185
-	3,792	-	18,338	-	155,725
<u>-</u>	<u>(39,840)</u>	<u>-</u>	<u>(4,123)</u>	<u>(21,996)</u>	<u>(129,999)</u>
<u>-</u>	<u>(36,048)</u>	<u>(188)</u>	<u>116,928</u>	<u>(5,224)</u>	<u>232,473</u>
10,265	8,710	(200)	38,629	426	88,971
<u>43,898</u>	<u>134,146</u>	<u>(5,450)</u>	<u>18,922</u>	<u>(6,521)</u>	<u>420,802</u>
<u>\$ 54,163</u>	<u>\$ 142,856</u>	<u>\$ (5,650)</u>	<u>\$ 57,551</u>	<u>\$ (6,095)</u>	<u>\$ 509,773</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3) \$ 88,971

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 \$113,026 less additions from Construction-in-Progress (\$24,448) exceeded depreciation and amortization expense (\$62,423) in the current period less disposal of land (\$246) and loss on disposal of equipment (\$529). 24,630

Notes and loans receivable to repay long-term bonds and notes (975)

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	227	
Capital grants and contributions	3,391	
Unbilled Special assessments	<u>5,717</u>	
		9,335

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	(185,458)	
Subscription arrangements proceeds	(14,884)	
Issuance premiums	(8,185)	
Repayments:		
Principal retirement	171,755	
Subscription and right of use activity	4,270	
Amortization:		
Premiums	14,383	
Gain/Loss on refunding	<u>920</u>	
		(17,199)

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.

Subscription and right of use activity	(4,270)	
Compensated absences	(1,985)	
Total other postemployment benefits liability	99,489	
Net pension liability	(881,459)	
Deferred inflows for other post employment benefits	(70,768)	
Deferred outflows for other post employment benefits	(4,069)	
Deferred inflows for pensions	529,637	
Deferred outflows for pensions	275,686	
Claims and judgments	(2,028)	
Accrued interest on bonds and notes	<u>36</u>	
		(59,731)

Changes in net position of governmental activities (Exhibit 2) \$ 45,031

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 48,542	\$ 4,028	\$ 1,619	\$ 54,189
Restricted cash and cash equivalents	4,035	18,444	-	22,479
Receivables (net):				
Accounts	16,324	16,827	16,434	49,585
Unbilled accounts	16,057	2,385	4,133	22,575
Accrued interest	-	758	-	758
Leases	-	-	2,764	2,764
Due from other funds	-	999	772	1,771
Due from other governmental agencies	-	4,814	4,436	9,250
Inventory of materials and supplies	4,671	355	-	5,026
Prepaid items	896	-	-	896
Other assets	23	-	-	23
	<u>90,548</u>	<u>48,610</u>	<u>30,158</u>	<u>169,316</u>
Total Current Assets				
	<u>90,548</u>	<u>48,610</u>	<u>30,158</u>	<u>169,316</u>
Noncurrent assets:				
Leases receivable.....	-	-	29,765	29,765
Capital assets:				
Capital assets not being depreciated:				
Land	1,973	-	17,461	19,434
Construction in progress	13,753	39	21,503	35,295
Capital assets being depreciated:				
Buildings	35,593	-	106,078	141,671
Infrastructure	588,567	858,752	21,682	1,469,001
Improvements other than buildings	-	-	15,550	15,550
Machinery and equipment	301,719	10,149	19,886	331,754
Nonutility property	3,791	-	-	3,791
Accumulated depreciation	<u>(362,757)</u>	<u>(210,004)</u>	<u>(99,493)</u>	<u>(672,254)</u>
	<u>582,639</u>	<u>658,936</u>	<u>102,667</u>	<u>1,344,242</u>
Net Capital Assets				
	<u>582,639</u>	<u>658,936</u>	<u>102,667</u>	<u>1,344,242</u>
Total Noncurrent Assets				
	<u>582,639</u>	<u>658,936</u>	<u>132,432</u>	<u>1,374,007</u>
Total Assets	<u>673,187</u>	<u>707,546</u>	<u>162,590</u>	<u>1,543,323</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	10,486	1,134	1,025	12,645
Deferred outflows for OPEB.....	3,320	1,774	1,246	6,340
	<u>13,806</u>	<u>2,908</u>	<u>2,271</u>	<u>18,985</u>
Total Deferred Outflows of Resources.....				
	<u>13,806</u>	<u>2,908</u>	<u>2,271</u>	<u>18,985</u>

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 16,360	\$ 4,500	\$ 23,272	\$ 44,132
Accrued expenses	1,522	460	1,215	3,197
Accrued interest payable	328	518	203	1,049
Compensated absences	2,055	828	536	3,419
Due to other funds	3,042	-	905	3,947
Other post employment benefits liability	929	297	284	1,510
Unearned revenue.....	-	6	232	238
General obligation debt payable - current	-	750	2,517	3,267
Revenue bonds payable - current	-	-	580	580
Total Current Liabilities	<u>24,236</u>	<u>7,359</u>	<u>29,744</u>	<u>61,339</u>
Current Liabilities Payable from Restricted Assets:				
Revenue bonds & State loans payable	3,892	18,785	-	22,677
Accrued interest payable	-	517	-	517
Total Current Liabilities Payable from Restricted Assets	<u>3,892</u>	<u>19,302</u>	<u>-</u>	<u>23,194</u>
Noncurrent Liabilities:				
Compensated absences	53	-	213	266
General obligation debt payable	-	749	19,485	20,234
Revenue bonds & State loans payable	93,543	306,478	4,295	404,316
Advances from other funds	-	-	29,404	29,404
Claims and judgments.....	-	-	21,994	21,994
Other post employment benefits liability	25,883	8,277	7,915	42,075
Net pension liability	26,476	3,507	3,173	33,156
Total Noncurrent Liabilities	<u>145,955</u>	<u>319,011</u>	<u>86,479</u>	<u>551,445</u>
Total Liabilities	<u>174,083</u>	<u>345,672</u>	<u>116,223</u>	<u>635,978</u>
Deferred Inflows of Resources:				
Deferred inflows for gain on bond refunding	-	330	-	330
Deferred inflows for pensions	350	14	12	376
Deferred inflows for OPEB	20,313	5,535	7,771	33,619
Deferred inflows for leases	-	-	32,529	32,529
Total Deferred Inflows of Resources	<u>20,663</u>	<u>5,879</u>	<u>40,312</u>	<u>66,854</u>
NET POSITION:				
Net investment in capital assets.....	485,204	331,844	75,790	892,838
Restricted for debt service	3,706	18,444	-	22,150
Unrestricted (Deficit).....	3,337	8,615	(67,464)	(55,512)
Total Net Position	<u>\$ 492,247</u>	<u>\$ 358,903</u>	<u>\$ 8,326</u>	<u>\$ 859,476</u>

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

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 91,391	\$ -	\$ -	\$ 91,391
Statutory sewer user fee	-	-	58,147	58,147
Sewer maintenance fee	-	74,465	-	74,465
Rent	-	-	12,947	12,947
Fire protection service	9,293	-	-	9,293
Parking meters	-	-	4,690	4,690
Parking permits	-	-	3,697	3,697
Vehicle towing	-	-	6,910	6,910
Parking forfeitures	-	-	12,482	12,482
Other	9,460	-	1,425	10,885
Total Operating Revenues	<u>110,144</u>	<u>74,465</u>	<u>100,298</u>	<u>284,907</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ...	-	-	52,748	52,748
Employee services	-	4,788	5,985	10,773
Administrative and general	9,490	-	-	9,490
Depreciation	19,478	9,947	4,098	33,523
Transmission and distribution	21,406	-	-	21,406
Services, supplies, and materials	-	8,568	28,316	36,884
Water treatment	16,023	-	-	16,023
Water pumping	9,911	-	-	9,911
Billing and collection	2,341	-	-	2,341
Total Operating Expenses	<u>78,649</u>	<u>23,303</u>	<u>91,147</u>	<u>193,099</u>
Operating Income.....	<u>31,495</u>	<u>51,162</u>	<u>9,151</u>	<u>91,808</u>
Nonoperating Revenues (Expenses):				
Investment income.....	1,163	1,610	-	2,773
Grant revenue	-	4,395	5,698	10,093
Interest expense	(1,955)	(7,250)	(854)	(10,059)
Other	500	(29,506)	(19,805)	(48,811)
Total Net Nonoperating Revenues (Expenses) ...	<u>(292)</u>	<u>(30,751)</u>	<u>(14,961)</u>	<u>(46,004)</u>
Income before Contributions and Transfers.....	31,203	20,411	(5,810)	45,804
Capital contributions	1,759	-	-	1,759
Transfers in	-	-	1,137	1,137
Transfers out	<u>(12,618)</u>	<u>-</u>	<u>(14,245)</u>	<u>(26,863)</u>
Change in Net Position	20,344	20,411	(18,918)	21,837
Total Net Position - Beginning.....	<u>471,903</u>	<u>338,492</u>	<u>27,244</u>	<u>837,639</u>
Total Net Position - Ending	<u>\$ 492,247</u>	<u>\$ 358,903</u>	<u>\$ 8,326</u>	<u>\$ 859,476</u>

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

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CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 104,234	\$ 74,299	\$ 98,528	\$ 277,061
Receipts from interfund services provided	6,553	-	-	6,553
Payments to suppliers	(45,004)	20,981	(73,444)	(97,467)
Payments to employees	(21,416)	(7,562)	(10,026)	(39,004)
Payments to other funds	-	(29,456)	(3,456)	(32,912)
Payments from other funds	-	1,807	-	1,807
Miscellaneous nonoperating revenue	-	2,741	5,633	8,374
Other nonoperating expenses	-	(29,506)	-	(29,506)
Other	-	(1,735)	1,885	150
Net Cash Provided by Operating Activities.....	<u>44,367</u>	<u>31,569</u>	<u>19,120</u>	<u>95,056</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	1,137	1,137
Transfers to other funds	(12,618)	-	(14,245)	(26,863)
Net Cash Used by Noncapital Financing Activities	<u>(12,618)</u>	<u>-</u>	<u>(13,108)</u>	<u>(25,726)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	2,077	21,839	1,541	25,457
Acquisition of property, plant, and equipment	(45,360)	(21,907)	(7,364)	(74,631)
Retirement of bonds, notes, and revenue bonds	(5,470)	(21,090)	(3,086)	(29,646)
Interest paid	(1,859)	(9,894)	(861)	(12,614)
Net Cash Used for Capital and Related Financing Activities	<u>(50,612)</u>	<u>(31,052)</u>	<u>(9,770)</u>	<u>(91,434)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	<u>1,163</u>	<u>2,058</u>	<u>-</u>	<u>3,221</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,700)	2,575	(3,758)	(18,883)
Cash and Cash Equivalents - Beginning	<u>70,277</u>	<u>19,897</u>	<u>5,377</u>	<u>95,551</u>
Cash and Cash Equivalents - Ending	<u>\$ 52,577</u>	<u>\$ 22,472</u>	<u>\$ 1,619</u>	<u>\$ 76,668</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 48,542	\$ 4,028	\$ 1,619	\$ 54,189
Restricted Cash	<u>4,035</u>	<u>18,444</u>	<u>-</u>	<u>22,479</u>
	<u>\$ 52,577</u>	<u>\$ 22,472</u>	<u>\$ 1,619</u>	<u>\$ 76,668</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 31,495	\$ 51,162	\$ 9,151	\$ 91,808
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	19,478	9,947	4,098	33,523
Nonoperating income	500	(28,203)	7,518	(20,185)
Effect of changes in assets, liabilities, deferred inflows and deferred outflows:				
Receivables	(2,967)	(165)	(1,770)	(4,902)
Due from other funds	(4,827)	1,806	4,586	1,565
Inventories	8	189	-	197
Prepaid items	(766)	-	-	(766)
Other assets	(5)	-	-	(5)
Accounts payable	3,779	(96)	7,655	11,338
Accrued liabilities	-	309	574	883
Compensated absences	354	189	83	626
Total other postemployment benefits obligation	5,377	(3,047)	(3,866)	(1,536)
Net pension liability	(8,059)	1,117	700	(6,242)
Due to other funds	-	-	(8,042)	(8,042)
Deferred leases inflows.....	-	-	(216)	(216)
Deferred pension inflows	-	(3,505)	(3,630)	(7,135)
Deferred pension outflows	-	(311)	(174)	(485)
Deferred OPEB inflows	-	1,308	1,776	3,084
Deferred OPEB outflows	<u>-</u>	<u>869</u>	<u>677</u>	<u>1,546</u>
Net Cash Provided by Operating Activities	<u>\$ 44,367</u>	<u>\$ 31,569</u>	<u>\$ 19,120</u>	<u>\$ 95,056</u>

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works
in the amount of \$1,759.

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

CITY OF MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit C-1

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
ASSETS			
Cash and investments.....	\$ 2,186	\$ 2,132	\$ 85,256
Taxes receivable.....	-	-	332,508
Total Assets	<u>2,186</u>	<u>2,132</u>	<u>417,764</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 284	\$ 56	\$ 2,433
Due to other governmental agencies.....	-	-	415,331
Total Liabilities	<u>284</u>	<u>56</u>	<u>417,764</u>
Net Position:			
Restricted for Employees' benefits and other purposes	<u>\$ 1,902</u>	<u>\$ 2,076</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, 2023
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
Additions			
Contributions:			
Plan members	\$ 5,745	\$ -	\$ 213
Private donations	-	1,949	-
Total Contributions	<u>5,745</u>	<u>1,949</u>	<u>213</u>
Property Taxes:			
Property Tax.....	-	-	1,830,228
Total Property Taxes	<u>-</u>	<u>-</u>	<u>1,830,228</u>
Investment earnings:			
Net appreciation in fair value of investments, dividends and interest	-	12	54
Total Additions	<u>5,745</u>	<u>1,961</u>	<u>1,830,495</u>
Deductions			
Benefits	5,661	-	-
Fees remitted to agency	-	3,151	1,696
Taxes remitted to other governments	-	-	1,828,799
Other	-	-	-
Total Deductions	<u>5,661</u>	<u>3,151</u>	<u>1,830,495</u>
Change in Net Position	84	(1,190)	-
Net Position - Beginning	<u>1,818</u>	<u>3,266</u>	<u>-</u>
Net Position - Ending	<u>\$ 1,902</u>	<u>\$ 2,076</u>	<u>\$ -</u>

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
ASSETS			
Current Assets:			
Cash and investments.....	\$ 8,908	\$ 2,458	\$ 11,366
Restricted cash and investments	8,680	1,147	9,827
Receivables (net):			
Accounts	179	38	217
Notes and loans	9,099	36	9,135
Accrued interest	465	23	488
Leases receivable	2,356	-	2,356
Due from primary government	34	-	34
Due from other governmental agencies	306	-	306
Inventory of property for resale	7,204	474	7,678
Prepaid items	<u>3</u>	<u>-</u>	<u>3</u>
Total Noncapital Assets	<u>37,234</u>	<u>4,176</u>	<u>41,410</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	4,263	-	4,263
Machinery and equipment	6	-	6
Intangible assets.....	565	-	565
Accumulated depreciation	(9,585)	-	(9,585)
Subscription assets, net.....	<u>132</u>	<u>-</u>	<u>132</u>
Total Capital Assets, Net of Depreciation	<u>20,481</u>	<u>-</u>	<u>20,481</u>
Total Assets	<u>57,715</u>	<u>4,176</u>	<u>61,891</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 2,076	\$ 56	\$ 2,132
Due to other governmental agencies	3,410	-	3,410
Unearned revenue.....	343	104	447
Other liabilities	<u>-</u>	<u>518</u>	<u>518</u>
 Total Current Liabilities	 <u>5,829</u>	 <u>678</u>	 <u>6,507</u>
 Due to primary government:			
Due within one year	737	598	1,335
Due in more than one year	<u>6,691</u>	<u>-</u>	<u>6,691</u>
 Total Due to Primary Government	 <u>7,428</u>	 <u>598</u>	 <u>8,026</u>
 Long-term obligations:			
Due within one year	71	-	71
Due in more than one year	<u>1,301</u>	<u>-</u>	<u>1,301</u>
 Total Noncurrent Liabilities	 <u>1,372</u>	 <u>-</u>	 <u>1,372</u>
 Total Liabilities	 <u>14,629</u>	 <u>1,276</u>	 <u>15,905</u>
 Deferred Inflows of Resources			
Lease Related.....	<u>2,355</u>	<u>-</u>	<u>2,355</u>
 NET POSITION:			
Net investment in capital assets.....	20,410	-	20,410
Restricted	9,686	630	10,316
Unrestricted	<u>10,634</u>	<u>2,270</u>	<u>12,904</u>
 Total Net Position	 <u>\$ 40,731</u>	 <u>\$ 2,900</u>	 <u>\$ 43,631</u>

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit D-2

			Program	Grants and Contributions	
			Revenues		
	Expenses		Charges for Services	Operating	Capital
Redevelopment Authority					
Prevention and elimination of blight	\$ 4,895	\$ 3,110	\$ 344	\$ -	
Neighborhood Improvement Development Corp.					
Housing improvements	<u>474</u>	<u>97</u>	<u>149</u>	<u>-</u>	
Total Component Units	<u>\$ 5,369</u>	<u>\$ 3,207</u>	<u>\$ 493</u>	<u>\$ -</u>	

General revenues:

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

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
\$ (1,441)	\$ -	\$ (1,441)
<u>-</u>	<u>(228)</u>	<u>(228)</u>
<u>(1,441)</u>	<u>(228)</u>	<u>(1,669)</u>
 <u>702</u>	 <u>188</u>	 <u>890</u>
<u>702</u>	<u>188</u>	<u>890</u>
(739)	(40)	(779)
<u>41,470</u>	<u>2,940</u>	<u>44,410</u>
<u>\$ 40,731</u>	<u>\$ 2,900</u>	<u>\$ 43,631</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

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 2023 that will be collected in 2024 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 leases and subscriptions 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
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FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023 was approximately \$11,492,600. 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, 2023 were approximately \$349,000, \$191,000 and \$776,000 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 \$19,155,000 as of December 31, 2023.

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
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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 and Subscription Based Information Technology Agreements (SBITA)

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 and the right to use subscription based information technology arrangements (SBITA) from other entities. As a lessee, the City reports a lease and SBITA liability and an intangible right-to-use capital asset (known as the lease or SBITA asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease and SBITA proceeds and capital outlay at initiation of the lease and the outflow of resources for the lease or SBITA 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
SBITA's.....	100,000	contract term

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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 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.

CITY OF MILWAUKEE
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Unassigned – The general fund is the only fund which will report a positive amount in this category, which includes all other spendable amounts.

When an 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 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).

CITY OF MILWAUKEE
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- 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 3.45 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 6.54 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
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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 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 was implemented January 1, 2023.

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 SBITAs. This statement was implemented January 1, 2023.

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 was implemented January 1, 2023.

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.

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by a formal action of the government's highest level of decision making authority. This statement will be effective for the year-ending December 31, 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and asserting a government's accountability. This statement will be effective for the year-ending December 31, 2026 financial statements.

CITY OF MILWAUKEE
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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, 2023, the City's deposits and investments are as follows:

	Investment Maturities (in Years)					
	(Thousands of Dollars)					
	Fair Value	Less than 1	1-5	6-10	Greater than 10	Credit Rating
Governmental and Business-type activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 546,497	\$ 535,778	\$ 10,642	\$ -	\$ 77	see below
Segregated Deposits and Investments						
Interest Checking	13,220	13,220	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	108,779	108,779	-	-	-	not rated
Municipal Bonds	25,544	3,188	19,760	2,596	-	see below
GNMA Bonds	627	-	627	-	-	Aaa
Treasuries/Money Market (Fiscal Agent)	47,937	47,937	-	-	-	not rated
	<u>\$ 742,604</u>	<u>\$ 708,902</u>	<u>\$ 31,029</u>	<u>\$ 2,596</u>	<u>\$ 77</u>	
Fiduciary activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 88,331	\$ 88,331	\$ -	\$ -	\$ -	see below
Segregated Deposits and Investments						
Wisconsin Local Government						
Investment Pool	1,243	1,243	-	-	-	not rated
	<u>\$ 89,574</u>	<u>\$ 89,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Credit Ratings

The Governmental and Business-type municipal bond holdings of \$25,544,000 were rated by Moody's as follows:
 A1 (3%), Aa1 (4%), Aa2 (55%), Aa3 (1%), Aaa (15%) and S & P AA (4%), AA- (8%), 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, 2023, the City had the following investments and maturities in the Pool:

	<i>(Thousands of Dollars)</i>					
	Fair Value	Less than 1	1-5	6-10	Greater than 10	Credit Rating
Pooled Deposits and Investments						
Bank Demand Deposits	\$ 175,919	\$ 175,919	\$ -	\$ -	\$ -	not rated
Other Deposits	5,345	5,345	-	-	-	not rated
Deposits and Investments			-	-		
Interest Checking	140,678	140,678	-	-	-	not rated
Wisconsin Local Government			-	-		
Investment Pool	272,432	272,432	-	-	-	not rated
U.S. Bank Investment Portfolio			-	-		
Money Market.....	15,000	15,000	-	-	-	not rated
Corporate Bond.....	12,818	8,916	3,902	-	-	see below
U.S. Government Securities						
FNMA Bond.....	77	-	-	-	77	Aaa
FHLMC Bond.....	1,990	-	1,990	-	-	Aaa
FHLB Bond.....	4,841	4,841	-	-	-	Aaa
Treasury Note.....	5,728	978	4,750	-	-	Aaa
	<u>\$ 634,828</u>	<u>\$ 624,109</u>	<u>\$ 10,642</u>	<u>\$ -</u>	<u>\$ 77</u>	

Investment Portfolio Ratings

Corporate bond holdings of \$12,818,000 were rated by Moody's as follows: Aaa (53%), Aa2 (23%), Aa3 (16%) and S&P AA (8%).

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, 2023, \$217.8 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.

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.

CITY OF MILWAUKEE
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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, 2023:

1. Pooled deposits and investments of:
 - a. U.S. Treasury of \$5.7 million.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2023:

1. Municipal bonds of \$25.5 million.
2. Pooled deposits and investments of:
 - a. Corporate Bonds of \$12.8 million.
 - b. FNMA bonds of \$77 thousand.
 - c. FHLMC bonds of \$2.0 million.
 - d. FLHB bonds of \$4.8 million.

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.

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The Component Units have the following deposits and investments as of December 31, 2023:

	Investment Maturities (in Years)			Moody's Credit Rating
	(Thousands of Dollars)			
	Fair value	Less than 1	1-5	
Component Units:				
Bank Demand Deposits.....	\$ 12,784	\$ 12,784	\$ -	not rated
Local Government Investment Pool.....	250	250	-	not rated
U.S. Treasury Notes.....	1,880	795	1,085	AAA
U.S. Agencies.....	1,751	171	1,580	AAA
U.S. Government Mortgage	3	-	3	AAA
Municipal Bonds	1,876	441	1,435	AA3
Corporate Bonds	269	-	269	AA2
Certificates of Deposit.....	1,106	1,106	-	AA
Money Market.....	1,274	1,274	-	not rated
	<u>\$ 21,193</u>	<u>\$ 16,821</u>	<u>\$ 4,372</u>	

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, 2023 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	(Thousands of Dollars)	
Redevelopment Authority.....	\$ 11,262	\$ 9,687
Neighborhood Improvement Development Corporation.....	2,885	1,958

As of December 31, 2023 Component Unit investment balances exposed to Custodial Credit Risk are as follows:

	Investment Balance	Uninsured and Uncollateralized
	(Thousands of Dollars)	
Redevelopment Authority.....	\$ 6,099	\$ 6,099
Neighborhood Improvement Development Corporation.....	725	250

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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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 using a matrix pricing model as of December 31, 2023:

Valued using Level 1 inputs:

1. U.S. Treasury notes of \$1.9 million

Valued using Level 2 inputs:

1. U.S. Agency bonds of \$1.8 million
2. U.S Government mortgage of \$3 thousand
3. Municipal bonds of \$1.9 million
4. Corporate bonds of \$269 thousand
5. Property Inventory of \$7.7 million

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, delinquent property taxes include delinquent sewer and water charges and special assessments by year levied, tax deeded property, and allowance for uncollectible taxes. These delinquent property taxes are reported as part of taxes receivable in the General Fund and Special Revenue Fund - Delinquent Tax and consist of the following:

	City Levy	Purchased Taxes Receivable	Total
	<i>(Thousands of Dollars)</i>		
2018 and prior	\$ 7,724	\$ 1,003	\$ 8,727
2019	2,229	254	2,483
2020	2,569	256	2,825
2021	5,691	662	6,353
2022	<u>16,897</u>	<u>2,309</u>	<u>19,206</u>
Total delinquent property taxes receivable	<u>\$ 35,110</u>	<u>\$ 4,484</u>	39,594
Property taxes receivable on foreclosed property			42,801
Less: Allowance for uncollectible taxes			<u>(34,863)</u>
Net delinquent property taxes receivable, including tax deeded property.....			<u>\$ 47,532</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
Governmental activities				
<i>Capital assets not being depreciated and amortized:</i>				
Land	\$ 166,469	\$ 151	\$ 246	\$ 166,374
Construction in progress	148,073	19,658	24,448	143,283
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>315,884</u>	<u>19,809</u>	<u>24,694</u>	<u>310,999</u>
<i>Capital assets being depreciated and amortized:</i>				
Buildings	401,274	3,435	189	404,520
Infrastructure.....	1,886,815	58,171	19,066	1,925,920
Improvements other than buildings	11,966	-	190	11,776
Machinery and equipment	267,284	15,977	10,087	273,174
Intangible software.....	<u>14,722</u>	<u>-</u>	<u>-</u>	<u>14,722</u>
Total capital assets being depreciated and amortized	<u>2,582,061</u>	<u>77,583</u>	<u>29,532</u>	<u>2,630,112</u>
Less accumulated depreciation and amortization for:				
Buildings	178,133	11,429	183	189,379
Infrastructure	1,179,155	35,109	19,066	1,195,198
Improvements other than buildings	10,992	202	167	11,027
Machinery and equipment	176,413	14,179	9,587	181,005
Intangible software	<u>11,913</u>	<u>1,504</u>	<u>-</u>	<u>13,417</u>
Total accumulated depreciation and amortization	<u>1,556,606</u>	<u>62,423</u>	<u>29,003</u>	<u>1,590,026</u>
Total capital assets being depreciated and amortized, net	<u>1,025,455</u>	<u>15,160</u>	<u>529</u>	<u>1,040,086</u>
Right of use lease assets, net (Footnote 12)				3,927
Subscription assets, net (Footnote 12) *				<u>16,943</u>
Government activity capital assets, net	<u>\$ 1,341,339</u>	<u>\$ 34,969</u>	<u>\$ 25,223</u>	<u>\$ 1,371,955</u>
Depreciation and amortization expense for governmental activities was charged to the following functions:	Depreciation			
General government	\$ 1,954			
Public safety	8,577			
Public works	49,845			
Health	405			
Culture and recreation	<u>1,642</u>			
Total	<u>\$ 62,423</u>			

*Amounts were adjusted to reflect the implementation of GASB 96

CITY OF MILWAUKEE
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FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
Business-type activities				
Water Works				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,791	\$ 182	\$ -	\$ 1,973
Construction in progress	<u>15,309</u>	<u>51,654</u>	<u>53,210</u>	<u>13,753</u>
Total capital assets not being depreciated	<u>17,100</u>	<u>51,836</u>	<u>53,210</u>	<u>15,726</u>
<i>Capital assets being depreciated:</i>				
Buildings	31,525	4,118	50	35,593
Infrastructure	553,572	35,912	917	588,567
Machinery and equipment	294,706	13,180	6,167	301,719
Nonutility property	<u>3,791</u>	<u>-</u>	<u>-</u>	<u>3,791</u>
Total capital assets being depreciated	<u>883,594</u>	<u>53,210</u>	<u>7,134</u>	<u>929,670</u>
Less accumulated depreciation for:				
Buildings	24,085	772	50	24,807
Infrastructure	142,645	8,449	917	150,177
Machinery and equipment	182,129	10,257	6,107	186,279
Nonutility property	<u>1,494</u>	<u>-</u>	<u>-</u>	<u>1,494</u>
Total accumulated depreciation	<u>350,353</u>	<u>19,478</u>	<u>7,074</u>	<u>362,757</u>
Total capital assets being depreciated, net	<u>533,241</u>	<u>33,732</u>	<u>60</u>	<u>566,913</u>
Water Works capital assets, net	<u>550,341</u>	<u>85,568</u>	<u>53,270</u>	<u>582,639</u>
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 501	\$ 39	\$ 501	\$ 39
Total capital assets not being depreciated	<u>501</u>	<u>39</u>	<u>501</u>	<u>39</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	837,950	21,907	1,105	858,752
Machinery and equipment	<u>8,575</u>	<u>1,574</u>	<u>-</u>	<u>10,149</u>
Total capital assets being depreciated	<u>846,525</u>	<u>23,481</u>	<u>1,105</u>	<u>868,901</u>
Less accumulated depreciation for:				
Infrastructure	196,460	9,413	1,105	204,768
Machinery and equipment	<u>4,702</u>	<u>534</u>	<u>-</u>	<u>5,236</u>
Total accumulated depreciation	<u>201,162</u>	<u>9,947</u>	<u>1,105</u>	<u>210,004</u>
Total capital assets being depreciated, net	<u>645,363</u>	<u>13,534</u>	<u>-</u>	<u>658,897</u>
Sewer Maintenance capital assets, net	<u>645,864</u>	<u>13,573</u>	<u>501</u>	<u>658,936</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
		<i>(Thousands of Dollars)</i>		
Other business-type activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 17,461	\$ -	\$ -	\$ 17,461
Construction in progress	<u>17,061</u>	<u>4,442</u>	<u>-</u>	<u>21,503</u>
Total capital assets not being depreciated	<u>34,522</u>	<u>4,442</u>	<u>-</u>	<u>38,964</u>
<i>Capital assets being depreciated:</i>				
Buildings	103,562	2,516	-	106,078
Infrastructure.....	21,476	206	-	21,682
Improvements other than buildings	15,550	-	-	15,550
Machinery and equipment	<u>18,977</u>	<u>1,100</u>	<u>191</u>	<u>19,886</u>
Total capital assets being depreciated	<u>159,565</u>	<u>3,822</u>	<u>191</u>	<u>163,196</u>
Less accumulated depreciation for:				
Buildings	61,206	2,370	-	63,576
Infrastructure—port.....	12,755	479	-	13,234
Improvements other than buildings	8,738	431	-	9,169
Machinery and equipment	<u>12,887</u>	<u>818</u>	<u>191</u>	<u>13,514</u>
Total accumulated depreciation	<u>95,586</u>	<u>4,098</u>	<u>191</u>	<u>99,493</u>
Total capital assets being depreciated, net	<u>63,979</u>	<u>(276)</u>	<u>-</u>	<u>63,703</u>
Other business-type activities, net	<u>98,501</u>	<u>4,166</u>	<u>-</u>	<u>102,667</u>
Business-type activity capital assets, net	<u>\$ 1,294,706</u>	<u>\$ 103,307</u>	<u>\$ 53,771</u>	<u>\$ 1,344,242</u>
Depreciation expense for business-type activities was charged to functions as follows:				
Water Works				
Depreciation	\$ 21,747			
Depreciation charged to Sanitary Sewer	<u>(2,269)</u>			
	19,478			
Sewer Maintenance	9,947			
Other business-type activities	<u>4,098</u>			
Total	<u>\$ 33,523</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/23
		<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	4,263	-	-	4,263
Machinery and equipment	6	-	-	6
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>
Total capital assets being depreciated	<u>19,341</u>	<u>-</u>	<u>-</u>	<u>19,341</u>
Less accumulated depreciation for:				
Buildings	5,116	357	-	5,473
Infrastructure	207	12	-	219
Improvements other than buildings	3,093	229	-	3,322
Machinery and equipment	6	-	-	6
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>
Total accumulated depreciation	<u>8,987</u>	<u>598</u>	<u>-</u>	<u>9,585</u>
Total capital assets being depreciated, net	<u>10,354</u>	<u>(598)</u>	<u>-</u>	<u>9,756</u>
Subscription assets, net (Footnote 12) *				<u>132</u>
Component units capital assets, net	<u>\$ 20,947</u>	<u>\$ (598)</u>	<u>\$ -</u>	<u>\$ 20,481</u>

* Beginning balances have been adjusted to reflect the implementation of GASB Statement No. 96

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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	General Obligation Debt Service	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>						
Subsequent years property taxes	\$ 172,140	\$ 106,678	\$ 57,277	\$ -	\$ 54,489	\$ -	\$ 390,584
Leases receivable.....	5,263	-	-	-	-	-	5,263
Delinquent property taxes	6,225	-	-	-	-	7,061	13,286
Unavailable receivables.....	5,538	52,145	6,848	-	-	-	64,531
Unbilled special assessments	-	-	-	-	10,485	-	10,485
Unavailable grant revenue	-	-	-	9,463	5,389	3,044	17,896
Grants received prior to meeting all eligibility requirements.....	-	-	-	218,844	-	-	218,844
Other unearned revenue	<u>672</u>	<u>-</u>	<u>-</u>	<u>337</u>	<u>22</u>	<u>532</u>	<u>1,563</u>
Total	<u>\$ 189,838</u>	<u>\$ 158,823</u>	<u>\$ 64,125</u>	<u>\$ 228,644</u>	<u>\$ 70,385</u>	<u>\$ 10,637</u>	<u>\$ 722,452</u>
						Unearned revenues - deferred inflows	\$ 395,847
						Unavailable revenues - deferred inflows	106,198
						Unearned revenues - liabilities	<u>220,407</u>
							<u>\$ 722,452</u>

6. SHORT-TERM DEBT

As of December 31, 2023, 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, 2023

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2023 were as follows:

	Balance 01/01/23	Additions	Deductions	Balance 12/31/23	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	\$ 1,056,269	\$ 180,458	\$ 160,512	\$ 1,076,215	\$ 106,226
Milwaukee Public Schools	52,430	-	1,243	51,187	1,057
Unamortized premiums	78,673	8,185	14,383	72,475	-
Direct loans					
City	10,000	5,000	10,000	5,000	-
Compensated absences	44,700	30,924	28,939	46,685	29,932
Total other postemployment benefits liability	1,170,749	106,006	205,495	1,071,260	37,098
Net pension liability	367,917	1,018,204	136,745	1,249,376	-
Claims and judgments	59,947	5,083	3,055	61,975	1,900
Total governmental activities	<u>\$ 2,840,685</u>	<u>\$ 1,353,860</u>	<u>\$ 560,372</u>	<u>\$ 3,634,173</u>	<u>\$ 176,213</u>
Leases payable (Footnote 12).....				3,927	455
Subscriptions payable (Footnote 12)*.....				16,943	4,270
Total governmental activities long term liabilities.....				<u>\$ 3,655,043</u>	<u>\$ 180,938</u>
Business-type activities:					
Water Works					
State loans (direct)	\$ 93,321	\$ 2,077	\$ 5,011	\$ 90,387	\$ 3,427
Revenue bonds	7,335	-	460	6,875	465
Unamortized premiums	197	-	24	173	-
Compensated absences	2,055	1,878	1,825	2,108	2,055
Total other postemployment benefits liability	34,938	-	8,126	26,812	929
Net pension liability	7,996	21,378	2,898	26,476	-
Total Water Works	<u>145,842</u>	<u>25,333</u>	<u>18,344</u>	<u>152,831</u>	<u>6,876</u>
Sewer Maintenance					
General obligation bonds and notes	\$ 2,249	\$ -	\$ 750	\$ 1,499	\$ 750
State loans (direct)	155,481	21,839	12,465	164,855	13,115
Revenue bonds	150,985	-	7,875	143,110	5,670
Unamortized premiums	19,182	-	1,884	17,298	-
Compensated absences	639	627	438	828	828
Total other postemployment benefits liability	11,324	-	2,750	8,574	297
Net pension liability	2,390	1,501	384	3,507	-
Total Sewer Maintenance	<u>342,250</u>	<u>23,967</u>	<u>26,546</u>	<u>339,671</u>	<u>20,660</u>

*Amounts were adjusted to reflect the implementation of GASB 96

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance 01/01/23	Additions	Deductions	Balance 12/31/23	Amounts Due within One Year
		(Thousands of Dollars)			
Other Proprietary Funds					
General obligation bonds and notes	\$ 22,977	\$ 1,541	\$ 2,516	\$ 22,002	\$ 2,517
Claims and judgments	-	21,994	-	21,994	-
Revenue bonds	5,445	-	570	4,875	580
Compensated absences	555	633	439	749	536
Total other postemployment benefits liability	11,820	-	3,621	8,199	284
Net pension liability	2,473	1,048	348	3,173	-
Total Other Proprietary	<u>43,270</u>	<u>25,216</u>	<u>7,494</u>	<u>60,992</u>	<u>3,917</u>
Total business-type activities	<u>\$ 531,362</u>	<u>\$ 74,516</u>	<u>\$ 52,384</u>	<u>\$ 553,494</u>	<u>\$ 31,453</u>
Component Units					
Environmental remediation liability	\$ 754	\$ 547	\$ -	\$ 1,301	\$ -
Total component units	<u>\$ 754</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 1,301</u>	<u>\$ -</u>
Subscriptions payable (Footnote 12)*				71	71
Total component unit long term liabilities.....				<u>\$ 1,372</u>	<u>\$ 71</u>

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Sewer Maintenance, 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, 2023, the City general obligation bonds totaled \$329,575,000 of which \$271,116,599 is for Capital Improvements, \$49,300,000 for schools and \$9,158,401 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, 2023, general obligation bonds totaling \$30,940,000 were issued of which \$29,717,260 was issued to finance capital improvements, \$513,803 for business-type activities and \$708,937 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, 2023, there was \$1,469,761 of debt outstanding. There is also \$49,300,000 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, 2023, 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.

CITY OF MILWAUKEE
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As of December 31, 2023, \$47,385,777 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$66,273,304. 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, 2023, the City has State loans totaling \$255,242,000 of which \$164,855,000 is for Sewer and \$90,387,000 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2043.

As of December 31, 2023, the City has Revenue Bonds totaling \$154,860,000 of which \$143,110,000 is for Sewer, \$6,875,000 is for Water and \$4,875,000 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 2023, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling \$23,916,000 of which \$21,839,000 is for Sewer and \$2,077,000 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, 2023, the City had notes totaling \$826,330,001 of which \$521,725,003 is for Capital Improvements, \$1,887,312 for schools, \$14,343,154 for business-type activities, \$80,134,995 for the purchase of delinquent taxes and \$208,239,536 for general City. The interest rates are between 1.75% and 7.50% with a final maturity date of June 30, 2033.

As of December 31, 2023, \$107,724,823 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$123,472,595.

During the year ended December 31, 2023, General Obligation notes totaling \$151,060,000 were issued, of which \$67,996,198 was issued to finance capital improvements, \$1,027,608 for business-type activities, \$16,895,861 to purchase 2022 delinquent taxes, \$62,000,000 for municipal purposes and \$3,140,333 for refunding purposes.

E. Direct Loans

As of December 31, 2023, 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, 2024	SOFR	The Huntington National Bank
\$25,000,000	December 21, 2024	SOFR	U.S. Bank National Association

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During 2023, \$5 million was drawn on the Loans for the following purposes:

Loan Draws	
<i>(Thousands of Dollars)</i>	
Purpose	Amount
Capital expenditures.....	\$ 5,000
	<u>\$ 5,000</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 01/01/23	Additions	Deletions	Balance 12/31/23
<u>\$ 10,000</u>	<u>5,000</u>	<u>10,000</u>	<u>\$ 5,000</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	
	(Thousands of Dollars)				
Governmental activities					
2024.....	\$ 107,283	\$ 44,008	\$ -	\$ 140	\$ 151,431
2025.....	114,137	39,349	-	275	153,761
2026.....	97,455	34,563	5,000	252	137,270
2027.....	129,990	29,266	-	-	159,256
2028.....	146,820	22,969	-	-	169,789
2029-2033.....	423,332	54,246	-	-	477,578
2034-2038.....	99,515	10,102	-	-	109,617
2039-2043.....	8,870	520	-	-	9,390
Total	<u>\$ 1,127,402</u>	<u>\$ 235,023</u>	<u>\$ 5,000</u>	<u>\$ 667</u>	<u>\$ 1,368,092</u>
Business-type activities	General Obligation Debt		Revenue Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
Other Proprietary					
2024.....	\$ 2,517	\$ 790	\$ 580	\$ 83	\$ 3,970
2025.....	2,429	691	585	77	3,782
2026.....	2,230	595	595	69	3,489
2027.....	2,079	510	600	60	3,249
2028.....	1,920	435	610	51	3,016
2029-2033.....	7,667	1,222	1,905	78	10,872
2034-2038.....	3,160	176	-	-	3,336
Total	<u>\$ 22,002</u>	<u>\$ 4,419</u>	<u>\$ 4,875</u>	<u>\$ 418</u>	<u>\$ 31,714</u>

CITY OF MILWAUKEE
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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							
2024.....	\$ 750	\$ 56	\$ 5,670	\$ 5,661	\$ 13,115	\$ 3,147	\$ 28,399
2025.....	749	19	5,960	5,370	13,397	2,885	28,380
2026.....	-	-	8,035	5,029	13,685	2,594	29,343
2027.....	-	-	10,230	4,613	13,979	2,297	31,119
2028.....	-	-	10,730	4,155	13,356	2,004	30,245
2029-2033.....	-	-	57,095	13,743	50,237	6,673	127,748
2034-2038.....	-	-	26,745	5,383	35,428	2,488	70,044
2039-2043.....	-	-	11,050	2,191	11,658	377	25,276
2043-2047.....	-	-	7,595	346	-	-	7,941
Total	<u>\$ 1,499</u>	<u>\$ 75</u>	<u>\$ 143,110</u>	<u>\$ 46,491</u>	<u>\$ 164,855</u>	<u>\$ 22,465</u>	<u>\$ 378,495</u>
Water Works							
2024.....	\$ -	\$ -	\$ 465	\$ 270	\$ 3,427	\$ 340	\$ 4,502
2025.....	-	-	475	246	5,039	552	6,312
2026.....	-	-	480	222	10,521	1,088	12,311
2027.....	-	-	490	203	4,389	599	5,681
2028.....	-	-	500	187	9,085	1,333	11,105
2029-2033.....	-	-	2,680	631	57,926	8,904	70,141
2034-2038.....	-	-	1,785	108	-	-	1,893
2039-2043.....	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,875</u>	<u>\$ 1,867</u>	<u>\$ 90,387</u>	<u>\$ 12,816</u>	<u>\$ 111,945</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, 2023, the City's legal debt margin was \$1,690,173,000. Of this amount, \$737,778,000 was for school purposes and \$952,395,000 was for City purposes.

H. Refinancing

During 2023, the City refinanced \$3,849,270 of General Obligation Debt with \$3,140,334 of Promissory Notes, Series 2023 N3 and \$708,936 of Corporate Purpose Bonds, Series 2023 B4. These issues provided long-term financing for interim debt of \$3,849,270.

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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, 2023 is approximately \$333,000,000 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 2023 was \$130,274,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2023 and 2022 were \$130,274,000 and \$77,197,000 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, 2023, are summarized in the following table:

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Asset Allocation Policy and Expected Return

<u>Asset Class</u>	<u>Policy</u>	<u>Long-term Expected Rate of Return</u>
Public Equity.....	44.0%	7.3%
Fixed Income & Cash.....	23.0%	3.1%
Real Estate.....	9.7%	5.1%
Real Assets.....	3.3%	4.6%
Private Equity.....	10.0%	10.0%
Absolute Return.....	10.0%	3.6%
	100.0%	

Rate of Return – For the year ended December 31, 2022, the annual money-weighted rate of return, net of investment expense was (6.58%). 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, 2022, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2022, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2022
Measurement Date of Net Pension Liability	December 31, 2022
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 3.0% - 7.5% Police & Fire 3.0% - 19.0%
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 Pub-2010 Below Median Employee Morality Tables with gender specific age setbacks, projected generationally using SOA Scale MP-2021. Disabled mortality rates were based on the Pub-2010 Disabled Retiree Mortality Tables with gender specific setbacks and set forwards, projected generationally using SOA Scale MP-2021.
Experience Study	The actuarial assumptions used in this valuation, are based on the results of the most recent experience study covering the five-year period ending December 31, 2021.

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NOTES TO THE FINANCIAL STATEMENTS
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Net Pension Liability – The components of the City's pension liability as of December 31, 2023, were as follows:

	Total
	(Thousands of Dollars)
Total pension liability	\$ 5,966,092
Plan fiduciary net position	(4,683,560)
Net pension liability	<u>\$ 1,282,532</u>
Plan fiduciary net position as a percentage of total pension liability	78.50%
Covered employee payroll	\$ 488,416
Net pension liability as a percentage of covered employee payroll	262.59%

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%
	(Thousands of Dollars)		
City's net pension liability (asset).....	\$ 1,978,467	\$ 1,282,532	\$ 702,621

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 2022 actuarial employer contribution was \$75.396 million and the employer allocation percentage was 84.304% as compared to the prior year actuarial employer contribution of \$75.721 million and an employer allocation percentage of 84.667%.

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 84.304%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.45 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 5.0 years.

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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.....	\$ 10,883	\$ (3,324)
Changes in assumptions.....	24,406	-
Contributions made after the measurement date.....	130,274	-
Net differences between projected and actual earnings		
on pension plan investments.....	273,547	-
Changes in proportion and differences between employer		
contributions and proportionate share of contributions.....	6,595	(11,968)
Total.....	<u>\$ 445,705</u>	<u>\$ (15,292)</u>

Deferred Outflows of \$130,274 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Annual Future Deferred Inflows/Outflows	
Year Ended December 31:	Net Deferred Outflows of Resources
	<i>(Thousands of Dollars)</i>
2024	\$ (9,671)
2025	68,945
2026	64,412
2027	176,453
Total	<u>\$ 300,139</u>

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The City's pension expense was determined as follows:

Calculation of Pension Expense	
<i>(Thousands of Dollars)</i>	
	Total
Service Cost.....	\$ 70,076
Interest cost on total pension liability.....	426,128
Projected earnings on plan investments.....	(396,987)
Contributions - Member.....	(27,149)
Administrative Expense.....	6,054
Plan Changes.....	-
Recognition of net deferred outflows (inflows)	
Changes in assumptions.....	9,961
Differences between expected and actual liability experience.....	(1,356)
Difference between projected and actual earnings.....	179,614
Other changes in fiduciary net position.....	-
Prior years' deferred outflows.....	135,922
Prior years' deferred inflows.....	(208,579)
Other changes in fiduciary net position.....	(3,297)
Total Pension Expense.....	<u>\$ 190,387</u>

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 Employees' 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

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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 2023, the City paid \$34,954,661 and \$3,512,842, respectively, toward medical and life insurance for retirees. The Plan has no accumulated assets.

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Actuarial Assumptions

The last actuarial valuation was performed as of January 1, 2023, projected to measurement date of December 31, 2023, 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, 2023
Measurement Date of Net OPEB Liability	December 31, 2023
Plan Fiscal Year End	December 31, 2023
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	4.05% as of December 31, 2022; 3.77% as of December 31, 2023.
Projected Salary Increases	For general employees, salary increase rates start at 6.25% at age 20 and decrease steadily to 3.0% at age 45. For public safety employees, salary increases start at 18.0% at age 20 and decrease steadily to 3.0% at age 55.
Wage Inflation	3.0% for general employees and 3.0% for public safety employees.
Healthcare Cost Trend Rates	Pre-Medicare trend rates are 5.0% for 2024, 7.00% for 2025, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2036. Post-Medicare trend rates are -2.60% for 2024, 8.00% for 2025, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2040.
Mortality Table	For regular retirees and for survivors, the PUB-2010 Below Median Income Healthy Annuitant Mortality Table (using 1 year setbacks for males and 2 year set forwards (base year 2010) projected generationally with Scale MP-2021. For duty and ordinary disability retirees, the PUB-2010 Non-Safety Disabled Retiree Mortality Table (using 1 year setback for males and 2 year set forward for females) (base year 2010) projected generationally with Scale MP-2021. For death in active service, the PUB-2010 Below Median Income General Employee Mortality Table (using 1 year setback for males and 2 year set forward for females) (base year 2010) projected generationally with Scale MP-2021. For Policemen and Firemen: Regular retirees, PUB-2010 Median Income Public Safety Annuitant Mortality Table (using 1 year set forward for males and females) (base year 2010) projected generationally with Scale MP-2021. Duty and ordinary disability retirees: PUB-2010 Safety Disabled Retiree Mortality Table (using 1 year set forward for males and females) (base year 2010) projected generationally with Scale MP-2021. Death in active service: PUB-2010 Median Income Safety Employee
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.

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Total OPEB Liability

The changes and components of the December 31, 2023 OPEB liability, along with the total OPEB liability by year are shown in the schedules below:

Schedule of Changes in Total OPEB Liability		Total
<i>(Thousands of Dollars)</i>		
Total OPEB liability		
Service cost.....	\$	34,960
Interest.....		41,867
Differences between expected and actual experience.....		(210,632)
Changes of assumptions.....		58,286
Benefit payments.....		(38,467)
Net change in total OPEB liability.....		(113,986)
Total OPEB liability - January 1, 2023.....		1,228,831
Total OPEB liability - December 31, 2023.....	\$	1,114,845
Plan fiduciary net position		
Contributions - employer.....		38,467
Benefit payments.....		(38,467)
Total OPEB liability - ending.....	\$	1,114,845
Plan fiduciary net position as a percentage of total OPEB liability.....		0.00%
Covered employee payroll.....	\$	311,463
Total OPEB liability as a percentage of covered payroll.....		357.94%
Inactive plan members or beneficiaries currently receiving benefits.....		2,819
Active plan members.....		4,180
		<u>6,999</u>
Discount rate - December 31, 2022.....	4.05%	
Discount rate - December 31, 2023.....	3.77%	

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:

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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

	<u>1% Decrease to Discount Rate 2.77%</u>	<u>Current Discount Rate 3.77%</u>	<u>1% Increase to Discount Rate 4.775%</u>
	(Thousands of Dollars)		
City's Total OPEB liability.....	\$ 1,283,991	\$ 1,114,845	\$ 977,664

Sensitivity of Total OPEB to the Healthcare Cost Trend Rate Assumption

	<u>1% Decrease</u>	<u>Current Healthcare Cost Assumption</u>	<u>1% Increase</u>
	(Thousands of Dollars)		
City's Total OPEB liability.....	\$ 973,421	\$ 1,114,845	\$ 1,292,770

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.....	\$ 34,960
Interest cost on total pension liability.....	41,867
Recognition of outflow/(inflow) due to non-investment experience.....	(46,676)
Recognition of outflow/(inflow) due to assumption changes.....	(20,709)
Total OPEB Expense.....	<u>\$ 9,442</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.....	\$ 1,228,831
OPEB expense.....	9,442
Employer contributions.....	(38,467)
Change in outflow/(inflow) due to non-investment experience.....	(163,956)
Change in outflow/(inflow) due to assumption changes.....	78,995
Total OPEB liability end of year.....	<u>\$ 1,114,845</u>

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Deferred Inflows and Outflows of Resources – For the plan year-end December 31, 2023, the actuarial discount rate decreased to 3.77 percent from 4.05 percent. Deferred inflows increased \$77.0 million and deferred outflows decreased \$8.0 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 <u>Current Expense</u>	Outflows Recognized in <u>Current Expense</u>
Differences between expected and actual non-investment experience.....	\$ (48,939)	\$ 2,262
Changes in assumptions.....	(97,927)	77,219
Total.....	<u>\$ (146,866)</u>	<u>\$ 79,481</u>

At December 31, 2023, 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual non-investment experience.....	\$ 9,527	\$ (214,764)
Changes in assumptions.....	184,916	(392,976)
Total.....	<u>\$ 194,443</u>	<u>\$ (607,740)</u>

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

(Thousands of Dollars)

Fiscal Year-end	
December 31, 2024	\$ (70,880)
December 31, 2025	(88,617)
December 31, 2026	(96,508)
December 31, 2027	(92,078)
December 31, 2028	(53,338)
December 31, 2029	(9,733)
December 31, 2030	(2,107)
December 31, 2031	(36)
Total	<u>\$ (413,297)</u>

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 where the above calculation then applies. Firefighters who have fewer than twenty, 24-hour workdays of accumulated, unused

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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 2023, approximately \$11,513,103 was paid for sick leave from all funds. At December 31, 2023, accumulated sick leave earned but not taken totaled approximately \$145,930,196 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 2023, terminal leave payments totaled \$2,139,758 to employees retiring during the year. As of December 31, 2023, the City has accrued \$26,144,145 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$44,685,313 with the remainder accrued vacation leave of \$18,867,613 and estimated FICA taxes of \$1,673,555.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2023 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
(Thousands of Dollars)								
Nonspendable								
Advances.....	\$ 4,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,901
Inventory.....	15,578	-	-	-	-	-	-	15,578
Inventory of property for resale.....	26	-	-	-	-	-	-	26
Prepaid items.....	6,837	-	-	-	2	261	4	7,104
Spendable								
Restricted for:								
Future debt payments.....	-	30,537	54,163	-	-	-	-	84,700
Business Improvement Districts....	-	-	-	115	-	-	-	115
Grants.....	-	-	-	-	3,813	-	4,395	8,208
Tax increment financing.....	-	-	-	142,741	-	-	-	142,741
Committed to:								
Contributions.....	4,247	-	-	-	-	-	-	4,247
Capital projects.....	-	-	-	-	-	62,037	-	62,037
Future debt payments.....	119,000	-	-	-	-	-	-	119,000
Assigned to:								
Conservation and development.....	376	-	-	-	-	-	-	376
General government.....	14,680	-	-	-	-	-	-	14,680
Health.....	3,344	-	-	-	-	-	-	3,344
Culture and recreation.....	209	-	-	-	-	-	-	209
Public safety.....	3,658	-	-	-	-	-	-	3,658
Public works.....	3,856	-	-	-	-	-	-	3,856
Unassigned (deficit)	59,699	-	-	-	(9,465)	(4,747)	(10,494)	34,993
Total Fund Balance.....	\$ 236,411	\$ 30,537	\$ 54,163	\$ 142,856	\$ (5,650)	\$ 57,551	\$ (6,095)	\$ 509,773

Sinking Fund Deposits

The fund balance restricted for future debt payments within the general obligation debt service fund includes \$34,650,000 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.

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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, 2023, the tax stabilization reserve was \$64,600,000. Of this amount, \$59,699,000 is unassigned for 2023 and subsequent years' budgets. This Reserve includes an amount for advances of \$4,901,000 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, 2023, the following individual funds had a deficit balance:

Fund	Amount	Reason
	<i>(Thousands of Dollars)</i>	
Grant and Aid Projects.....	\$ (5,650)	Unavailable revenue from various grants
Delinquent Tax.....	(7,446)	Loss on sale of tax deed properties

The Grant and Aid Projects fund and the Delinquent Tax 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, 2023 were as follows:

Due From				
	General Fund	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total
	<i>(Thousands of Dollars)</i>			
Due To	General Obligation Debt Service	\$ 8,765	\$ -	\$ -
	Grant and Aid Projects	841	-	841
	Nonmajor Governmental Funds.....	30,077	-	30,077
	Water Works	1,271	999	772
	Nonmajor Proprietary Funds	905	-	905
	Totals	<u>\$ 41,859</u>	<u>\$ 999</u>	<u>\$ 772</u>
				<u>\$ 43,630</u>

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

The City of Milwaukee General Fund advances funds to the Special Assessments and Capital Projects funds to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2023 the outstanding balance was \$4,901,000.

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The City of Milwaukee Economic Development Fund advanced \$29,404,000 to the Transportation Fund to finance cash flows in 2023. 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, 2023 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Nonmajor Governmental Funds.....	\$ 6,720	Subsidize uncollected property taxes
	Water Works.....	12,618	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,464	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	11,718	Subsidy for operations
	Subtotal General Fund.....	<u>32,520</u>	
General Obligation Debt Service	General.....	63,234	Funding for debt payments
	Economic Development.....	21,502	Funding for debt payments
	Nonmajor Governmental Funds.....	15,276	Funding for debt payments
	Nonmajor Proprietary Funds.....	1,063	Funding for debt payments
	Subtotal Debt Service.....	<u>101,075</u>	
Economic Development	Capital Funds.....	3,792	Close surplus revenues
	Subtotal Economic Development.....	<u>3,792</u>	
Capital Projects	Economic Development.....	18,338	Tax increment financing
	Subtotal Capital Projects.....	<u>18,338</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	806	Funding for debt payments
	Capital Funds.....	331	Close surplus revenues
	Subtotal Nonmajor Proprietary.....	<u>1,137</u>	
	Total Interfund Transfers.....	<u>\$ 156,862</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
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11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2023 were as follows:

Component Unit Payable	Primary Government's Receivable <i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	\$ 580
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	6,848
Due from NIDC for strong home loan repayments.....	232
Due from NIDC for housing projects.....	55
Due from NIDC for home and Community Development Block grants	<u>311</u>
Total	<u>\$ 8,026</u>
Component Unit Receivable	Primary Government's Payable <i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	\$ 30
Due to RACM for blight elimination	<u>4</u>
Total	<u>\$ 34</u>

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12. LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

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, 2023) 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 \$147 thousand of interest expense was recorded in fiscal year 2023. 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 noncancellable 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, 2023 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, 2023 is as follows:

Year	Amount (Thousands of Dollars)		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024.....	\$ 455	\$ 143	\$ 598
2025.....	192	130	322
2026.....	163	124	287
2027.....	145	119	264
2028.....	153	113	266
2029-2033.....	826	479	1,305
2034-2038.....	1,061	306	1,367
2039-2043.....	556	132	688
2044 and beyond.....	376	52	428
Total.....	<u>\$ 3,927</u>	<u>\$ 1,598</u>	<u>\$ 5,525</u>

Changes in long term lease obligations for the year ended December 31, 2023 were as follows (thousands of dollars):

Governmental Activities	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance	Amounts Due Within One year
Lease liabilities						
Buildings, leased	\$ 2,072	\$ -	\$ -	\$ 172	\$ 1,900	\$ 148
Equipment, leased	1,904	-	-	117	1,787	67
Intangibles, leased	480	-	-	240	240	240
Total lease liabilities	<u>\$ 4,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529</u>	<u>\$ 3,927</u>	<u>\$ 455</u>

Leased asset activity for the year ended December 31, 2023 was as follows (thousands of dollars):

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Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasure ments</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease assets being amortized					
Buildings, leased	\$ 2,244	\$ -	\$ -	\$ -	\$ 2,244
Equipment, leased	2,021	-	-	-	2,021
Intangibles, leased	720	-	-	-	720
Total lease assets being amortized	4,985	-	-	-	4,985
Less accumulated amortization					
Buildings, leased	172	172	-	-	344
Equipment, leased	117	117	-	-	234
Intangibles, leased	240	240	-	-	480
Total accumulated amortization	529	529	-	-	1,058
Governmental activities leased assets, net	<u>\$ 4,456</u>	<u>\$ (529)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,927</u>

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 \$709 thousand in lease revenue and approximately \$1.59 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, 2023 the City recorded approximately \$37.8 million of lease receivables and associated deferred inflows.

The value of future minimum installment purchase payments as of December 31, 2023, is as follows:

Year	Amount		
	<i>(Thousands of Dollars)</i>		
	<i>Lease</i>		
	<i>Receivable</i>	<i>Interest</i>	<i>Total</i>
2024.....	\$ 3,356	\$ 1,544	\$ 4,900
2025.....	4,443	1,418	5,861
2026.....	2,928	1,250	4,178
2027.....	2,884	1,134	4,018
2028.....	2,975	1,017	3,992
2029-2033.....	11,508	3,236	14,744
2034-2038.....	4,701	1,666	6,367
2039-2043.....	3,760	668	4,428
2044 and beyond.....	1,237	1,290	2,527
Total.....	<u>\$ 37,792</u>	<u>\$ 13,223</u>	<u>\$ 51,015</u>

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SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Governmental Activities

The City implemented GASB Statement No. 96, SBITA's effective January 1, 2023. This Statement requires the recognition of certain subscription assets and liabilities for arrangements previously classified as operating contracts. In accordance with GASB No. 96, the City does not recognize a SBITA considered short term in duration. Short term arrangements are any contract that has a maximum remaining term (as of December 31, 2023) of 12 months or less. The City also excluded any SBITA for which the underlying contract was below our capitalization threshold.

The City has numerous arrangements for software platforms. The City recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. At the commencement of the arrangement, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of lease payments made. The SBITA asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life. SBITA related amortization expense of approximately \$6.1 million and \$1.5 million of interest expense was recorded in fiscal year 2023 in conjunction with implementation of the standard. Key estimates and judgments related to SBITA's include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the arrangement term, and (3) 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 3.5% and 4.6%. The SBITA term includes the noncancellable period of the arrangement. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and extension options that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its SBITA's and will remeasure the assets and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position. As of January 1, 2023 the City recorded approximately \$28.5 million of right of use SBITA assets and associated SBITA liabilities.

The aggregate amortization schedule for the non-cancellable SBITA liability as of December 31, 2023 is as follows:

Year	Amount		
	(Thousands of Dollars)		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024.....	\$ 1,002	\$ 159	\$ 1,161
2025.....	4,750	455	5,205
2026.....	4,367	305	4,672
2027.....	4,124	168	4,292
2028.....	1,467	40	1,507
2029-2033.....	1,233	15	1,248
2034-2038.....	-	-	-
2039-2043.....	-	-	-
2044 and beyond.....	-	-	-
Total.....	<u>\$ 16,943</u>	<u>\$ 1,142</u>	<u>\$ 18,085</u>

Changes in long term subscription obligations for the year ended December 31, 2023 were as follows (thousands of dollars):

	Beginning Balance	Additions	Remeasure ments	Deductions	Ending Balance	Amounts Due Within One year
Governmental Activities						
Subscription liabilities	<u>\$ 5,800</u>	<u>\$ 14,884</u>	<u>\$ -</u>	<u>\$ 3,741</u>	<u>\$ 16,943</u>	<u>4,270</u>
Total subscription liabilities	<u>\$ 5,800</u>	<u>\$ 14,884</u>	<u>\$ -</u>	<u>\$ 3,741</u>	<u>\$ 16,943</u>	<u>\$ 4,270</u>

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Subscription asset activity for the year ended December 31, 2023 was as follows (thousands of dollars):

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasure ments</u>	<u>Deletions</u>	<u>Ending Balance</u>
Subscription assets being amortized	\$ 5,800	\$ 14,884	\$ -	\$ -	\$ 20,684
Total subscription assets being amortized	5,800	14,884	-	-	20,684
Less accumulated amortization	-	3,741	-	-	3,741
Total accumulated amortization	-	3,741	-	-	3,741
Governmental activities subscription assets, net	<u>\$ 5,800</u>	<u>\$ 11,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,943</u>

Component Unit Activities

The aggregate amortization schedule for the non-cancellable SBITA liability as of December 31, 2023 is as follows:

Year	Amounts (Thousands of dollars)		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024.....	71	18	89

Changes in long term subscription obligations for the year ended December 31, 2023 were as follows (thousands of dollars):

Component Units	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasure ments</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One year</u>
Subscription liabilities	\$ 153	\$ -	\$ -	\$ 82	\$ 71	71
Total subscription liabilities	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 71</u>	<u>\$ 71</u>

Subscription asset activity for the year ended December 31, 2023 was as follows (thousands of dollars):

Component Units	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasure ments</u>	<u>Deletions</u>	<u>Ending Balance</u>
Subscription assets being amortized	\$ 197	\$ -	\$ -	\$ -	\$ 197
Total subscription assets being amortized	197	-	-	-	197
Less accumulated amortization	-	65	-	-	65
Total accumulated amortization	-	65	-	-	65
Governmental activities subscription assets, net	<u>\$ 197</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>

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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 reasonable estimated. These losses include an estimate of claims that have been incurred but not reported. Liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other economic and social factors. Claims are paid from the General Fund and recorded as expenditures when paid in the fund based financial statements. The liabilities are recorded in the government-wide financial statements.

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

Claim and Legal Liability Balances		
	2023	2022
General liability claims	\$ 48,324,764	\$ 42,959,562
Workers' compensation claims	11,742,953	15,496,262
Unemployment claims	900,000	500,000
Pollution remediation obligation.....	23,000,795	990,714
Total.....	<u>\$ 83,968,512</u>	<u>\$ 59,946,538</u>

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

Claim and Legal Liability Activity		
	2023	2022
Beginning of year liability	\$ 59,946,538	\$ 87,385,916
Current year claims and changes in estimates	27,101,954	(24,582,367)
Claim payments	(3,079,981)	(2,857,011)
End of year liability	<u>\$ 83,968,512</u>	<u>\$ 59,946,538</u>

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		
	2023	2022
Beginning of year liability	\$ 11,831,439	\$ 11,884,204
Current year claims and changes in estimates	98,031,583	101,344,579
Claim payments	(98,831,915)	(101,397,344)
End of year liability	<u>\$ 11,031,107</u>	<u>\$ 11,831,439</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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.

The City is exposed to numerous environmental liabilities. During 2023, the City's estimated liability for pollution remediation-related activities increased \$16,000. At December 31, 2023, the City has an outstanding liability of \$1,007,000 related to pollution remediation obligations. During 2023 Port of Milwaukee entered into an agreement with the United States Environmental Protection Agency, Wisconsin Department of Natural Resources and the Milwaukee Metropolitan Sewerage District to construct a Dredged Materials Management Facility (DMMF). The DMMF will contain material dredged from the three rivers which converge near the Port, and hold the material in a sealed facility for approximately 100 years. The current cost of exposure is \$21,994,000. The City has 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 \$25,015 in post-closure care of solid waste landfills during 2023. 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, 2023.

Commitments

The following is a list of encumbrances by function at December 31, 2023:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Water Works</u>	<u>Total</u>
	(Thousands of Dollars)			
General government.....	\$ 776	\$ 10	\$ -	\$ 786
Conservation and development.....	-	7,070	-	7,070
Culture and Recreation.....	209	971	-	1,180
Public safety.....	1,211	4,793	-	6,004
Public works.....	3,856	-	-	3,856
Infrastructure.....	<u>-</u>	<u>63,964</u>	<u>30,895</u>	<u>94,859</u>
Total.....	<u>\$ 6,052</u>	<u>\$ 76,808</u>	<u>\$ 30,895</u>	<u>\$ 113,755</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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 2023 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, 2023.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Tax Abatement Activity			
	2022		2023 Taxes	2023
	Remaining	Additions	Refunded	Remaining
Program 1, Developer-Financed				
		<i>(Thousands of Dollars)</i>		
TID 57.....	\$ 815	41	(359)	\$ 497
TID 64.....	12,857	751	(270)	13,338
TID 78.....	37,134	1,712	(4,250)	34,596
TID 80.....	1,754	78	(240)	1,592
TID 83.....	2,732	144	(875)	2,001
TID 84.....	9,000	60	(601)	8,459
TID 86.....	1,548	68	(25)	1,591
TID 87.....	1,031	46	(65)	1,012
TID 90.....	567	25	(37)	555
TID 93.....	520	23	(35)	508
TID 94.....	3,800	-	-	3,800
TID 95.....	477	21	(34)	464
TID 96.....	25,000	366	(2,440)	22,926
TID 97.....	8,458	458	(716)	8,200
TID 99.....	1,136	50	(315)	871
TID 102.....	15,000	-	-	15,000
TID 103.....	1,050	19	(19)	1,050
TID 104.....	460	-	-	460
TID 105.....	3,150	-	-	3,150
TID 107.....	720	17	(90)	647
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
TID 115.....	-	30,000	-	30,000
TID 116.....	-	1,248	-	1,248
TID 117.....	-	9,200	-	9,200
Total Program 1.....	\$ 146,436	\$ 44,327	\$ (10,371)	\$ 180,392
Program 2, Grant				
TID 63.....	1,212	-	(214)	998
Total Program 2.....	\$ 1,212	\$ -	\$ (214)	\$ 998
Total tax abatements.....	<u>\$ 147,648</u>	<u>\$ 44,327</u>	<u>\$ (10,585)</u>	<u>\$ 181,390</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

15. SUBSEQUENT EVENTS

On January 1, 2024 the City enacted a 2% general sales and use tax on all sales subject to the State of Wisconsin sales and use tax occurring in the City of Milwaukee, as permitted by Wisconsin Act 12. Act 12 also requires a soft close of the City of Milwaukee Employers Retirement System (CMERS), with all newly hired employees after January 1, 2024 enrolled in the State of Wisconsin Retirement System (WRS).

On April 2, 2024, the City issued \$48,785,000 of general obligation promissory notes, Series 2024 N1, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2025 through 2034.

On April 2, 2024, the City issued \$11,215,000 of general obligation corporate purpose bonds, Series 2024 B2 for capital project and refunding purposes. The bonds mature in each of the years 2035 through 2039.

On April 3, 2024, the City paid off \$2,500,000 of the 2023 T11 Revolving Loan Agreement with The Huntington National Bank and paid off \$2,500,000 of the 2023 T13 Revolving Loan Agreement with US Bank National Association.

On April 10, 2024, the City received \$5,735,967 from the Safe Drinking Water Loan (SDWL) program for water capital purposes. \$1,600,000 of this amount was immediately forgiven by the State.

On April 24, 2024, the City received \$350,931 from the SDWL program for water capital purposes. \$101,068 of this amount was immediately forgiven by the State.

On May 22, 2024, the City received \$30,739 from the Clean Water Fund Loan (CWFL) program for sewer capital purposes.

On June 12, 2024, the City received \$1,220,202 from the SDWL program for water capital purposes. \$351,418 of this amount was immediately forgiven by the State.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

	Budgeted Amounts		Actual -	Variance
	Original	Final	Amounts	Positive
	Budget	Budget	Budgetary	(Negative)
			Basis	
Revenues:				
Property taxes	\$ 212,283	\$ 212,283	\$ 211,692	\$ (591)
Other taxes	3,954	3,954	4,273	319
Licenses and permits	17,830	17,830	19,596	1,766
Intergovernmental	273,039	273,039	273,846	807
Charges for services	142,115	142,115	145,712	3,597
Fines and forfeits	3,302	3,302	2,429	(873)
Other	23,863	23,863	29,807	5,944
Total Revenues	676,386	676,386	687,355	10,969
Expenditures:				
Current:				
General government	330,996	277,422	269,621	7,801
Public safety	281,870	279,277	264,107	15,170
Public works	114,590	112,506	111,931	575
Health	13,847	13,666	13,308	358
Culture and recreation	19,765	19,678	19,666	12
Conservation and development	5,183	4,974	4,780	194
Capital outlay	-	-	14,884	(14,884)
Total Expenditures	766,251	707,523	698,297	9,226
Deficiency of Revenues over Expenditures	(89,865)	(31,137)	(10,942)	20,195
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	62,000	62,000	-
Proceeds of subscription arrangements	-	-	14,884	14,884
Transfers in	10,000	10,000	32,520	22,520
Transfers out	(1,200)	(1,200)	(63,234)	(62,034)
Contributions received	28,404	28,404	21,275	(7,129)
Contributions used	(28,404)	(28,404)	(21,594)	6,810
Total Other Financing Sources and Uses	8,800	70,800	45,851	(24,949)
Net Change in Fund Balance	(81,065)	39,663	34,909	(4,754)
Fund Balance - Beginning.....	201,502	201,502	201,502	-
Fund Balance - Ending	\$ 120,437	\$ 241,165	\$ 236,411	\$ (4,754)

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.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit E-2

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 44,758	\$ 44,758	\$ -
Total Revenues	<u>44,758</u>	<u>44,758</u>	<u>-</u>
Expenditures:			
Current:			
Conservation and development	<u>1,500</u>	<u>-</u>	<u>\$ 1,500</u>
Excess of Revenues over Expenditures	43,258	44,758	1,500
Other Financing Sources (Uses):			
Transfers in	3,792	3,792	-
Transfers out	<u>(39,840)</u>	<u>(39,840)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(36,048)</u>	<u>(36,048)</u>	<u>-</u>
Net Change in Fund Balance	7,210	8,710	1,500
Fund Balance - Beginning	<u>134,146</u>	<u>134,146</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 141,356</u>	<u>\$ 142,856</u>	<u>\$ 1,500</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
BUDGETARY COMPARISON SCHEDULE - GRANT AND AID PROJECTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit E-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 369,507	\$ 192,158	\$(177,349)
Expenditures:			
Current:			
Public safety	174,482	127,052	47,430
Public works	23,200	6,818	16,382
Health	74,724	23,065	51,659
Culture and recreation	11,210	9,370	1,840
Conservation and development	85,891	25,865	60,026
Total Expenditures	369,507	192,170	177,337
Excess of Revenues over Expenditures	-	(12)	(12)
Other Financing Sources (Uses):			
Loans receivable activities	-	(188)	(188)
Net Change in Fund Balance	-	(200)	(200)
Fund Balance (deficit) - Beginning	-	(5,450)	(5,450)
Fund Balance (deficit) - Ending	\$ -	\$ (5,650)	\$ (5,650)

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit E-4

RETIREE HEALTH AND LIFE INSURANCE (OPEB)

PLAN FIDUCIARY NET POSITION

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
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.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%

	<u>2023</u>
Employer contributions.....	\$ 38,467
Active member contributions.....	-
Net investment income.....	-
Benefit payments.....	(38,467)
Operating expenses.....	-
Other.....	-
Net Change in Plan Fiduciary Net Position.....	<u>\$ -</u>
Discount rate at beginning of year.....	4.05%
Discount rate at end of year.....	3.77%

TOTAL OPEB LIABILITY

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
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.....	<u>\$ 1,212,927</u>	<u>\$ 1,444,168</u>	<u>\$ 1,690,355</u>	<u>\$ 1,680,554</u>	<u>\$ 1,228,831</u>

	<u>2023</u>
Total OPEB liability beginning of year.....	\$ 1,228,831
OPEB expense.....	9,442
Employer contributions.....	(38,467)
Change in outflow/(inflow) due to non-investment experience.....	(163,956)
Change in outflow/(inflow) due to assumption changes.....	78,995
Change in outflow/(inflow) due to liability experience.....	-
Total OPEB liability end of year.....	<u>\$ 1,114,845</u>

SCHEDULE OF OPEB CONTRIBUTIONS

					Actual Contribution as a % of Covered - Employee Payroll	Total OPEB Liability as a % of Covered - Employee Payroll
FY ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency Excess	Covered - Employee Payroll		
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%
2023	N/A	\$ 38,467	N/A	\$ 311,463	12.35%	357.94%

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.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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>	<u>12/31/23</u>	
The City's proportion of the net pension liability (asset)....	85.63%	84.92%	84.67%	84.30%	
The City's proportionate share of the net pension liability (asset).....	850,751	927,864	380,774	1,282,532	
The City's covered payroll.....	498,051	506,458	496,459	488,416	
Plan fiduciary net position as a percentage of the total pension liability (asset).....	84.83%	83.80%	76.70%	262.59%	

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	\$ 95,268
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>	<u>2023</u>
Legally required contributions.....	\$ 76,657	\$ 77,295	\$ 76,660	\$ 75,721	\$ 74,248
Contributions in relation to the required contributions.....	\$ 71,160	\$ 82,533	\$ 74,443	\$ 77,197	\$ 127,817
Contribution deficiency (excess).....	\$ 5,497	\$ (5,238)	\$ 2,217	\$ (1,476)	\$ (53,569)
City's pensionable - covered payroll.....	\$ 491,477	\$ 395,015	\$ 387,823	\$ 431,687	\$ 428,977
Contributions as a percentage of covered payroll.....	14.48%	20.89%	19.20%	17.88%	29.80%

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, 2023

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2023
Measurement date	December 31, 2023
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	3.77%
Wage inflation	3.0% for general employees and 3.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 6.25% at service 1 age and decrease steadily to 3.0% at service 35 age. For public safety employees, salary increases start at 18.0% at service 1 age and decrease steadily to 3.0% at service 40 age.
Health care inflation rate	Pre-Medicare trend rates are 5.0% for 2024, 7.0% for 2025, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2036. Post-Medicare trend rates are -2.6% for 2024, 8.0% for 2025, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2040.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	General Members: For regular retirees and for survivors the PUB-2010 Below Median Income Healthy Annuitant Mortality Table (using 1 year setback for males and 2 year set forward for females) (base year 2010) projected generationally with Scale MP-2021. For duty and ordinary disability retirees, the PUB-2010 Non-Safety Disabled Mortality Table (using 1 year setback for males and 2 year set forward for females) (base year 2010) projected generationally with Scale MP-2021. For death in active service, the PUB-2010 Below Median Income General Employee Mortality Table (using 1 year setback for males and 2 year set forward for females) (base year 2010) projected generationally with Scale MP-2021. Police and Fire: For regular retirees the PUB-2010 Median Income Public Safety Annuitant Mortality Table (using 1 year set forward for males and females) (base year 2010) projected generationally with Scale MP-2021. For duty and ordinary disability retirees, the PUB-2010 Safety Disabled Mortality Table (using 1 year set forward for males and females) (base year 2010) projected generationally with Scale MP-2021. For death in active service the PUB-2010 Median Income Safety Employee Mortality Table (using 1 year set forward for males and females) (base year 2010) projected generationally with Scale MP-2021.

Changes of assumptions: The discount rate changed from 4.05% to 3.77%.

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, 2022
Measurement date	December 31, 2022
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed

See accompanying independent auditors' report

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023

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 3.0% - 7.5% Police & Fire 3.0% - 19.0%
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.

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, 2023
 (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	-	28,820	28,820
Notes and loans	4,396	-	4,396
Due from component units	55	-	55
Due from other governmental agencies	6,456	-	6,456
Prepaid items	<u>4</u>	<u>-</u>	<u>4</u>
Total Assets	<u>\$ 11,787</u>	<u>\$ 28,820</u>	<u>\$ 40,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)			
Liabilities:			
Accounts payable	\$ 4,596	\$ 32	\$ 4,628
Accrued expenses	99	-	99
Advance from other funds	-	385	385
Due to other funds	1,289	28,788	30,077
Due to other governmental agencies	876	-	876
Unearned revenue.....	<u>532</u>	<u>-</u>	<u>532</u>
Total Liabilities	<u>7,392</u>	<u>29,205</u>	<u>36,597</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>3,044</u>	<u>7,061</u>	<u>10,105</u>
Fund Balances (Deficit):			
Nonspendable.....	4	-	4
Restricted.....	4,395	-	4,395
Unassigned (Deficit).....	<u>(3,048)</u>	<u>(7,446)</u>	<u>(10,494)</u>
Total Fund Balances (Deficit).....	<u>1,351</u>	<u>(7,446)</u>	<u>(6,095)</u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficit)	<u>\$ 11,787</u>	<u>\$ 28,820</u>	<u>\$ 40,607</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit F-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 17,331	\$ -	\$ 17,331
Other	<u>-</u>	<u>9,768</u>	<u>9,768</u>
Total Revenues	<u>17,331</u>	<u>9,768</u>	<u>27,099</u>
Expenditures:			
Current:			
General government	2,303	1,381	3,684
Public safety	8,212	-	8,212
Culture and recreation	1,771	-	1,771
Conservation and development	<u>7,782</u>	<u>-</u>	<u>7,782</u>
Total Expenditures	<u>20,068</u>	<u>1,381</u>	<u>21,449</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,737)</u>	<u>8,387</u>	<u>5,650</u>
Other Financing Sources (Uses):			
General obligation bonds and notes issued .	-	16,896	16,896
Loans receivable activities.....	(124)	-	(124)
Transfers out	<u>-</u>	<u>(21,996)</u>	<u>(21,996)</u>
Total Other Financing Sources (Uses)	<u>(124)</u>	<u>(5,100)</u>	<u>(5,224)</u>
Net Change in Fund Balances.....	(2,861)	3,287	426
Fund Balances - Beginning (Deficit).....	<u>4,212</u>	<u>(10,733)</u>	<u>(6,521)</u>
Fund Balances - Ending (Deficit).....	<u>\$ 1,351</u>	<u>\$ (7,446)</u>	<u>\$ (6,095)</u>

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, 2023
(Thousands of Dollars)

Exhibit F-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 17,331	\$ 17,331	\$ -
Expenditures:			
Current:			
General government	2,303	2,303	-
Public safety	8,212	8,212	-
Culture and recreation	1,771	1,771	-
Conservation and development	7,782	7,782	-
Total Expenditures	20,068	20,068	-
Deficiency of Revenues over Expenditures	(2,737)	(2,737)	-
Other Financing Sources/(Uses):			
Loans receivable activities	(124)	(124)	-
Net Change in Fund Balance	(2,861)	(2,861)	-
Fund Balance - Beginning	4,212	4,212	-
Fund Balance - Ending	\$ 1,351	\$ 1,351	\$ -

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, 2023
(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	\$ 246	\$ 1,373	\$ -	\$ 1,619
Receivables (net):				
Accounts	1,615	1,389	13,430	16,434
Unbilled accounts	-	-	4,133	4,133
Leases	226	2,538	-	2,764
Due from other funds	-	-	772	772
Due from other governmental agencies	2,419	2,017	-	4,436
Total Current Assets	<u>4,506</u>	<u>7,317</u>	<u>18,335</u>	<u>30,158</u>
Noncurrent assets:				
Leases receivable.....	7,301	22,464	-	29,765
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	16,453	5,050	-	21,503
Capital assets being depreciated:				
Buildings	89,320	16,758	-	106,078
Infrastructures	-	21,682	-	21,682
Improvements other than buildings	5,194	10,356	-	15,550
Machinery and equipment	10,665	9,221	-	19,886
Accumulated depreciation	(65,922)	(33,571)	-	(99,493)
Net Capital Assets	<u>64,717</u>	<u>37,950</u>	<u>-</u>	<u>102,667</u>
Total Assets.....	<u>76,524</u>	<u>67,731</u>	<u>18,335</u>	<u>162,590</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	796	229	-	1,025
Deferred outflows for OPEB	<u>972</u>	<u>274</u>	<u>-</u>	<u>1,246</u>
Total Deferred Outflows of Resources.....	<u>1,768</u>	<u>503</u>	<u>-</u>	<u>2,271</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2023
 (Thousands of Dollars)

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 4,103	\$ 2,494	\$ 16,675	\$ 23,272
Accrued expenses	1,124	89	2	1,215
Accrued interest payable	152	51	-	203
Compensated absences	390	146	-	536
Due to other funds	-	313	592	905
Other post employment benefits liability.....	245	39	-	284
Unearned revenue.....	232	-	-	232
General obligation debt payable - current	1,887	630	-	2,517
Revenue bonds payable - current	-	580	-	580
Total Current Liabilities	<u>8,133</u>	<u>4,342</u>	<u>17,269</u>	<u>29,744</u>
Noncurrent Liabilities:				
Compensated absences	127	86	-	213
General obligation debt payable	14,741	4,744	-	19,485
Revenue bonds	-	4,295	-	4,295
Advances from other funds	29,404	-	-	29,404
Claims and judgments.....	-	21,994	-	21,994
Other post employment benefits liability.....	6,819	1,096	-	7,915
Net pension liability	<u>2,464</u>	<u>709</u>	<u>-</u>	<u>3,173</u>
Total Noncurrent Liabilities	<u>53,555</u>	<u>32,924</u>	<u>-</u>	<u>86,479</u>
Total Liabilities	<u>61,688</u>	<u>37,266</u>	<u>17,269</u>	<u>116,223</u>
Deferred Inflows:				
Deferred inflows for pensions	9	3	-	12
Deferred inflows for OPEB	6,364	1,407	-	7,771
Deferred inflows for leases	<u>7,527</u>	<u>25,002</u>	<u>-</u>	<u>32,529</u>
Total Deferred Inflows of Resources.....	<u>13,900</u>	<u>26,412</u>	<u>-</u>	<u>40,312</u>
NET POSITION:				
Net investment in capital assets.....	48,089	27,701	-	75,790
Unrestricted (Deficit).....	<u>(45,385)</u>	<u>(23,145)</u>	<u>1,066</u>	<u>(67,464)</u>
Total Net Position (Deficit)	<u>\$ 2,704</u>	<u>\$ 4,556</u>	<u>\$ 1,066</u>	<u>\$ 8,326</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, 2023
 (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	\$ -	\$ -	\$ 58,147	\$ 58,147
Rent	6,264	6,683	-	12,947
Parking meters	4,690	-	-	4,690
Parking permits	3,697	-	-	3,697
Vehicle towing	6,910	-	-	6,910
Parking forfeitures	12,482	-	-	12,482
Other	-	-	1,425	1,425
Total Operating Revenues	<u>34,043</u>	<u>6,683</u>	<u>59,572</u>	<u>100,298</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	52,748	52,748
Employee services	4,513	1,436	36	5,985
Depreciation	2,622	1,476	-	4,098
Services, supplies and materials	<u>20,899</u>	<u>1,728</u>	<u>5,689</u>	<u>28,316</u>
Total Operating Expenses	<u>28,034</u>	<u>4,640</u>	<u>58,473</u>	<u>91,147</u>
Operating Income (Loss)	<u>6,009</u>	<u>2,043</u>	<u>1,099</u>	<u>9,151</u>
Nonoperating Revenues (Expenses):				
Grant revenue	2,399	3,299	-	5,698
Interest expense	(601)	(253)	-	(854)
Other	<u>2,228</u>	<u>(22,033)</u>	<u>-</u>	<u>(19,805)</u>
Total Nonoperating Revenues (Expenses)	<u>4,026</u>	<u>(18,987)</u>	<u>-</u>	<u>(14,961)</u>
Income before Transfers	10,035	(16,944)	1,099	(5,810)
Transfers in	331	806	-	1,137
Transfers out	<u>(12,527)</u>	<u>(1,718)</u>	<u>-</u>	<u>(14,245)</u>
Change in Net Position	(2,161)	(17,856)	1,099	(18,918)
Total Net Position (Deficit) - Beginning.....	<u>4,865</u>	<u>22,412</u>	<u>(33)</u>	<u>27,244</u>
Total Net Position (Deficit) - Ending	<u>\$ 2,704</u>	<u>\$ 4,556</u>	<u>\$ 1,066</u>	<u>\$ 8,326</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 32,748	\$ 6,463	\$ 59,317	\$ 98,528
Payments to suppliers	(19,851)	(632)	(52,961)	(73,444)
Payments to employees	(8,131)	(1,896)	1	(10,026)
Payments from(to) other funds	5,464	(2,563)	(6,357)	(3,456)
Other nonoperating revenues	2,334	3,299	-	5,633
Other	1,925	(40)	-	1,885
Net Cash Provided by Operating Activities	<u>14,489</u>	<u>4,631</u>	<u>-</u>	<u>19,120</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	331	806	-	1,137
Transfers to other funds	<u>(12,527)</u>	<u>(1,718)</u>	<u>-</u>	<u>(14,245)</u>
Net Cash Used for Noncapital Financing Activities	<u>(12,196)</u>	<u>(912)</u>	<u>-</u>	<u>(13,108)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	952	589	-	1,541
Acquisition of property, plant and equipment	(659)	(6,705)	-	(7,364)
Retirement of bonds, notes and revenue bonds	(1,917)	(1,169)	-	(3,086)
Interest paid	<u>(610)</u>	<u>(251)</u>	<u>-</u>	<u>(861)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,234)</u>	<u>(7,536)</u>	<u>-</u>	<u>(9,770)</u>
Net Decrease in Cash and Cash Equivalents	59	(3,817)	-	(3,758)
Cash and Cash Equivalents - Beginning	<u>187</u>	<u>5,190</u>	<u>-</u>	<u>5,377</u>
Cash and Cash Equivalents - Ending	<u>\$ 246</u>	<u>\$ 1,373</u>	<u>\$ -</u>	<u>\$ 1,619</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 6,009	\$ 2,043	\$ 1,099	\$ 9,151
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,622	1,476	-	4,098
Nonoperating income	4,259	3,259	-	7,518
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	(1,295)	(219)	(256)	(1,770)
Due from other funds	5,464	(2,447)	1,569	4,586
Accounts payable	1,048	1,096	5,511	7,655
Accrued liabilities	456	116	2	574
Compensated absences	(33)	116	-	83
Total other postemployment benefits obligation	(3,244)	(622)	-	(3,866)
Net pension liability.....	442	258	-	700
Due to other funds	-	(117)	(7,925)	(8,042)
Deferred Leases inflows.....	(216)	-	-	(216)
Deferred pension inflows	(2,969)	(661)	-	(3,630)
Deferred pension outflows	(100)	(74)	-	(174)
Deferred OPEB inflows	1,369	407	-	1,776
Deferred OPEB outflows	<u>677</u>	<u>-</u>	<u>-</u>	<u>677</u>
Net Cash Provided by Operating Activities	<u>\$ 14,489</u>	<u>\$ 4,631</u>	<u>\$ -</u>	<u>\$ 19,120</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, 2023
(Thousands of Dollars)

Exhibit H-1

	Board of School Directors	Property Tax	Other Custodial Funds	Total
ASSETS				
Cash and investments.....	\$ -	\$ 84,134	\$ 1,122	\$ 85,256
Taxes receivable.....	<u>196,460</u>	<u>133,627</u>	<u>2,421</u>	<u>332,508</u>
Total Assets	<u>196,460</u>	<u>217,761</u>	<u>3,543</u>	<u>417,764</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,433	\$ 2,433
Due to other governmental agencies.....	<u>196,460</u>	<u>217,761</u>	<u>1,110</u>	<u>415,331</u>
Total Liabilities	<u>196,460</u>	<u>217,761</u>	<u>3,543</u>	<u>417,764</u>
Net Position restricted for other purposes.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FISCAL YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit H-2

	Board of School Directors	Property Tax	Other Custodial Funds	Total
Additions				
Contributions:				
Plan members	\$ -	\$ -	\$ 213	\$ 213
Fees, Penalties & Taxes:				
Property Tax	<u>1,603,202</u>	<u>225,597</u>	<u>1,429</u>	<u>1,830,228</u>
Investment earnings:				
Net appreciation in fair value of investments, dividends and interest	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>
Total Additions	<u>1,603,202</u>	<u>225,597</u>	<u>1,696</u>	<u>1,830,495</u>
Deductions				
Funds remitted to agencies	-	-	1,696	1,696
Taxes remitted to other governments	<u>1,603,202</u>	<u>225,597</u>	<u>-</u>	<u>1,828,799</u>
Total Deductions	<u>1,603,202</u>	<u>225,597</u>	<u>1,696</u>	<u>1,830,495</u>
Change in Net Position	-	-	-	-
Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-1

	Real Estate	Personal Property	Total
Year Levied			
2011	\$ 455	\$ -	\$ 455
2012	588	-	588
2013	726	-	726
2014	937	-	937
2015	1,012	-	1,012
2016	1,251	-	1,251
2017	1,460	215	1,675
2018	1,846	237	2,083
2019	2,241	242	2,483
2020	2,695	130	2,825
2021	6,203	150	6,353
2022	<u>18,988</u>	<u>218</u>	<u>19,206</u>
Delinquent Taxes Receivable	<u>\$ 38,402</u>	<u>\$ 1,192</u>	39,594
Add: Property taxes receivable on foreclosed property (A)			<u>42,801</u>
Total Delinquent Taxes Receivable			82,395
Less: Estimated uncollectible taxes			<u>(34,863)</u>
Net Delinquent Taxes Receivable			<u>\$ 47,532</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 Exhibit I-2
COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT
 DECEMBER 31, 2023
(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	\$ 177,658	
Local Government Pooled - Investment Fund	382,455	
Institutional Money Market Fund	157,728	
Cash with Fiscal Agent	<u>47,938</u>	
 Total Cash and Cash Equivalents		 \$ 765,779
Investments:		
Municipal Bonds.....	25,544	
Investment Portfolio	40,454	
Other	<u>401</u>	
 Total Investments		 <u>66,399</u>
 Total Cash and Cash Equivalents and Investments		 <u><u>\$ 832,178</u></u>

	Cash and Investments Total
Cash and Cash Equivalents and Investments - Fund:	
General	\$ 78,746
General Obligation Debt Service	81,662
Public Debt Amortization	53,986
Economic Development	135,599
Capital Projects	96,730
Grant and Aid Projects	218,337
Nonmajor Governmental Funds	876
Water Works	52,577
Sewer Maintenance	22,472
Nonmajor Proprietary Funds	1,619
Fiduciary Funds	<u>89,574</u>
 Total Cash and Cash Equivalents and Investments - Fund	 <u><u>\$ 832,178</u></u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2023
 (Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,101	\$ 2,239	\$13,403	\$ 3,672	\$ 2,203	\$ 860
2025	6,321	1,948	10,866	3,065	2,360	755
2026	5,586	1,669	10,865	2,522	2,360	645
2027	5,337	1,417	10,865	1,978	2,087	545
2028	5,160	1,184	8,754	1,488	2,028	457
2029	4,588	969	8,754	1,050	2,015	369
2030	3,998	774	6,986	657	1,584	291
2031	3,422	603	4,758	363	1,364	225
2032	3,017	460	3,194	164	1,146	170
2033	2,907	338	1,690	42	1,020	127
2034	2,247	238	-	-	959	90
2035	1,974	154	-	-	824	56
2036	1,372	87	-	-	573	29
2037	711	41	-	-	226	13
2038	467	12	-	-	141	4
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Totals	53,208	12,133	80,135	15,001	20,890	4,636
Total Requirements	<u>\$65,341</u>		<u>\$95,136</u>		<u>\$25,526</u>	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 630	\$ 211	\$ 3,022	\$ 1,003	\$ 597	\$ 36
640	184	2,991	866	597	12
604	157	2,846	731	-	-
571	133	2,470	617	-	-
506	112	2,424	517	-	-
487	93	2,361	420	-	-
385	75	2,295	323	-	-
370	59	1,926	236	-	-
315	44	1,270	169	-	-
268	32	1,180	118	-	-
213	23	806	78	-	-
158	15	720	47	-	-
100	9	349	25	-	-
88	4	216	12	-	-
39	1	134	3	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,374	1,152	25,010	5,165	1,194	48
<u>\$6,526</u>		<u>\$30,175</u>		<u>\$1,242</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 4,145	\$ 6,182	\$ 449	\$ 106	\$ 5,507	\$ 2,303
2025	4,145	5,979	425	86	6,041	2,055
2026	4,145	5,776	378	70	5,754	1,759
2027	3,697	5,581	287	56	5,452	1,487
2028	65,480	3,977	201	47	5,276	1,243
2029	2,931	2,391	201	41	5,022	1,011
2030	121,731	1,208	201	33	4,810	789
2031	1,706	55	201	26	4,400	581
2032	260	7	143	19	3,949	399
2033	-	-	134	15	3,113	253
2034	-	-	125	10	1,976	153
2035	-	-	81	6	1,336	89
2036	-	-	51	4	876	44
2037	-	-	30	2	468	15
2038	-	-	30	1	57	1
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Totals	208,240	31,156	2,937	522	54,037	12,182
Total Requirements	<u>\$239,396</u>		<u>\$3,459</u>		<u>\$66,219</u>	

See accompanying independent auditors' report.

Public Buildings		Schools		Sewer Maintenance	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 17,982	\$ 6,273	\$ 1,057	\$ 2,155	\$ 750	\$ 56
16,812	5,483	12,830	2,116	749	19
16,583	4,677	-	1,958	-	-
16,417	3,906	37,300	980	-	-
15,350	3,188	-	-	-	-
14,481	2,514	-	-	-	-
13,353	1,880	-	-	-	-
10,894	1,323	-	-	-	-
9,144	869	-	-	-	-
6,389	539	-	-	-	-
4,252	336	-	-	-	-
3,177	198	-	-	-	-
2,150	97	-	-	-	-
807	37	-	-	-	-
333	8	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
148,124	31,328	51,187	7,209	1,499	75
<u>\$179,452</u>		<u>\$58,396</u>		<u>\$1,574</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Streets		Tax Incremental Districts		Transportation	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$31,687	\$ 12,847	\$ 15,847	\$ 5,455	\$ 1,887	\$ 579
2025	31,438	11,556	14,084	4,868	1,789	507
2026	35,370	10,050	15,194	4,278	1,626	438
2027	27,998	8,443	15,851	3,679	1,508	377
2028	25,201	7,266	14,788	3,107	1,414	323
2029	23,923	6,184	12,233	2,627	1,333	272
2030	21,671	5,160	10,869	2,233	1,226	225
2031	19,987	4,224	10,310	1,870	1,151	181
2032	16,878	3,418	9,483	1,520	1,074	140
2033	17,635	2,681	8,282	1,200	1,058	101
2034	14,738	1,993	4,563	962	964	66
2035	12,851	1,387	3,807	798	873	36
2036	10,373	861	3,792	649	597	15
2037	8,357	414	3,719	503	64	5
2038	4,109	103	3,419	366	64	2
2039	-	-	2,810	255	-	-
2040	-	-	2,745	164	-	-
2041	-	-	2,320	80	-	-
2042	-	-	995	21	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Totals	302,216	76,587	155,111	34,635	16,628	3,267
Total Requirements	<u>\$378,803</u>		<u>\$189,746</u>		<u>\$19,895</u>	

See accompanying independent auditors' report.

Urban Renewal		Total Requirements	
Principal	Interest	Principal	Interest
\$ 5,283	\$ 1,017	\$ 110,550	\$ 44,994
5,227	835	117,315	40,334
3,374	680	104,685	35,410
2,229	577	132,069	29,776
2,158	495	148,740	23,404
2,105	416	80,434	18,357
2,041	337	191,150	13,985
2,006	256	62,495	10,002
2,002	180	51,875	7,559
1,369	119	45,045	5,565
992	77	31,835	4,026
564	49	26,365	2,835
307	29	20,540	1,849
274	16	14,960	1,062
182	5	8,975	506
-	-	2,810	255
-	-	2,745	164
-	-	2,320	80
-	-	995	21
-	-	-	-
-	-	-	-
30,113	5,088	1,155,903	240,184

\$35,201**\$1,396,087**

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
2024	\$ 465	\$ 270	\$ 3,427	\$ 340	\$ 3,892	\$ 610
2025	475	246	5,039	552	5,514	798
2026	480	222	10,521	1,088	11,001	1,310
2027	490	203	4,389	599	4,879	802
2028	500	187	9,085	1,333	9,585	1,520
2029	510	168	10,674	1,779	11,184	1,947
2030	520	148	19,780	3,105	20,300	3,253
2031	535	127	20,805	2,903	21,340	3,030
2032	550	105	4,590	640	5,140	745
2033	565	83	2,077	477	2,642	560
2034	580	60	-	-	580	60
2035	595	36	-	-	595	36
2036	610	12	-	-	610	12
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
	<u>\$ 6,875</u>	<u>\$ 1,867</u>	<u>\$ 90,387</u>	<u>\$ 12,816</u>	<u>\$ 97,262</u>	<u>\$ 14,683</u>

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2023 consisted of gross revenues plus interest income in the amount of \$111,307, less operating expenses (excluding depreciation) of \$69,861. As a result, the net revenue available for debt service was \$41,446. Debt service requirements consists of \$4,502 for 2024. At the end of the year, bond coverage computes to 9.21.

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
2024	\$ 5,670	\$ 5,661	\$ 13,115	\$ 3,147	\$ 18,785	\$ 8,808
2025	5,960	5,370	13,397	2,885	19,357	8,255
2026	8,035	5,029	13,685	2,594	21,720	7,623
2027	10,230	4,613	13,979	2,297	24,209	6,910
2028	10,730	4,155	13,356	2,004	24,086	6,159
2029	11,255	3,675	11,354	1,743	22,609	5,418
2030	11,775	3,196	10,478	1,520	22,253	4,716
2031	12,295	2,722	9,284	1,323	21,579	4,045
2032	10,660	2,279	9,467	1,138	20,127	3,417
2033	11,110	1,871	9,654	949	20,764	2,820
2034	7,410	1,535	8,305	777	15,715	2,312
2035	7,665	1,277	8,459	621	16,124	1,898
2036	7,935	1,009	7,338	477	15,273	1,486
2037	1,820	828	6,240	356	8,060	1,184
2038	1,915	734	5,086	257	7,001	991
2039	2,010	636	4,262	175	6,272	811
2040	2,115	533	3,391	110	5,506	643
2041	2,225	424	2,134	60	4,359	484
2042	2,315	334	1,315	26	3,630	360
2043	2,385	264	556	6	2,941	270
2044	2,455	191	-	-	2,455	191
2045	2,530	116	-	-	2,530	116
2046	2,610	39	-	-	2,610	39
2047	-	-	-	-	-	-
	<u>\$ 143,110</u>	<u>\$ 46,491</u>	<u>\$ 164,855</u>	<u>\$ 22,465</u>	<u>\$ 307,965</u>	<u>\$68,956</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$76,075 less operating expenses \$13,359 (excluding depreciation) of \$9,944. As a result, the net revenue available for debt service was \$62,716. Debt service requirements consisted of \$27,593 for 2024. At the end of the year, bond coverage computes to 2.27.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$ 10,715	\$ 839	\$ 2,934	\$ 2,518	\$ 868
Receivables (net):					
Taxes	-	70	3,228	1,933	368
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	256	-	-	5	-
Prepaid items	-	-	-	-	-
Total Assets	\$ 10,971	\$ 909	\$ 6,162	\$ 4,456	\$ 1,236
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,254	\$ 13	\$ 1,315	\$ 135	\$ 126
Accrued expenses	22	-	-	8	2
Due to component units	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Unearned revenue.....	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	1,276	13	1,315	143	128
Deferred Inflows of Resources:					
Unavailable revenue	175	115	5,260	3,155	600
Fund Balances:					
Nonspendable	-	-	-	-	-
Committed	9,520	781	-	1,158	508
Unassigned (deficit)	-	-	(413)	-	-
Total Fund Balances	9,520	781	(413)	1,158	508
Total Liabilities, Deferred Inflows and Fund Balances	\$ 10,971	\$ 909	\$ 6,162	\$ 4,456	\$ 1,236

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ 835	\$ 23,428	\$ 11,540	\$ 24,193	\$ 18,860	\$ -	\$ 96,730
6,075	4,565	5,009	2,608	9,579	1,050	34,485
-	-	-	279	-	-	279
-	-	-	-	-	15,181	15,181
-	-	310	-	-	-	310
-	-	-	6,974	-	-	7,235
-	-	-	73	188	-	261
\$ 6,910	\$ 27,993	\$ 16,859	\$ 34,127	\$ 28,627	\$ 16,231	\$ 154,481
\$ 1,344	\$ 2,365	\$ 227	\$ 8,100	\$ 6,274	\$ 425	\$ 21,578
	47	9	333	26	-	447
-	-	4	-	-	-	4
-	-	-	-	-	-	-
-	-	-	22	-	-	22
-	-	-	-	-	4,516	4,516
<u>1,344</u>	<u>2,412</u>	<u>240</u>	<u>8,455</u>	<u>6,300</u>	<u>4,941</u>	<u>26,567</u>
<u>9,900</u>	<u>7,440</u>	<u>8,164</u>	<u>9,459</u>	<u>15,610</u>	<u>10,485</u>	<u>70,363</u>
-	-	-	73	188	-	261
-	18,141	8,455	16,140	6,529	805	62,037
(4,334)	-	-	-	-	-	(4,747)
<u>(4,334)</u>	<u>18,141</u>	<u>8,455</u>	<u>16,213</u>	<u>6,717</u>	<u>805</u>	<u>57,551</u>
\$ 6,910	\$ 27,993	\$ 16,859	\$ 34,127	\$ 28,627	\$ 16,231	\$ 154,481

CITY OF MILWAUKEE
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
CAPITAL PROJECTS BY PURPOSE
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 115	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	378	-	-	-	295
Other	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,435</u>
 Total Revenues	 <u>1,978</u>	 <u>115</u>	 <u>-</u>	 <u>-</u>	 <u>3,730</u>
Expenditures:					
Capital outlay	<u>4,390</u>	<u>127</u>	<u>2,230</u>	<u>1,847</u>	<u>4,235</u>
 Excess (deficiency) of Revenues over Expenditures	 <u>(2,412)</u>	 <u>(12)</u>	 <u>(2,230)</u>	 <u>(1,847)</u>	 <u>(505)</u>
Other Financing Sources (Uses):					
General obligation bonds and notes issued	7,000	-	813	2,012	450
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources and Uses	 <u>7,000</u>	 <u>-</u>	 <u>813</u>	 <u>2,012</u>	 <u>450</u>
 Net Change in Fund Balance	 4,588	 (12)	 (1,417)	 165	 (55)
Fund Balance (Deficit) - Beginning	<u>4,932</u>	<u>793</u>	<u>1,004</u>	<u>993</u>	<u>563</u>
 Fund Balance (Deficit) - Ending	 <u>\$ 9,520</u>	 <u>\$ 781</u>	 <u>\$ (413)</u>	 <u>\$ 1,158</u>	 <u>\$ 508</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total to A-3
\$ -	\$ 750	\$ 100	\$ -	\$ 13,553	\$ -	\$ 14,518
-	-	-	-	224	-	224
-	-	-	-	-	6,084	6,084
-	-	63	9,832	885	-	11,453
-	9,762	561	900	1,352	-	17,610
-	10,512	724	10,732	16,014	6,084	49,889
10,815	14,643	3,464	55,006	30,131	1,300	128,188
(10,815)	(4,131)	(2,740)	(44,274)	(14,117)	4,784	(78,299)
6,169	15,645	2,730	60,012	7,882	-	102,713
-	-	-	-	18,338	-	18,338
-	-	-	(331)	(3,792)	-	(4,123)
6,169	15,645	2,730	59,681	22,428	-	116,928
(4,646)	11,514	(10)	15,407	8,311	4,784	38,629
312	6,627	8,465	806	(1,594)	(3,979)	18,922
\$ (4,334)	\$ 18,141	\$ 8,455	\$ 16,213	\$ 6,717	\$ 805	\$ 57,551

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GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 94,052	\$ 93,461	\$ (591)
Provision for Employees' Retirement	118,231	118,231	-
Total Property Taxes	<u>212,283</u>	<u>211,692</u>	<u>(591)</u>
Other Taxes:			
Payment in lieu of taxes	1,765	1,972	207
Interest on city tax certificates and other taxes	2,189	2,321	132
Total Other Taxes	<u>3,954</u>	<u>4,293</u>	<u>339</u>
Licenses and Permits:			
Licenses:			
Business and occupational	4,790	5,324	534
Other	86	129	43
Permits:			
Building	11,968	12,643	675
Zoning	265	350	85
Other	721	1,150	429
Total Licenses and Permits	<u>17,830</u>	<u>19,596</u>	<u>1,766</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	231,152	231,627	475
Local street aids	29,495	29,275	(220)
Payment for municipal services	2,500	4,852	2,352
Other	9,892	8,092	(1,800)
Total Intergovernmental	<u>273,039</u>	<u>273,846</u>	<u>807</u>
Charges for Services:			
General government	7,824	6,778	(1,046)
Public safety	24,362	27,978	3,616
Public works	107,681	109,032	1,351
Health	1,133	865	(268)
Culture and recreation	1,007	949	(58)
Conservation and development	108	110	2
Total Charges for Services	<u>142,115</u>	<u>145,712</u>	<u>3,597</u>
Fines and Forfeits:			
Court and contract forfeitures	3,301	2,426	(875)
Other	1	3	2
Total Fines and Forfeits	<u>3,302</u>	<u>2,429</u>	<u>(873)</u>
Other:			
Interest on temporary investments	2,642	12,673	10,031
Miscellaneous	21,221	17,134	(4,087)
Total Other	<u>23,863</u>	<u>29,807</u>	<u>5,944</u>
Total	<u>\$ 676,386</u>	<u>\$ 687,375</u>	<u>\$ 10,989</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Thousands of Dollars)

Exhibit I-9

	Salaries and Wages				Operating Costs			
	Original Budget	Final Budget	Actual 2023	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual 2023	Variance - Favorable (Unfavorable)
General Government:								
Administration	\$ 6,916	\$ 6,742	\$ 6,741	1	\$ 7,382	\$ 6,514	\$ 5,929	\$ 585
Assessor's Office	2,881	3,009	3,009	-	277	291	291	-
City Attorney	4,519	4,502	4,502	-	4,650	5,563	5,556	7
City Treasurer	1,710	1,865	1,865	-	101,495	83,144	106,234	(23,090)
Common Council - City Clerk	5,798	6,257	6,257	-	2,352	1,698	1,697	1
Comptroller	17,757	14,530	3,091	11,439	20,521	17,674	17,276	398
Election Commission	1,385	1,528	1,528	-	363	396	396	-
Employee Relations	3,343	3,326	3,326	-	140,879	112,230	94,148	18,082
Employee's Retirement	-	-	-	-	4,259	3,409	3,111	298
Mayor	1,018	1,021	1,016	5	63	50	50	-
Municipal Court	1,807	1,814	1,783	31	994	1,268	1,230	38
Zoning Appeals	213	146	146	-	27	122	122	-
Total General Government	47,347	44,740	33,264	11,476	283,262	232,359	236,040	(3,681)
Public Safety:								
Emergency Communication	3,221	10,576	10,576	-	14,586	7,166	993	6,173
Fire and Police Commission	1,721	1,728	1,680	48	2,070	2,032	1,527	505
Fire Department	25,925	25,977	25,268	709	8,765	8,995	8,944	51
Neighborhood Services	11,378	11,152	11,152	-	3,869	4,054	3,995	59
Police Department	190,333	187,727	180,329	7,398	17,329	18,776	18,693	83
Total Public Safety	232,578	237,160	229,005	8,155	46,619	41,023	34,152	6,871
Public Works:								
General Office	1,892	2,077	2,077	-	311	245	245	-
Infrastructure	18,820	18,446	18,447	(1)	15,252	15,094	15,048	46
Operations	36,249	36,795	36,794	1	36,407	36,181	36,055	126
Total Public Works	56,961	57,318	57,318	-	51,970	51,520	51,348	172
Health	9,362	9,266	9,216	50	4,485	4,400	4,092	308
Culture and Recreation:								
Public Library	14,014	13,884	13,884	-	3,553	3,782	3,771	11
Conservation and Development:								
Department of City Development ...	3,225	3,253	3,253	-	1,958	1,721	1,527	194
Capital Outlay.....	-	-	-	-	-	-	-	-
Total	\$ 363,487	\$ 365,621	\$ 345,940	\$ 19,681	\$ 391,847	\$ 334,805	\$ 330,930	\$ 3,875

See accompanying independent auditors' report.

Equipment				Total to E-1			
Original Budget	Final Budget	Actual 2023	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual 2023	Variance - Favorable (Unfavorable)
\$ 200	\$ 200	\$ 197	\$ 3	\$ 14,498	\$ 13,456	\$ 12,867	\$ 589
-	-	-	-	3,158	3,300	3,300	-
43	19	19	-	9,212	10,084	10,077	7
24	14	12	2	103,229	85,023	108,111	(23,088)
62	32	32	-	8,212	7,987	7,986	1
50	50	50	-	38,328	32,254	20,417	11,837
-	-	-	-	1,748	1,924	1,924	-
2	2	2	-	144,224	115,558	97,476	18,082
-	-	-	-	4,259	3,409	3,111	298
-	-	-	-	1,081	1,071	1,066	5
6	6	5	1	2,807	3,088	3,018	70
-	-	-	-	240	268	268	-
387	323	317	6	330,996	277,422	269,621	7,801
-	-	-	-	17,807	17,742	11,569	6,173
2	2	1	1	3,793	3,762	3,208	554
1,649	876	739	137	36,339	35,848	34,951	897
-	-	-	-	15,247	15,206	15,147	59
1,022	216	210	6	208,684	206,719	199,232	7,487
2,673	1,094	950	144	281,870	279,277	264,107	15,170
-	-	-	-	2,203	2,322	2,322	-
1,066	877	876	1	35,138	34,417	34,371	46
4,593	2,791	2,389	402	77,249	75,767	75,238	529
5,659	3,668	3,265	403	114,590	112,506	111,931	575
-	-	-	-	13,847	13,666	13,308	358
2,198	2,012	2,011	1	19,765	19,678	19,666	12
-	-	-	-	5,183	4,974	4,780	194
-	-	-	-	-	-	14,884	(14,884)
\$ 10,917	\$ 7,097	\$ 6,543	\$ 554	\$ 766,251	\$ 707,523	\$ 698,297	\$ 9,226

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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				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets.....	\$ 748,374	\$ 769,340	\$ 816,916	\$ 836,422	\$ 812,090
Restricted	211,316	209,116	176,923	161,592	202,334
Unrestricted (deficit)	<u>(745,740)</u>	<u>(739,204)</u>	<u>(856,449)</u>	<u>(1,076,694)</u>	<u>(1,884,385)</u>
Total governmental activities net position .	<u>213,950</u>	<u>239,252</u>	<u>137,390</u>	<u>(78,680)</u>	<u>(869,961)</u>
Business-type activities					
Net investment in capital assets.....	669,428	675,510	684,085	734,161	801,685
Restricted	930	1,174	1,229	2,209	10,461
Unrestricted (deficit)	<u>57,112</u>	<u>68,134</u>	<u>74,720</u>	<u>59,824</u>	<u>(34,102)</u>
Total business-type activities net position .	<u>727,470</u>	<u>744,818</u>	<u>760,034</u>	<u>796,194</u>	<u>778,044</u>
Primary government					
Net investment in capital assets.....	1,417,802	1,444,850	1,501,001	1,570,583	1,613,775
Restricted	212,246	210,290	178,152	163,801	212,795
Unrestricted (deficit)	<u>(688,628)</u>	<u>(671,070)</u>	<u>(781,729)</u>	<u>(1,016,870)</u>	<u>(1,918,487)</u>
Total primary government net position	<u>\$ 941,420</u>	<u>\$ 984,070</u>	<u>\$ 897,424</u>	<u>\$ 717,514</u>	<u>\$ (91,917)</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets.....	\$ 841,714	\$ 877,376	\$ 939,647	\$ 963,538	\$ 948,355
Restricted	196,639	206,060	209,636	210,671	223,886
Unrestricted (deficit)	<u>(2,231,744)</u>	<u>(2,572,912)</u>	<u>(2,941,394)</u>	<u>(2,867,494)</u>	<u>(2,820,495)</u>
Total governmental activities net position .	<u>(1,193,391)</u>	<u>(1,489,476)</u>	<u>(1,792,111)</u>	<u>(1,693,285)</u>	<u>(1,648,254)</u>
Business-type activities					
Net investment in capital assets.....	820,749	839,337	824,814	837,114	892,838
Restricted	9,773	23,136	20,657	22,025	22,150
Unrestricted (deficit)	<u>(29,585)</u>	<u>(61,455)</u>	<u>(28,414)</u>	<u>(21,500)</u>	<u>(55,512)</u>
Total business-type activities net position .	<u>800,937</u>	<u>801,018</u>	<u>817,057</u>	<u>837,639</u>	<u>859,476</u>
Primary government					
Net investment in capital assets.....	1,662,463	1,716,713	1,764,461	1,800,652	1,841,193
Restricted	206,412	229,196	230,293	232,696	246,036
Unrestricted (deficit)	<u>(2,261,329)</u>	<u>(2,634,367)</u>	<u>(2,969,808)</u>	<u>(2,888,994)</u>	<u>(2,876,007)</u>
Total primary government net position	<u>\$ (392,454)</u>	<u>\$ (688,458)</u>	<u>\$ (975,054)</u>	<u>\$ (855,646)</u>	<u>\$ (788,778)</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			
	2014	2015	2016	2017
Expenses				
Governmental Activities				
General government	\$ 251,538	\$ 204,691	\$ 255,177	\$ 274,652
Public safety	315,952	399,620	423,903	485,016
Public works	170,054	182,340	174,470	206,205
Health	18,852	20,249	21,594	23,655
Culture and recreation	21,503	25,315	24,375	28,193
Conservation and development	57,617	88,252	77,670	65,175
Capital contribution to Milwaukee Public Schools	-	-	-	-
Contributions	24,001	-	-	-
Interest on long-term debt	23,105	24,749	25,109	22,097
Total Governmental Activities Expenses.....	<u>882,622</u>	<u>945,216</u>	<u>1,002,298</u>	<u>1,104,993</u>
Business-type Activities				
Water	72,540	72,141	73,620	70,219
Sewer Maintenance	46,840	49,661	53,002	59,823
Transportation	24,053	25,233	25,005	25,287
Other activities	48,382	50,855	52,577	54,423
Total Business-type Activities	<u>191,815</u>	<u>197,890</u>	<u>204,204</u>	<u>209,752</u>
Total Primary Government Expenses	<u>1,074,437</u>	<u>1,143,106</u>	<u>1,206,502</u>	<u>1,314,745</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	10,344	31,100	27,733	27,180
Public safety	23,833	26,711	25,438	23,382
Public works	78,520	81,325	80,352	83,344
Health	923	1,081	1,164	1,267
Culture and recreation	1,114	1,092	1,057	1,024
Conservation and development	9	9	10	19
Total Governmental Activities				
Program Revenues.....	<u>114,743</u>	<u>141,318</u>	<u>135,754</u>	<u>136,216</u>
Business-type Activities				
Charges for services				
Water	88,013	96,687	97,850	97,833
Sewer Maintenance	59,121	60,695	62,954	65,141
Transportation	41,411	42,532	38,286	37,557
Other activities	47,457	51,129	53,541	55,958
Total Business-type Activities				
Program Revenues.....	<u>236,002</u>	<u>251,043</u>	<u>252,631</u>	<u>256,489</u>
Total Primary Government				
Program Revenues	<u>350,745</u>	<u>392,361</u>	<u>388,385</u>	<u>392,705</u>

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 309,828	\$ 363,272	\$ 249,456	\$ 290,849	\$ 195,073	\$ 218,436
437,746	557,403	710,794	624,406	469,399	527,757
192,613	206,475	233,775	234,986	201,732	215,450
21,789	24,313	38,265	50,530	33,242	41,758
26,866	30,023	31,054	35,827	30,531	41,021
47,904	47,529	67,345	78,832	51,738	72,597
-	-	-	-	-	-
-	-	-	-	-	-
21,451	23,710	25,542	25,627	28,235	33,300
<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>	<u>1,150,319</u>
78,310	74,954	84,198	85,287	81,481	80,604
58,550	55,747	56,563	61,147	58,645	60,059
25,031	27,931	28,772	28,375	28,626	28,635
58,612	58,025	58,866	64,559	68,026	85,399
<u>220,503</u>	<u>216,657</u>	<u>228,399</u>	<u>239,368</u>	<u>236,778</u>	<u>254,697</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>	<u>1,405,016</u>
27,538	37,984	35,394	35,517	36,284	31,613
19,862	21,898	19,136	26,043	28,920	27,978
87,817	91,842	89,993	104,418	110,667	109,032
1,332	1,992	1,370	1,054	753	865
1,023	989	850	835	909	949
<u>8</u>	<u>9,853</u>	<u>10,453</u>	<u>108</u>	<u>109</u>	<u>110</u>
<u>137,580</u>	<u>164,558</u>	<u>157,196</u>	<u>167,975</u>	<u>177,642</u>	<u>170,547</u>
100,661	99,015	98,587	99,730	98,968	110,144
66,585	68,058	68,720	70,970	72,920	74,465
39,045	37,793	22,646	32,838	32,329	34,043
<u>57,518</u>	<u>57,100</u>	<u>61,075</u>	<u>63,939</u>	<u>63,764</u>	<u>66,255</u>
<u>263,809</u>	<u>261,966</u>	<u>251,028</u>	<u>267,477</u>	<u>267,981</u>	<u>284,907</u>
<u>401,389</u>	<u>426,524</u>	<u>408,224</u>	<u>435,452</u>	<u>445,623</u>	<u>455,454</u>

CITY OF MILWAUKEE
CHANGES IN NET POSITION
 LAST TEN YEARS
(Accrual Basis of Accounting)
(Thousands of Dollars)

Table 2 (continued)

	Fiscal Year			
	2014	2015	2016	2017
Grants and Contributions				
Governmental Activities				
General government	\$ 2,207	\$ 2,289	\$ 2,006	\$ 2,026
Public safety	15,173	14,200	14,022	12,314
Public works	33,755	25,600	45,902	3,082
Health	8,917	8,597	9,481	9,937
Culture and recreation	2,318	3,767	3,832	3,243
Conservation and development	17,951	15,669	14,214	13,966
Capital contributions to Milwaukee Public Schools ..	23,752	-	-	-
Total Governmental Activities				
Grants and Contributions.....	104,073	70,122	89,457	44,568
Business-type Activities				
Water	384	1,276	2,798	22,528
Sewer Maintenance	275	-	585	3,358
Transportation	-	-	-	180
Other activities	140	1,464	1,582	-
Total Business-type Activities				
Grants and Contributions.....	799	2,740	4,965	26,066
Total Primary Government				
Grants and Contributions.....	\$ 104,872	\$ 72,862	\$ 94,422	\$ 70,634
Net (Expense)/Revenue				
Governmental Activities	(663,806)	(733,776)	(777,087)	(924,209)
Business-type Activities	44,986	55,893	53,392	72,803
Total primary government net expense	\$ (618,820)	\$ (677,883)	\$ (723,695)	\$ (851,406)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 284,664	\$ 287,602	\$ 286,513	\$ 307,828
State aids for General Fund	260,886	263,350	265,191	265,700
Miscellaneous	88,718	89,487	83,919	97,757
Transfers	43,115	43,038	39,602	36,854
Total Governmental Activities	677,383	683,477	675,225	708,139
Business-type Activities				
Miscellaneous	1,471	1,709	1,426	211
Transfers	(43,115)	(43,038)	(39,602)	(36,854)
Total Business-type Activities	(41,644)	(41,329)	(38,176)	(36,643)
Total Primary Government	635,739	642,148	637,049	671,496
Change in Net Position				
Governmental Activities	15,241	(50,299)	(101,862)	(216,070)
Business-type Activities	3,342	14,564	15,216	36,160
Total Primary Government	\$ 18,583	\$ (35,735)	\$ (86,646)	\$ (179,910)

See accompanying independent auditors' report.

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 23,159	\$ 2,158	\$ 2,068	\$ 18,695	\$ 19,582	\$ 21,138
13,132	13,552	95,374	51,206	115,318	136,819
3,617	4,276	14,546	4,863	16,379	8,599
9,831	9,260	23,599	31,641	24,458	23,107
3,358	5,081	3,881	4,146	5,868	12,076
13,017	11,679	30,288	13,995	27,614	33,650
-	-	-	-	-	-
<u>66,114</u>	<u>46,006</u>	<u>169,756</u>	<u>124,546</u>	<u>209,219</u>	<u>235,389</u>
1,551	4,007	5,425	49	74	1,759
1,261	1,992	920	6,285	3,995	4,395
37,762	2,041	2,150	4,525	2,965	2,399
1,214	867	1,227	7,927	7,638	3,299
<u>41,788</u>	<u>8,907</u>	<u>9,722</u>	<u>18,786</u>	<u>14,672</u>	<u>11,852</u>
<u>\$ 107,902</u>	<u>\$ 54,913</u>	<u>\$ 179,478</u>	<u>\$ 143,332</u>	<u>\$ 223,891</u>	<u>\$ 247,241</u>
(854,503)	(1,042,161)	(1,029,279)	(832,308)	(986,772)	(979,772)
85,094	54,216	32,351	31,203	30,210	30,210
<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	<u>\$ (996,928)</u>	<u>\$ (801,105)</u>	<u>\$ (956,562)</u>	<u>\$ (949,562)</u>
\$ 316,655	\$ 329,601	\$ 352,910	\$ 369,565	\$ 368,200	\$ 376,609
268,792	270,575	273,422	273,422	273,305	273,846
115,735	84,084	72,875	70,004	53,366	113,233
37,801	34,471	33,987	32,910	27,044	25,726
<u>738,983</u>	<u>718,731</u>	<u>733,194</u>	<u>745,901</u>	<u>721,915</u>	<u>789,414</u>
1,638	3,148	1,717	2,054	1,751	5,501
<u>(37,801)</u>	<u>(34,471)</u>	<u>(33,987)</u>	<u>(32,910)</u>	<u>(27,044)</u>	<u>(25,726)</u>
<u>(36,163)</u>	<u>(31,323)</u>	<u>(32,270)</u>	<u>(30,856)</u>	<u>(25,293)</u>	<u>(20,225)</u>
<u>702,820</u>	<u>687,408</u>	<u>700,924</u>	<u>715,045</u>	<u>696,622</u>	<u>769,189</u>
(115,520)	(323,430)	(296,085)	(302,635)	98,826	45,031
48,931	22,893	81	16,039	20,582	21,837
<u>\$ (66,589)</u>	<u>\$ (300,537)</u>	<u>\$ (296,004)</u>	<u>\$ (286,596)</u>	<u>\$ 119,408</u>	<u>\$ 66,868</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			
	2014	2015	2016	2017
Revenues:				
Property taxes	\$ 250,036	\$ 253,815	\$ 252,986	\$ 299,552
Other taxes	34,475	32,861	34,921	6,699
Special assessments	1,945	4,666	1,945	2,019
Licenses and permits	16,063	16,629	16,767	15,597
Intergovernmental	317,987	322,763	323,161	338,615
Charges for services	131,147	154,402	147,480	156,785
Fines and forfeits	4,587	4,110	3,534	3,357
Contributions received	23,752	2,588	2,378	3,022
Other	52,464	42,188	43,477	36,054
Total Revenues	<u>832,456</u>	<u>834,022</u>	<u>826,649</u>	<u>861,700</u>
Expenditures:				
Current:				
General government	268,263	254,168	248,581	253,638
Public safety	283,599	307,185	334,411	326,962
Public works	106,779	103,512	107,649	103,324
Health	18,088	18,014	19,688	20,182
Culture and recreation	19,330	20,190	21,128	21,168
Conservation and development	32,583	29,178	28,565	28,717
Capital outlay	139,898	155,227	139,236	172,270
Debt Service:				
Principal retirement	385,884	414,499	442,671	259,911
Interest	37,322	36,606	36,889	40,366
Bond issuance costs	447	1,180	1,305	329
Total Expenditures	<u>1,292,193</u>	<u>1,339,759</u>	<u>1,380,123</u>	<u>1,226,867</u>
Excess (deficiency) of Revenues over Expenditures	(459,737)	(505,737)	(553,474)	(365,167)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	332,444	380,522	266,452	176,997
Refunding bonds issued	41,216	106,316	196,659	76,243
Proceeds of subscription arrangements.....	-	-	-	-
Loans activities	(2,506)	(4,972)	(1,587)	(1,876)
Issuance premium	12,783	12,645	15,956	23,601
Transfers in	235,824	214,406	138,397	229,508
Transfers out	(192,709)	(171,368)	(98,795)	(192,654)
Total Other Financing Sources and Uses.....	<u>427,052</u>	<u>537,549</u>	<u>517,082</u>	<u>311,819</u>
Net Change in Fund Balances	<u>\$ (32,685)</u>	<u>\$ 31,812</u>	<u>\$ (36,392)</u>	<u>\$ (53,348)</u>
Debt service as a percentage of noncapital expenditures	<u>36.9%</u>	<u>36.9%</u>	<u>38.7%</u>	<u>27.3%</u>

See accompanying independent auditors' report.

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 310,933	\$ 325,039	\$ 346,409	\$ 364,207	\$ 361,604	\$ 369,514
5,093	6,208	5,714	7,273	6,121	6,868
1,724	2,449	1,593	2,981	2,970	6,084
17,232	18,502	13,978	17,197	19,801	19,596
332,632	331,473	411,894	430,032	468,574	494,788
159,473	164,558	157,196	159,327	177,642	170,547
3,297	2,633	2,008	2,578	3,162	2,429
3,205	2,719	3,159	2,235	2,865	3,140
46,274	43,190	31,410	29,181	28,236	67,702
<u>879,863</u>	<u>896,771</u>	<u>973,361</u>	<u>1,015,011</u>	<u>1,070,975</u>	<u>1,140,668</u>
297,229	296,385	265,138	278,327	301,115	293,013
330,227	332,900	399,595	374,074	400,090	400,926
106,636	110,131	107,283	110,483	111,232	118,973
19,698	21,078	32,160	44,264	31,793	36,415
21,774	23,159	17,846	22,505	24,829	31,742
27,708	26,023	44,731	24,064	32,925	38,430
165,877	125,788	116,128	142,717	100,389	148,831
271,569	321,761	276,994	201,367	138,686	171,755
40,619	44,144	45,442	47,538	46,810	48,639
245	133	4,424	899	1,737	1,205
<u>1,281,582</u>	<u>1,301,502</u>	<u>1,309,741</u>	<u>1,246,238</u>	<u>1,189,606</u>	<u>1,289,929</u>
(401,719)	(404,731)	(336,380)	(231,227)	(118,631)	(149,261)
266,889	229,888	221,327	110,065	115,434	181,609
57,273	85,416	190,137	77,617	32,702	3,849
-	-	-	-	-	20,643
(1,772)	(2,205)	(2,326)	(2,082)	(1,968)	(1,780)
31,626	18,527	25,903	25,777	14,177	8,185
198,721	119,457	231,957	113,269	91,764	155,725
(160,920)	(84,986)	(197,970)	(80,359)	(64,720)	(129,999)
<u>391,817</u>	<u>366,097</u>	<u>469,028</u>	<u>244,287</u>	<u>187,389</u>	<u>238,232</u>
\$ <u>(9,902)</u>	\$ <u>(38,634)</u>	\$ <u>132,648</u>	\$ <u>13,060</u>	\$ <u>68,758</u>	\$ <u>88,971</u>
<u>28.0%</u>	<u>31.1%</u>	<u>27.4%</u>	<u>21.2%</u>	<u>16.8%</u>	<u>19.2%</u>

CITY OF MILWAUKEE
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

Table 4

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 17,301	\$ 17,094	\$ 16,127	\$ 18,401	\$ 19,476
Committed.....	1,587	2,035	2,266	3,444	3,066
Assigned	44,150	46,404	38,802	37,281	26,450
Unassigned.....	<u>50,006</u>	<u>61,715</u>	<u>50,737</u>	<u>38,350</u>	<u>18,002</u>
Total General Fund.....	<u>\$ 113,044</u>	<u>\$ 127,248</u>	<u>\$ 107,932</u>	<u>\$ 97,476</u>	<u>\$ 66,994</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ 7	\$ 3,684	\$ 1,160
Restricted.....	214,932	227,376	215,480	188,578	211,324
Committed.....	8,489	5,264	-	-	20,817
Unassigned (deficit).....	<u>(23,665)</u>	<u>(15,276)</u>	<u>(15,199)</u>	<u>(34,866)</u>	<u>(55,325)</u>
Total all other governmental funds	<u>\$ 199,756</u>	<u>\$ 217,364</u>	<u>\$ 200,288</u>	<u>\$ 157,396</u>	<u>\$ 177,976</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 21,621	\$ 21,206	\$ 23,377	\$ 31,509	\$ 27,342
Committed.....	2,949	123,007	122,337	123,261	123,247
Assigned	20,580	27,220	21,610	26,588	26,123
Unassigned.....	<u>7,339</u>	<u>16,959</u>	<u>9,081</u>	<u>20,144</u>	<u>59,699</u>
Total General Fund.....	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>	<u>\$ 236,411</u>
All Other Governmental Funds					
Nonspendable	\$ 397	\$ 368	\$ 261	\$ 259	\$ 267
Restricted.....	206,314	216,081	221,098	220,870	235,764
Committed.....	18,578	27,397	31,062	24,423	62,037
Unassigned (deficit).....	<u>(71,442)</u>	<u>(93,254)</u>	<u>(76,782)</u>	<u>(26,252)</u>	<u>(24,706)</u>
Total all other governmental funds	<u>\$ 153,847</u>	<u>\$ 150,592</u>	<u>\$ 175,639</u>	<u>\$ 219,300</u>	<u>\$ 273,362</u>

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		
	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other
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
2023	21,194,517	13,626,633	792,275	87,851	435,711	129,992
Budget Year	Total Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value
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%
2023	36,266,979			9.16	39,448,239	91.9%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rates (A)										
City of Milwaukee	\$ 10.23	\$ 10.42	\$ 10.29	\$ 10.47	\$ 10.57	\$ 10.45	\$ 10.48	\$ 10.08	\$ 10.15	\$ 9.15
Allocation of Debt Service incurred for Schools	<u>0.35</u>	<u>0.29</u>	<u>0.32</u>	<u>0.28</u>	<u>0.18</u>	<u>0.14</u>	<u>0.10</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
Total Direct Rate	10.58	10.71	10.61	10.75	10.75	10.59	10.58	10.09	10.16	9.16
Overlapping Rates (B)										
Milwaukee School Board	10.86	10.93	10.52	9.61	8.34	7.61	7.91	8.85	10.20	9.44
Less: allocation of Debt Service in City rate	<u>(0.35)</u>	<u>(0.29)</u>	<u>(0.32)</u>	<u>(0.28)</u>	<u>(0.18)</u>	<u>(0.14)</u>	<u>(0.10)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>
Total School Rate	10.51	10.64	10.20	9.33	8.16	7.47	7.81	8.84	10.19	9.43
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.22	1.33	1.29	1.31	1.26	1.23	1.19	1.13	1.11	0.98
County of Milwaukee	5.35	5.33	5.28	5.31	5.05	4.90	4.83	4.54	4.73	4.18
State of Wisconsin	0.18	0.17	0.18	0.18	-	-	-	-	-	-
Milwaukee Metropolitan Sewerage District	<u>1.78</u>	<u>1.79</u>	<u>1.79</u>	<u>1.82</u>	<u>1.72</u>	<u>1.69</u>	<u>1.66</u>	<u>1.56</u>	<u>1.64</u>	<u>1.48</u>
Total Tax Rate (C)	<u>\$ 30.62</u>	<u>\$ 29.97</u>	<u>\$ 29.35</u>	<u>\$ 28.70</u>	<u>\$ 26.94</u>	<u>\$ 25.88</u>	<u>\$ 26.07</u>	<u>\$ 26.16</u>	<u>\$ 27.83</u>	<u>\$ 25.23</u>

(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	2023		2014	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Northwestern Mutual Life Ins.	Insurance	\$ 636,363	1.75 %	\$ 172,614	0.69 %
Berrada Properties	Real Estate	479,551	1.32		
Mandel Group (Includes Park Lafayette)	Real Estate	428,984	1.18	121,806	0.46
Weidner Investments	Real Estate	299,792	0.82		
US Bank Corp	Banking	281,943	0.77	233,120	0.93
Irgens	Real Estate	232,563	0.64		
Katz Properties	Real Estate	191,954	0.53		
New Land Investments	Real Estate	188,611	0.52		
Metropolitan Associates	Real Estate	168,403	0.46	93,716	0.37
Marcus Corp	Hotels/Motels/Restaurant	162,286	0.45	105,713	0.42
NNN 411 East Wisconsin LLC	Real Estate			74,382	0.30
100 E Wisconsin Ave Joint Venture	Real Estate			76,468	0.31
Gorman & Co.	Real Estate			65,939	0.26
Towne Realty	Real Estate			63,248	0.25
Riverbend Place	Real Estate			58,962	0.24
		<u>\$ 3,070,450</u>	<u>8.44 %</u>	<u>\$ 1,065,968</u>	<u>4.23 %</u>

CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN YEARS
(Thousands of Dollars)

Table 8

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy		Collections		Total Collections to Date	
				Levy Year (B)	Percent Original Levy Collected	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2014	\$ 307,246	\$ 32,284	\$ 339,530	\$ 296,107	96.37	\$ 13,875	\$ 28,822	\$ 338,803	99.79
2015	312,216	17,821	330,037	302,084	96.76	12,471	14,545	329,099	99.72
2016	312,091	17,431	329,522	302,628	96.97	10,907	15,878	329,413	99.97
2017	318,867	22,476	341,343	309,345	97.01	15,266	15,688	340,298	99.69
2018	325,152	15,221	340,373	316,357	97.30	7,544	13,684	337,584	99.18
2019	333,909	17,634	351,543	326,084	97.66	10,921	12,454	349,460	99.41
2020	346,409	22,821	369,230	338,689	97.77	14,463	13,596	366,748	99.33
2021	362,346	19,910	382,256	355,970	98.24	11,827	11,634	379,431	99.26
2022	361,603	20,679	382,282	355,020	98.18	11,508	9,401	375,929	98.34
2023	369,513	21,313	390,826	361,831	97.92	10,101	-	371,620	95.09

(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							
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Lease and Subscription Obligations</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Estimated Actual Taxable Value of Property</u>	<u>Percentage of Total Taxable Value of Property</u>	<u>Per Capita</u>
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	4,456	78,203	1,044,952	35,338,274	2.94%	1,802.35
2023	1,132,402	47,314	84,700	1,095,016	39,448,239	2.78%	1,902.06
Business-Type Activities							
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Revenue Bonds</u>	<u>State Loans (Revenue Bonds)</u>	<u>Lease and Subscription Obligations</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (A)</u>	<u>Per Capita (A)</u>
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	3.20%	2,560.69
2023	23,501	154,860	255,242	-	1,528,619	Not Available	2,655.24

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
(Thousand of Dollars)

Table 10

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 1,826,273	\$ 1,829,668	\$ 1,818,633	\$ 1,892,943	\$ 1,883,272
Total net debt applicable to limit	<u>696,614</u>	<u>622,044</u>	<u>857,223</u>	<u>905,647</u>	<u>876,597</u>
Legal debt margin	<u>\$ 1,129,659</u>	<u>\$ 1,207,624</u>	<u>\$ 961,410</u>	<u>\$ 987,296</u>	<u>\$ 1,006,675</u>
Total net debt applicable to the limit as a percentage of debt limit ...	38.14%	34.00%	47.14%	47.84%	46.55%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 1,983,828	\$ 2,082,244	\$ 2,203,257	\$ 2,473,679	\$ 2,761,377
Total net debt applicable to limit	<u>901,358</u>	<u>1,112,866</u>	<u>1,065,032</u>	<u>1,065,721</u>	<u>1,071,204</u>
Legal debt margin	<u>\$ 1,082,470</u>	<u>\$ 969,378</u>	<u>\$ 1,138,225</u>	<u>\$ 1,407,958</u>	<u>\$ 1,690,173</u>
Total net debt applicable to the limit as a percentage of debt limit ...	45.44%	53.45%	48.34%	43.08%	38.79%

CITY OF MILWAUKEE
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Thousand of Dollars)

Table 10

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	<u>\$ 36,266,979</u>
Equalized Value	<u>39,448,239</u>
Debt Limit 7% of Equalized Value	\$ 2,761,377

	Gen City	Schools	Total
Debt Limit	\$ 1,972,412	\$ 788,965	\$ 2,761,377
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	339,323	49,300	388,623
General Obligation notes	741,893	1,887	743,780
Parking bonds and notes	16,628	-	16,628
Harbor bonds and notes	5,374	-	5,374
Sewer Maintenance bonds and notes.....	1,499	-	1,499
Total Debt	<u>\$ 1,104,717</u>	<u>\$ 51,187</u>	<u>\$ 1,155,904</u>
Deduct:			
Assets in Debt Service Funds	<u>84,700</u>	<u>-</u>	<u>84,700</u>
Total Amount of Debt Applicable to Debt Limit	1,020,017	51,187	1,071,204
Legal Debt Margin	<u>\$ 952,395</u>	<u>\$ 737,778</u>	<u>\$ 1,690,173</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, 2023
(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)	\$ 1,071,204	100%	\$ 1,071,204
Overlapping Debt:			
Milwaukee Area Technical College District	100,320	36%	36,115
County of Milwaukee	387,774	46%	176,682
Milwaukee Metropolitan Sewerage Area (B)	739,265	46%	<u>340,708</u>
Total Direct and Overlapping Debt			<u>\$ 1,624,709</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 \$97,262 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.

(B) Includes \$164,856 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

Water Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
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
2023	111,307	69,861	41,446	3,892	610	4,502	9.21

Sewer Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
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
2023	76,075	13,359	62,716	18,785	8,808	27,593	2.27

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)
2014	595,993	\$ 39,269,378	\$ 44,159	33.8	77,391	7.8%
2015	595,787	\$ 40,676,471	\$ 45,932	34.0	75,568	6.4%
2016	594,667	\$ 40,668,712	\$ 46,598	34.2	76,856	5.5%
2017	591,076	\$ 41,907,840	\$ 48,313	34.3	77,215	4.5%
2018	595,555	\$ 44,055,784	\$ 50,522	34.6	75,081	4.0%
2019	590,547	\$ 45,077,846	\$ 52,364	35.2	74,633	4.3%
2020	587,072	\$ 47,536,977	\$ 55,431	35.2	71,867	9.4%
2021	587,976	\$ 51,723,659	\$ 60,381	35.2	69,115	6.5%
2022	577,309	\$ 51,617,850	\$ 61,475	35.4	68,435	4.2%
2023	575,722	Not available	Not available	40.4	68,435	4.3%

(A) *The December 31, 2014 through 2023 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.*

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 14

Employer	2023 Estimates (1)			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	31,155	1	6.94	24,462	1	5.49
Froedtert and Community Health	14,796	2	3.30	9,028	3	2.03
Ascension Wisconsin	9,200	3	2.05			
Roundy's Supermarkets Inc.	7,800	4	1.74	9,000	4	2.02
Northwestern Mutual	7,300	5	1.63	5,000	7	1.12
Medical College of Wisconsin	6,960	6	1.55	5,400	5	1.21
Children's Hospital and Health System	5,773	7	1.29	4,471	9	1.00
Kohl's Corp.	5,500	8	1.23			
Quad Graphics	5,200	9	1.16			
GE Healthcare	5,100	10	1.14			
Wheaton Franciscan Healthcare				10,687	2	2.40
Columbia St. Mary's Health System				5,400	6	1.21
ProHealth Care Inc				4,700	8	1.05
Goodwill Industries				4,055	10	0.94
Total	<u>98,784</u>		<u>22.03</u>	<u>82,203</u>		<u>18.47</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,

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

The 2014 data was from Business Journal of Greater Milwaukee, as of July 11, 2014.

Total employment data (2014 = 445,584) (2023 = 448,733) from the State of Wisconsin Workforce Development.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS - ADOPTED BUDGET POSITIONS
 LAST TEN YEARS

Table 15

Functions/Programs	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	728	736	750	741	766	786	776	778	782	795
Temporary - Election Commission	2,389	823	2,473	820	2,250	1,505	2,520	1,523	2,250	1,034
Public Safety										
Fire										
Fire Fighting Force	900	875	876	810	765	736	739	723	730	779
Civilians	112	118	131	133	133	135	135	137	137	145
Police										
Law Enforcement	1,978	1,942	1,979	1,989	1,955	1,954	1,956	1,856	1,839	1,839
Civilian	618	625	619	598	636	633	631	635	694	751
School Crossing Guards	252	242	241	241	241	241	241	241	241	241
Neighborhood Services	272	283	293	289	280	292	289	285	285	288
Public Works										
Administrative Services	47	48	49	43	45	46	45	43	44	44
Infrastructure Services	810	801	790	805	815	822	820	824	815	820
Operations	1,433	1,436	1,437	1,443	1,440	1,435	1,396	815	815	800
Winter relief	-	-	-	-	-	-	-	-	-	-
Health	252	251	252	252	254	280	285	637	385	381
Culture and recreation	370	371	358	364	375	377	364	359	348	347
Conservation and development	134	135	133	121	127	125	121	121	121	122
Youth initiative positions	-	-	-	-	-	-	-	-	-	-
Water	369	371	381	395	406	430	436	439	437	435
Sewer Maintenance	146	146	146	145	144	147	148	156	160	165
Parking	120	121	121	118	118	126	127	118	122	123
Port of Milwaukee	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Subtotal	10,967	9,361	11,066	9,344	10,785	10,105	11,064	9,725	10,240	9,144
Less Temporary Positions	<u>(2,631)</u>	<u>(1,055)</u>	<u>(2,703)</u>	<u>(1,050)</u>	<u>(2,491)</u>	<u>(1,746)</u>	<u>(2,761)</u>	<u>(1,764)</u>	<u>(2,491)</u>	<u>(1,275)</u>
Total Budgeted Positions	<u>8,336</u>	<u>8,306</u>	<u>8,363</u>	<u>8,294</u>	<u>8,294</u>	<u>8,359</u>	<u>8,303</u>	<u>7,961</u>	<u>7,749</u>	<u>7,869</u>

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Investment portfolio return	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%	0.56%	0.06%	1.53%	5.13%
Courtroom cases	93,577	80,821	84,464	74,120	80,870	61,284	19,908	15,865	17,360	16,392
Public safety										
Police										
Dispatched assignments	247,552	260,860	284,893	249,855	255,599	264,969	271,530	279,818	274,525	268,537
Traffic citations	53,744	55,592	46,969	71,655	69,048	50,072	41,524	53,957	33,128	30,737
Homicide clearance rates	60%	58%	67%	70%	76%	77%	55%	50%	57%	59%
Fire										
Number of medical emergency assists	62,766	70,504	78,484	76,793	71,323	70,461	67,559	70,740	75,516	75,659
Number of fires extinguished	2,419	2,351	2,198	2,017	1,749	1,580	2,241	2,120	2,964	3,298
Civilian fire deaths	10	10	5	7	9	7	6	14	16	15
Building Inspection										
Complaints reported	36,567	34,933	36,548	36,938	38,788	41,699	39,414	46,085	37,393	40,499
Orders issued	58,217	60,106	43,499	25,949	25,821	36,825	31,488	33,752	29,029	30,503
Public Works										
Major streets paving (miles)	24.60	33.50	35.4	34.0	29.0	28.0	23.3	17	20.2	20.97
Asphalt patching/pot holes (tons)	17,025	18,816	18,857	22,257	19,019	17,460	12,794	12,784	10,949	11,700
Refuse tonnage	253,997	243,478	248,083	256,599	259,450	268,162	276,982	272,644	240,186	232,011
Recycling tonnage	25,273	25,105	25,232	25,325	25,505	24,258	26,432	26,421	25,968	24,337
Health										
Food inspections	8,556	9,236	10,087	8,208	9,775	9,525	3,957	6,391	8,476	9,662
Immunizations	10,912	10,561	8,360	8,271	5,921	6,859	4,818	220,190	33,859	7,225
Culture and Recreation										
Library hours of operation	30,846	30,866	32,282	32,282	33,440	31,546	17,520	25,269	29,356	30,994
Collections size	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	2,386,721
Public computers	723	752	682	600	655	681	527	969	796	756
Conservation and Development										
Jobs created	834	2,337	2,063	1,140	1,327	606	915	503	1,712	160
Jobs retained	1,626	2,535	1,960	1,355	2,715	641	624	0	0	727
New housing units	331	2,340	2,081	1,265	1,720	1,271	782	646	342	1,446
Water										
Millions gallons sold	29,894	29,657	29,440	28,761	28,730	27,708	27,179	27,234	26,868	27,400
Population served	864,653	865,109	864,144	868,882	866,933	863,921	860,919	861,074	852,208	947,069
Sewer Maintenance										
Sewer service backups	31	22	23	26	33	30	20	26	37	35
Street flooding complaints	3,023	3,096	1,808	2,523	3,350	2,448	1,935	1,573	2,513	2,451
Parking										
Citations issued	743,038	705,850	626,333	594,360	636,117	572,070	303,087	517,305	469,641	463,098
Vehicle tows	33,416	34,892	32,185	31,204	29,291	25,268	15,873	25,274	24,687	24,229
Port										
Metric tonnage total	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	2,355,343

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police										
Stations	8	8	8	8	8	8	8	8	8	7
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	521	504	505	505	418	426	415	398	381	334
Patrol motorcycles	55	55	56	56	56	56	63	64	62	60
Fire Stations	36	36	36	36	30	30	30	29	29	29
Public Works										
Streets - paved	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1425	1425
Streets - unpaved	15	15	15	15	15	15	15	15	5	5
Alleys	414	414	414	414	414	414	414	414	414	414
Street lights	68,698	68,856	69,111	69,111	69,195	69,235	69,845	69,977	70,960	70,840
Alley lights	8,815	8,786	8,797	8,797	9,014	9,014	8,879	8,879	8,882	8,882
Garbage/snow trucks	180	180	192	183	177	180	183	187	180	180
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	138	138	138	138	138	138	144	144	130	132
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,963	1,962	1,962	1,961	1,961	1,961	1,960	1,960	1,960	1,962
Hydrants	19,870	19,846	19,862	19,861	19,865	19,876	19,889	19,867	19,864	19,962
Million gallons pumped	37,460	35,872	35,447	34,456	35,506	33,839	32,532	33,843	34,578	35,250
Million gallons consumed	29,894	29,657	29,440	28,760	28,967	27,905	27,337	27,483	27,056	27,400
Miles of Sewers										
Storm	965	966	967	967	968	968	963	965	963	964
Sanitary	943	944	945	945	945	945	978	945	946	948
Combined	547	551	551	551	551	551	557	551	551	536
Parking										
Parking lots	45	44	44	45	42	42	42	42	40	39
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	11	11	10	11	11	11	9	9	9
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	11	11	11	11	11	9	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.

APPENDIX F

OFFICIAL NOTICE OF SALE

OFFICIAL NOTICE OF SALE

CITY OF MILWAUKEE, WISCONSIN \$50,000,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024 N5

ELECTRONIC BIDS will be received by the City of Milwaukee, Wisconsin (the “City”) for all, but not part, of its \$50,000,000* General Obligation Promissory Notes, Series 2024 N5 (the “Obligations”) until **10:15 a.m. (Central Time) on October 2, 2024** (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 their date of issuance, expected to be October 23, 2024, and will be payable as to principal on December 1 of each year, in the years and the respective principal amounts, as follows:

<u>Year</u>	<u>Amount**</u>	<u>Year</u>	<u>Amount**</u>
2025	\$ 3,740,000	2033	\$ 3,705,000
2026	3,750,000	2034	3,705,000
2027	3,755,000	2035	2,515,000
2028	3,755,000	2036	2,515,000
2029	3,760,000	2037	2,520,000
2030	3,760,000	2038	2,525,000
2031	3,760,000	2039	2,530,000
2032	3,705,000		

*** 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.*

Interest on the Obligations will be payable on each June 1 and December 1, beginning on June 1, 2025, and will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption Provisions. The Obligations will be subject to optional redemption prior to maturity at the option of the City, in whole or in part, on December 1, 2034 and on any date thereafter, at a price of par plus accrued interest to the date of redemption, and without premium. The Obligations may be redeemed in the order of maturity selected by the City.

Term Note Option. Bids for the Obligations may contain a maturity schedule providing for any combination of serial notes and term notes, as described below under “**Bid Specifications**”. The term notes, 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 Obligations maturing or subject to mandatory partial sinking fund redemption in each year must conform to the schedule set forth above under “**Terms of Obligations**”.

* Preliminary; subject to change.

Book-Entry Form. The Obligations will be issued as fully registered notes 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 certificate for each separate maturity of the Obligations 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 certificates to DTC, and will release the Obligations to DTC on or about October 23, 2024 (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. 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 the Obligations, 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. A rate of interest may not exceed 9%. 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 applicable Obligations.

Each bid must specify whether the principal amount of Obligations due on a particular date will be a maturity date of a serial note or a mandatory sinking fund payment date of a term note. The mandatory sinking fund payments of each term note shall be on one or more consecutive annual principal payment dates immediately preceding the maturity date of such term note. The mandatory sinking fund payment specified for any year must be equal to the full principal amount of B2 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 note must also be specified for all mandatory sinking fund payment dates of such term note.

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 Official 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, or bidders if applicable, 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 \$500,000 (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 "**Bid Opening 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 Bid Opening Time as long as the wire has been initiated and a federal wire reference number has been provided by the Bid Opening Time. In the event the Good Faith Deposit is not received by the Bid Opening 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 Bid Opening 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 Bid Opening 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 interest.

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 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.

Ratings. The Obligations have been assigned a rating of “[]” by S&P Global Ratings and “[]” by Fitch Ratings.

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 [September 25], 2024 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, pursuant to Section (b)(3) of Rule 15c2-12, that 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:

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City Comptroller and Secretary of the
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