



WHERE REAL MILWAUKEE HAPPENS

2018 Operating Plan

2745 N. Dr. Martin Luther King Jr. Drive Suite 206
Milwaukee, Wisconsin 53212

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I. INTRODUCTION

In 1984, the Wisconsin Legislature created Sec. 66.608 (currently Sec. 66.1109) of the Wisconsin Statutes (“BID Law”) enabling cities to establish Business Improvement Districts (BIDs). The purpose of the law is “... *to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.*” (1983 Wisconsin Act 184, Section 1, legislative declaration). On September 17, 1992, the Common Council of the City of Milwaukee, by Resolution File Number 920644, created BID No. 8 (“Historic King Drive BID”) and adopted its initial operating plan for the year 1993.

Section 66.1109 (3) (b), Wisconsin Statutes, requires that a BID Board of Directors “...*shall annually consider and make changes to the operating plan. The Board shall then submit the operating plan to the local legislative body for its approval.*” The Board of Directors of Historic King Drive BID No. 8 submits this 2018 Operating Plan in fulfillment of the statutory requirement.

This Operating Plan proposes a continuation of activities described in the initial Historic King Drive BID Operating Plan. Therefore, it incorporates by reference the earlier plans as adopted by the Common Council. In the interest of brevity, this plan emphasizes the elements which are required by Sec. 66.1109, Wisconsin Statutes, and the proposed changes for 2018. It does not repeat the background information which is contained in the original plan nor does it include the Business Improvement District Statute, original petitions from property owners, or BID No. 8 Bylaws.

In connection with strategic planning conducted in 2011, the Historic King Drive BID No. 8 Board of Directors identified a vision to create an “attractive, accessible, safe district where businesses prosper and share a sense of pride in the community.” The Historic King Drive BID No. 8 identified its mission is to “attract and retain successful businesses.” BID No. 8 values including promoting “leadership that is born from experience and pride in a community that is diverse and culturally rich.” The strategic plan adds “the future of the district for profitable businesses requires that the area be safe, clean and vibrant. To this end, the Board and staff are to be proactive, thoughtfully engaged and responsive.” In executing a plan towards fulfillment of the stated mission, vision and values this operating plan incorporates new activities that will help Historic King Drive BID No. 8 businesses and property owners benefit from its implementation. In addition, this operating plan assists in creating a Historic King Drive that all residents of Milwaukee will be proud of.

II. DISTRICT BOUNDARIES

A boundary map of the Historic King Drive BID is generally, Locust Avenue to the north, McKinley Avenue to the south, 5th Street to the west and 2nd Street to the east. At various points of the district the boundaries may extend up to 5th street to the west. The district includes include Schlitz Park, Manpower, Time Warner, King Drive Commons projects, MLK Heritage Heath Center, Haymarket Square properties, portions of the Bronzeville Cultural and Entertainment District, the majority of the Bronzeville Tax Increment District, and numerous retail, office and industrial uses. A map is included as Appendix A.

III. PROPOSED OPERATING PLAN

A. Plan Overview

This operating plan, its objectives, and its proposed activities are to be in alignment -- to the extent that it is possible and consistent with the Historic King Drive BID bylaws, rules of engagement, and other policies and procedures as adopted by the board -- with the Harambee area recommendations as enumerated in the City of Milwaukee Department of City Development's Northeast Plan as adopted by the City of Milwaukee in 2009 -- with the recommendations enumerated in the Historic King Drive BID Economic Development Plan as adopted by the Board in 2011 -- and with the goals and activities that make up the prominent residential and business park components of the BID: Harambee, Brewer's Hill, Halyard Park, Haymarket Square, and Schlitz Park.

B. Plan Objective

The objective of the Historic King Drive Business Improvement District is to develop, redevelop, maintain, operate and promote the area of Historic King Drive that is within the BID Boundary.

C. 2018 Proposed District Activities

The principal activities BID No. 8 intends to be engaged in during its twenty fifth year of operations include but are not limited to assisting property owners with improving their properties, supporting businesses in the district, attracting new businesses, promoting new development projects, and

operating a district office to increase value of present improvements by providing staffing to:

- Respond to questions about available space for lease or purchase
- Coordinate and support volunteers to promote private and public financing of District activities
- Coordinate business recruitment and business development
- Provide information to interested parties pertaining to business and property opportunities
- Encourage increased police protection and safety programs
- Maintain right of ways that are clean and presentable
- Maintain a strong and consistent internet presence
- Publish and distribute district information and promotional materials
- Initiate publicity and media coverage of District activities
- Promote the unique historical significance and commercial mix of the District
- Plan and coordinate special events
- Review and implement the operating plan

D. 2018 Proposed Action Items

The principal activities identified shall align with BID No. 8 actions including:

- Find, develop, and otherwise support opportunities for catalytic real estate projects
- Advocate for city policies that strengthen business and commercial enterprises -- particularly those enumerated within the Department of City Development's Growing Prosperity policy framework
- Promote the King Drive BID/ North Shore Bank revolving loan program to businesses in conjunction with the Wisconsin Women's Business Initiative Corporation
- Market positive stories/events
- Engage business and property owners directly to increase communication and build district-wide cohesion
- Implement the Wisconsin Main Street Program activities, including Main Street committee development activities and strategic planning for the Main Street District (Walnut to Locust)
- Work closely with city officials, city departments, local stakeholders, and the development community to bring needed/desired amenities, and development opportunities to the district

The BID's activities may also include:

- Borrowing funds to pay for streetscape improvements and developing such improvements
- Borrowing funds to acquire, develop and own real property to be used for the benefit of the District

E. Proposed 2018 Expenditures

REVENUES

BID Assessment	\$214,294
Project Participation Income	<u>\$ 10,000</u>
TOTAL REVENUES	\$224,294

EXPENSES

Salaries (Executive Director, Asst. Director)	\$ 120,000
Administrative/Payroll Expenses	\$ 9,180
Consultants/Maintenance/Project	\$ 23,500
Advertising/Marketing/Events	\$ 15,000
BID No. 8 Property Redevelopment Grants	\$ 16,294
Dues, Subscriptions, Training, Travel	\$ 5,720
Insurance (Gen. Liability, D&O, Volunteer)	\$ 5,800
Office Supplies, Postage, Printing	\$ 5,700
Rent	\$ 10,800
Audit	\$ 5,500
Accounting/Bookkeeping	\$ 4,800
Telephone & Internet	\$ 1,500
Repairs and Maintenance	<u>\$ 500</u>
TOTAL MANAGEMENT EXPENSES	\$ 224,294

F. Financing Method

The proposed expenditures will be financed from funds collected from the BID Assessments (as defined by Section IV.A), voluntary private contributions and funds granted to BID No. 8. The estimated assessed value of BID-eligible properties within the District is \$214,294. Ninety percent (95%) of the BID budget will be raised through BID Assessments in 2018.

The BID Board of Directors shall have the authority and responsibility to prioritize expenditures, and to revise the budget and activities as necessary. This may include allocation of grant income that may be awarded following approval of this operating plan by the BID Board of Directors.

IV. ORGANIZATION OF BID BOARD

The Mayor shall appoint members to the District Board. The Board shall be responsible for implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out the Operating Plan; to enter into various contracts; to monitor the effectiveness of the District's activities; to ensure compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of District assessments.

Wisconsin Statutes Sec/ 66.1109(3)(a) requires that the Board be composed of at least five members and that a majority of the Board members be owners or occupants of property within the District.

The Board shall be structured and operate as follows:

1. Board size – 15 members
2. Composition
 - (a) The Board of the Directors shall be composed of no more than fifteen members of whom all but three shall be owners/owner-designated representatives of a BID assessed property or a commercial tenant of a BID assessed property. The remaining three (3) board positions shall be representatives of community organizations which function within the environs of the District. Board members cannot be an elected municipal or governmental official unless the elected official meets the criteria stated earlier in this section.
3. Term – Appointments to the Board shall generally be for a period of three years. Their term of office shall begin at the meeting following the date they are sworn-in by the City Clerk. At the discretion of the Board, Director positions may be renewed at the end of the three-year term. Recommendations for new/renewing Directors will occur by nominations of serving Directors. Successful candidates must receive two-thirds vote of the BID Directors present to qualify for recommendation to the Mayor. Board members may continue to serve until replaced.
4. Compensation – None. Directors are eligible for reimbursement for Board approved expenses.

5. Meetings – All meetings of the Board shall be governed by the Wisconsin Open Meetings Law as legally required. The Board may go into a closed session if the meeting is properly noticed to the City of Milwaukee City Clerk’s office. Regular meetings of the Board will occur at a minimum on a quarterly basis.
6. Staffing and Office – The Board may employ staff and/or contract for various services pursuant to this Operating Plan and subsequent modifications thereof. In 2018, the Board will employ an Executive Director, a full time Associate Director and various contractors to execute aspects of this Operating Plan. The Board shall maintain an office in the District. The District’s current office is located at 2745 N. Martin Luther King Jr. Drive, Suite 206. The District’s office may be relocated as the District Board deems reasonable.
7. Executive Committee – The Board shall elect from its members a chair, a vice-chair, a treasurer and a secretary.

Pending final approval by the City Council of nominations and renewals, the 2018 Historic King Drive BID Board of Directors will be:

- LaMarr Franklin, Martin Luther King Economic Development Corp
- Ashley Booth, Brewers Hill representative
- Fletcher Crawford, Halyard Park representative
- J. Allen Stokes, Harambee representative
- Sam Denny, Schlitz Park
- Bob Ferriday, United Way
- James Phelps, JCP Construction
- Larry Roffers, LC Management
- Michael Coakley, C.H. Coakley and Company
- Susan Kissinger, Team Management
- Dan Zens, Zens Manufacturing
- Theodore Loehrke, Milwaukee Bucks
- Shaleta Dunn, ManpowerGroup Inc. (approval pending)
- Member seats open (2)

B. Relationship to other Entities

The BID shall be a separate entity from any other entity (“Unaffiliated Entity”), notwithstanding the fact that members, officers, employees and directors may be shared. Such Unaffiliated Entities shall remain private organizations, not subject to the open meetings law, and not subject to the public records law. Such Unaffiliated Entities may contract with the BID to provide services to the BID in accordance with this Plan.

V. METHOD OF ASSESSMENT & RATE

A. Assessment Rate and Method

The annual assessment for District operating expenses will be levied against each property within the District in proportion to the assessed value of each property for real property tax purposes for the Year Twenty-Five Operating Plan. It is understood not every parcel within the District will benefit equally, but it is assumed that development of the District will produce at least some benefit for all parcels. This operating plan includes the method of assessing mixed-use properties approved in the 2017-2019 budget recommended by the State Legislature and confirmed by the Governor of the State of Wisconsin.

The use of a minimum and maximum value is designed to reflect the expected benefits to the area by the BID. Since most of the proposed BID activities are district-wide and not property specific, the proposed minimum assessment is designed to spread a level of cost to all properties within the District. Above this minimum level, it is believed that there will be some additional benefits received based upon the value of the property. Based on the value of a parcel, the assessment for BID No. 8 will fall within one of four assessment tiers.

BID-eligible properties are proposed to be assessed in the following manner:

An unimproved and improved tax parcel is assessed at a rate of \$4 per \$1,000 of assessed value, plus \$125. For assessable parcels whose assessments are between \$1 and \$500,000 the maximum BID No. 8 assessment shall be \$1,500 (Tier 1). For assessable parcels whose assessments are between \$500,001 and \$1.5 million the maximum BID No. 8 assessment shall be \$1,750 (Tier 2). For assessable parcels whose assessments are higher than \$1.5 million and less than \$3.5 million the maximum BID No. 8 assessment shall be \$3,500 (Tier 3). For assessable parcels whose assessments are higher than \$3.5 million the maximum BID No. 8

assessment shall be \$5,000 (Tier 4). For mixed-use properties, the BID No. 8 assessment shall apply to the commercial square footage only.

The assessment assigned to each parcel based on this formula is herein referred to as "BID Assessment."

Any BID Assessments related to a previous year or years may be contested specifically if the property was classified such that it should not have been assessed. Additionally, the BID reserves the right to recapture any missed¹ assessments for a maximum of one (1) year prior to the current assessment year. The BID may allow property owners up to three (3) years to repay any missed assessments.

Any BID Assessment related to this Operating Plan may be contested prior to approval and adoption of this Operating Plan by the City Council.

B. Included, Excluded and Exempt Property

The BID Law requires explicit consideration of certain classes of property. In compliance with the law the following statements are provided.

1. The BID will assess properties to the maximum extent allowed by law, this includes without limitation, properties used in part or in whole for manufacturing, properties that are vacant, and all other properties that are used for any commercial gain and are eligible for assessment per city and state law. By way of example, and not limiting the foregoing, a property which is used exclusively by its owner and immediate family for their principal residence shall not be assessed. A property will be assessed, however, when any portion of the premises is either (a) leased or possession is otherwise given to a third party, or (b) is used for any other commercial purpose. If any other provision of this Operating Plan shall be in conflict with this paragraph, this paragraph shall prevail.

2. State Statute 66.1109(1)(f)(lm): The District will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this Operating Plan because it is assumed that they will benefit from development in the District.

¹ Assessable properties might be erroneously recorded or excluded from the BID property list by the city assessor's office, the Dept. of City Development, or the BID. While these entities strive to maintain accurate lists, errors are possible. The BID will work with the city and property owners to ensure the highest level of accuracy possible.

3. Consistent with Wisconsin Statutes Sec. 66.1109(5)(a), property within the District boundaries but exempt from general real estate taxes under Wisconsin Statute 70.11 may not be specially assessed by the District but will be asked to make a financial contribution on a voluntary basis. Funds collected in this manner in any given year may be used in a manner deemed appropriate by the Board. In addition, consistent with Wisconsin Statute Sec. 66.1109(1)(b), those tax-exempt properties within the boundaries shall automatically become included within the District and subject to assessment under any current operating plan without necessity to undertake any other act. Additionally, property exempt from general real estate taxes has been excluded from the District, during the time of the exemption.

C. Business Owner / Home Owner Rebate

In accordance with Wisconsin Statutes, "property known to be exclusively residential" is excluded from the BID Assessment. In 2017 a law was changed directing Milwaukee BIDs to not assess the residential portion of mixed use properties. In compliance with the new law BID No. 8 began basing its assessment of mixed use properties on the square footage of commercial space as a percentage of the total building square footage. By doing so, there was no additional need to have the prior years' Homeowner Rebate included in the 2018 BID No. 8 operating plan.

D. Assessments for Additional Services

The BID may, but shall have no obligation, to provide certain maintenance on the sidewalk area in front of a private property. This maintenance may only include (a) weed removal; (b) excessive trash removal; (c) snow/ice removal and (d) graffiti removal. Prior to performing such maintenance activities, the BID shall either (i) send notice by certified mail to owner of record, or (ii) post notice on the property. The notice shall give the owner 48 hours to resolve the maintenance problem. If the problem is not resolved the BID may, but shall have no obligation, to resolve such problem. In such cases that the BID does perform maintenance it may add to the relevant property's assessment in the subsequent year a fee of up to \$50 per hour. This increased assessment may cause a property's assessment to exceed the maximum assessment as stated in Section IV.A above. The aggregate additional assessment that may be added to a property's regular assessment in any operating year, shall be \$500.

V. ORDERLY DEVELOPMENT OF THE CITY

A. City Plans

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

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

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

B. City Role In District Operation

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

1. Provide assistance as appropriate to the BID Board of Directors;
2. Monitor and, when appropriate, apply for outside funding which could be used in support of the District;
3. Collect BID assessments and maintain them in a segregated account; Disburse all funds of the District, no earlier than January 31, 2018 and no later than March 31, 2018. Disbursement of the full amount assessed by the District shall be made without reference to the amount of assessments collected by the City by the date of disbursement;
4. Receive annual audits as required per Wis. Stats. Sec. 66.1109(3)(c).
5. Provide the Board of Directors through the Tax Commissioner's office on or before June 30th of each plan year with the official City of Milwaukee

records on the assessed value of each tax key number within the district as of January 1 of each plan year and provide an update immediately prior to preparation of tax bills for purpose of calculating the actual BID assessments for the following plan year; and

6. Encourage the State of Wisconsin, County of Milwaukee and other units of government to support the activities of the District.

The presentation of this Operating Plan to the City of Milwaukee shall be deemed a standing order of the Board of Directors under Sec. 66.60 8 (4) Wis. Stats. to disburse the BID assessments without necessity of an additional disbursement agreement, disbursement method or accounting method. Budget authority made under this plan shall be shown in the City's budget as a line item.

VI. FUTURE YEAR OPERATING PLANS

A. Phased Development

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

Wisconsin Statutes Sec. 66.1109 (3) (a) requires the BID Board and the City to annually review and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms proposed activities, it focuses upon Year Twenty-Four activities. Additionally, information on specific assessed values, budget amounts and assessment amounts are based solely on current conditions. Greater detail about subsequent year's activities will be provided in the required annual Plan updates, and approval by the Common Council of such Plan updates shall be conclusive evidence of compliance with this Operating Plan and the BID statute.

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

B. Amendment, Severability and Expansion

This BID has been created under authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this Statute

invalid or unconstitutional its decision will not invalidate or terminate the BID and this BID Plan shall be amended to conform to the law without need of reestablishment.

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

VII. CONTRACTING WITH BID NO. 8

Any contracting with the BID shall be exempt from the requirements of Sec. 62.15, Wis. Stats. because such contracts shall not be for the construction of improvements or provision of materials. If the BID does contract for the construction of improvements or provisions of material, it shall follow the requirements of such statutes to the extent applicable. Further, the annual accounting required under Sec 66.608 (3) (c) Wis. Stats., shall be deemed to fulfill the requirements of Sec 62.15 (14) Wis. Stats. The BID Board of Directors and the City of Milwaukee shall comply with the provisions of Sec. 66.60 before the City inserts assessments for this BID plan onto the tax bills for the parcels assessed thereunder, only to the extent required by law, to create a lien on the parcels assessed.

HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(With Summarized Totals for the Year Ended December 31, 2015)

HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT

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Independent Auditor's Report

Board of Directors
Historic King Drive Business Improvement District

We have audited the accompanying financial statements of Historic King Drive Business Improvement District which comprise the balance sheet as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Historic King Drive Business Improvement District as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Board of Directors
Historic King Drive Business Improvement District

Report on Summarized Comparative Information

We have previously audited Historic King Drive Business Improvement District's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter(s)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
October 9, 2017

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2016
(With Summarized Totals for December 31, 2015)**

	2016	2015 Restated
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 160,842	\$ 117,598
Security Deposit	900	900
Total Current Assets	<u>\$ 161,742</u>	<u>\$ 118,498</u>
FIXED ASSETS		
Fixed Assets	\$ 31,845	\$ 31,845
Accumulated Depreciation	(31,845)	(31,845)
Total Fixed Assets	<u>\$ ---</u>	<u>\$ ---</u>
LONG-TERM ASSETS		
Loan Fund	\$ 50,000	\$ 25,000
TOTAL ASSETS	<u>\$ 211,742</u>	<u>\$ 143,498</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,400	\$ 2,479
Accrued Payroll	2,883	866
Total Current Liabilities	<u>\$ 8,283</u>	<u>\$ 3,345</u>
LONG-TERM LIABILITIES		
Advance for Loan Funds	\$ 25,000	\$ ---
TOTAL LIABILITIES	<u>\$ 33,283</u>	<u>\$ 3,345</u>
NET ASSETS		
Unrestricted		
Operating	\$ 108,459	\$ 95,153
Board Designated	45,000	45,000
Total Unrestricted	<u>\$ 153,459</u>	<u>\$ 140,153</u>
Temporarily Restricted	25,000	---
Total Net Assets	<u>\$ 178,459</u>	<u>\$ 140,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 211,742</u>	<u>\$ 143,498</u>

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

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)**

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUE				
BID Assessments	\$ 174,223	\$ ---	\$ 174,223	\$ 173,335
Grants	---	25,000	25,000	3,158
Other Revenue	271	---	271	251
Total Revenue	<u>\$ 174,494</u>	<u>\$ 25,000</u>	<u>\$ 199,494</u>	<u>\$ 176,744</u>
EXPENSES				
Program Services	\$ 28,819	\$ ---	\$ 28,819	\$ 42,859
Management and General	132,369	---	132,369	112,567
Total Expenses	<u>\$ 161,188</u>	<u>\$ ---</u>	<u>\$ 161,188</u>	<u>\$ 155,426</u>
CHANGE IN NET ASSETS	\$ 13,306	\$ 25,000	\$ 38,306	\$ 21,318
Net Assets, Beginning of Year (Restated)	<u>140,153</u>	<u>---</u>	<u>140,153</u>	<u>118,835</u>
NET ASSETS, END OF YEAR	<u>\$ 153,459</u>	<u>\$ 25,000</u>	<u>\$ 178,459</u>	<u>\$ 140,153</u>

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

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)**

	<u>2016</u>	<u>2015 Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 38,306	\$ 21,318
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Accounts Receivable	---	2,000
(Increase) Decrease in Security Deposit	---	(900)
(Increase) Decrease in Prepaid Rent	---	1,800
Increase (Decrease) in Accounts Payable	2,921	(1,101)
Increase (Decrease) in Accrued Payroll	<u>2,017</u>	<u>(2,752)</u>
Net Cash Provided by Operating Activities	<u>\$ 43,244</u>	<u>\$ 20,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grant Received for Loan Funds	\$ 25,000	\$ ---
Advance to Other Organization for Loan Funds	<u>(25,000)</u>	<u>(25,000)</u>
Net Cash Used by Investing Activities	<u>\$ ---</u>	<u>\$ (25,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 43,244	\$ (4,635)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>117,598</u>	<u>122,233</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 160,842</u>	<u>\$ 117,598</u>

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

HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - Summary of Significant Accounting Policies

Organization

Historic King Drive Business Improvement District (the "Organization") was organized under Wisconsin State Statute 66.608. This statute provides for the formation of Business Improvement Districts (BIDs) upon the petition of at least one property owner in the district. The purpose of a BID is to allow businesses within the district to develop, manage and promote their districts and to establish an assessment to fund these activities. The Organization's mission is to develop, redevelop, maintain, operate and promote the area of Historic King Drive that is within the BID boundary.

Historic King Drive Business Improvement District is exempt from tax as an affiliate of a governmental unit under Section 501(a) of the Internal Revenue Code.

Accounting Method

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions. At December 31, 2016, the Organization had temporarily restricted net assets of \$25,000 which will be used to fund an associate director position in 2017.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

NOTE B - Comparative Financial Information

The financial information shown for 2015 in the accompanying financial statements is included to provide a basis for comparison with 2016 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015 from which the summarized information was derived.

NOTE C - Concentration of Revenue

The Organization receives property assessment income from individual property owners which is collected by the City of Milwaukee. The Organization's operations rely on the availability of these funds. Approximately 87% of the Organization's revenue was from the property assessments collected by the City of Milwaukee for the year ended December 31, 2016.

NOTE D - Loan Fund and Advance for Loan Funds

The Organization advanced \$25,000 to Wisconsin Women's Business Initiative Corporation (WWBIC) to established a loan fund during 2015. During 2016, an addition to the loan fund of \$25,000 was advanced from a grant from North Shore Bank. As such time as the Organization discontinues the loan program, the loan funds would be returned to the Organization and to North Shore Bank. As of December 31, 2016, no loans have been made by WWBIC from these funds.

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE E - Operating Lease

The Organization signed a lease for office space in Milwaukee, Wisconsin, under an operating lease, in November 2014. The lease began on January 1, 2015, and will expire on December 31, 2018. Rent expense was \$10,800 for the year ended December 31, 2016.

Future minimum lease payments for years ending after December 31, 2016, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$10,800
2018	<u>10,800</u>
Total	<u>\$21,600</u>

NOTE F - Assessment Income

In order to provide revenues to support the Organization's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within a specified area of the Historic King Drive area neighborhood. The assessment is calculated based on assessed values of the properties as of every fall. The assessment levied on properties was \$4/1,000 for every dollar of assessed property value with a maximum assessment of \$1,500 for unimproved tax parcels. For improved tax parcels valued over \$10,000, the assessment levied on properties was \$125 plus \$4/1000 for every dollar of assessed property with a maximum assessment of \$1,500 for the year ended December 31, 2016.

NOTE G - Restatement

The Organization has restated net assets as of December 31, 2015, to properly account for funds advanced to WWBIC to establish a loan fund as follows:

Net Assets, December 31, 2015, as Previously Reported	\$115,153
Restatement to Establish Loan Fund	<u>25,000</u>
Net Assets, December 31, 2015, as Restated	<u>\$140,153</u>

NOTE H - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2016, through October 9, 2017, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.

**HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)**

	Program Services	Management and General	2016 Total	2015 Total
Salaries and Wages	\$ 13,424	\$ 67,523	\$ 80,947	\$ 97,492
Payroll Taxes	1,027	14,837	15,864	7,458
Professional Fees	---	20,448	20,448	17,015
Neighborhood Ambassador Program	10,000	---	10,000	---
Supplies	---	1,193	1,193	2,369
Telephone	---	1,448	1,448	2,465
Postage	---	94	94	124
Printing	---	476	476	856
Information Technology	---	3,483	3,483	212
Subscriptions	---	906	906	278
Occupancy	---	10,846	10,846	11,123
Equipment Rental and Maintenance	86	350	436	2,124
Travel	57	---	57	14
Conferences, Conventions, Meetings	---	3,158	3,158	212
Advertising	---	---	---	2,543
Insurance	---	5,334	5,334	4,549
Bad Debts Expense	---	---	---	2,000
Other Expense	4,225	2,273	6,498	4,592
Totals	<u>\$ 28,819</u>	<u>\$ 132,369</u>	<u>\$ 161,188</u>	<u>\$ 155,426</u>

BID #8 (Historic King Drive) Board Member Sheet

Board Organization: 15 members shall be composed of no more than 15 members of whom all but 3 shall be owners/owner-designated representatives of a BID assessed property or a commercial tenant of a BID assessed property. The remaining 3 board positions shall be representative of community organizations which function within the environs of the District. Board members cannot be an elected municipal or governmental official unless the elected official meets the criteria stated earlier in this section.

<u>Board Member</u>	<u>Title</u>	<u>Start Date</u>	<u>End Date</u>
Ashley Booth	Member	12/20/2013	12/20/2016*
Daniel C. Zens	Member	10/21/2015	10/21/2018
Fletcher Crawford	Member	03/06/2014	03/06/2017*
J. Allen Stokes	Member	06/21/2016	06/21/2019
James Phelps	Member	12/02/2015	12/02/2018
LaMar Franklin	Member	02/18/2014	02/18/2017*
Larry Roffers	Member	01/05/2016	01/05/2019
Michael Coakley	Member	04/20/2009	04/20/2012*
Robert Ferriday III	Member	02/12/2014	02/12/2017*
Samuel Denny	Member	03/06/2014	03/06/2017*
Susan Kissinger	Member	12/04/2015	12/04/2018
Theodore Loehrke	Member	02/16/2016	02/16/2019
Shaleta Dunn	Member	01/09/2017	01/09/2020

2 vacancies

*Expired

David Rotter resigned; Pamela Roberts was replaced by Shaleta Dunn

