

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2021

**NEW ISSUES
BOOK ENTRY ONLY**

RATINGS:
(See “*Ratings*” herein.)

S&P Global
“A”

Fitch
“AA-”

In the opinion of Katten Muchin Rosenman LLP, and of Hurtado Zimmerman SC, Bond Counsel, in connection with the issuance of the General Obligation Promissory Notes, Series 2021 N3, and the General Obligation Corporate Purpose Bonds, Series 2021 B4 (collectively, the “Tax-Exempt Obligations”) under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Tax-Exempt Obligations will not be includable in gross income for federal income tax purposes. The Tax-Exempt Obligations are not “private activity bonds” and the interest thereon is not required to be included as an item of tax preference for purposes of computing “alternative minimum taxable income.” Interest on the Taxable General Obligation Promissory Notes, Series 2021 T5 and the Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “Taxable Obligations”) is includable in the gross income of the owners for federal income tax purposes. Interest on the Tax-Exempt Obligations and the Taxable Obligations (collectively, the “Offered Obligations”) is not exempt from Wisconsin income taxes.



CITY OF MILWAUKEE, WISCONSIN

\$118,920,000* General Obligation Promissory Notes, Series 2021 N3
\$30,975,000* General Obligation Corporate Purpose Bonds, Series 2021 B4
\$21,985,000* Taxable General Obligation Promissory Notes, Series 2021 T5
\$13,640,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6

Dated: May 17, 2021

Due: As shown herein

The \$118,920,000* General Obligation Promissory Notes, Series 2021 N3 (the “N3 Notes”), the \$30,975,000* General Obligation Corporate Purpose Bonds, Series 2021 B4 (the “B4 Bonds”), the \$21,985,000* Taxable General Obligation Promissory Notes, Series 2021 T5 (the “T5 Notes”) and the \$13,640,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “T6 Bonds”) are direct general obligations of the City, payable from taxes levied on all taxable property, subject to taxation by the City, without limitation as to rate or amount.

The N3 Notes, B4 Bonds, T5 Notes and the T6 Bonds (collectively, the “Offered Obligations”) will be dated May 17, 2021 (the “Dated Date”), will bear interest payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 at the rates, and will mature on April 1, in the years and amounts, as detailed herein. The Offered Obligations are being issued for the purpose of financing various public improvements and fiscal requirements of the City, and for the purpose of refunding outstanding commercial paper and other debt of the City. The N3 Notes and the T5 Notes are not subject to redemption prior to maturity. The B4 Bonds and the T6 Bonds are subject to optional redemption on any date on and after April 1, 2031 as described herein.

The Offered Obligations are offered for sale by competitive bid in accordance with the Official Notices of Sale dated April 22, 2021 and other conditions specified in the Official Notices of Sale. The Offered Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City. It is expected that the Offered Obligations will be delivered through the facilities of The Depository Trust Company (“DTC”), New York, New York on or about May 17, 2021.

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

For Further Information Contact:

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

**ELECTRONIC BIDS WILL BE RECEIVED ON THURSDAY, MAY 6, 2021 UNTIL
10:00 A.M. (CENTRAL TIME) FOR THE N3 NOTES AND THE B4 BONDS
10:30 A.M. (CENTRAL TIME) FOR THE T5 NOTES AND THE T6 BONDS**

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

MATURITY SCHEDULES

\$118,920,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 N3

The N3 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 and will mature on April 1 in the years and in the amounts shown below. The N3 Notes are **not** subject to redemption prior to maturity.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2022	\$ 13,990,000			G59
2023	13,995,000			G67
2024	13,995,000			G75
2025	13,995,000			G83
2026	14,010,000			G91
2027	9,785,000			H25
2028	9,785,000			H33
2029	9,785,000			H41
2030	9,790,000			H58
2031	9,790,000			H66

\$30,975,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021 B4

The B4 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 and will mature on April 1 in the years and in the amounts shown below. The B4 Bonds are subject to optional redemption on any date on and after April 1, 2031, as provided herein.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2032	\$ 5,995,000			H90
2033	5,995,000			J23
2034	5,995,000			J31
2035	5,995,000			J49
2036	5,995,000			J56
2037	200,000			J64
2038	200,000			J72
2039	200,000			J80
2040	200,000			J98
2041	200,000			K21

* Preliminary, subject to change.

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

MATURITY SCHEDULES - CONTINUED

\$21,985,000* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 T5

The T5 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 and will mature on April 1 in the years and in the amounts shown below. The T5 Notes are **not** subject to redemption prior to maturity.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2022	\$,1,585,000			K39
2023	1,590,000			K47
2024	1,600,000			K54
2025	1,605,000			K62
2026	2,615,000			K70
2027	2,640,000			K88
2028	2,670,000			K96
2029	2,710,000			L20
2030	2,465,000			L38
2031	2,505,000			L46

\$13,640,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021 T6

The T6 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 and will mature on April 1 in the years and in the amounts shown below. The T6 Bonds are subject to optional redemption on any date on and after April 1, 2031, as provided herein.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2032	\$ 1,570,000			L53
2033	1,590,000			L61
2034	1,610,000			L79
2035	1,630,000			L87
2036	1,650,000			L95
2037	1,215,000			M29
2038	1,045,000			M37
2039	1,080,000			M45
2040	1,110,000			M52
2041	1,140,000			M60

* Preliminary, subject to change.

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

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

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COVID-19

The novel coronavirus SARS-COV-2 had its first reported cases of the disease it causes, COVID 19, in December, 2019. By March 15, 2020, the World Health Organization declared a pandemic, the Federal government declared a National Emergency, the State declared a Public Health Emergency, and the City declared a State of Emergency due to COVID-19.

The Governor ordered all public schools to be closed, except for virtual instruction, beginning March 18, 2020, which order was extended through the 2019/2020 school year, and the Milwaukee Public Schools K-12 system and all secondary education schools in Milwaukee have complied with this order. For the 2020/2021 school year, area schools have re-opened to varying degrees, for in-person instruction. Milwaukee Public Schools began re-opening schools for in-person instruction on April 14, 2021, and the re-opening is being met with resistance by the Teacher's Union. Many businesses, as well as employees of all businesses that have reduced operations, have experienced financial difficulties.

The City's trend of COVID-19 cases and hospitalizations has been similar to the trends of the State and the nation. When hospitalizations in the Milwaukee area neared capacity at the end of 2020, overflow facilities were opened, but were not needed.

In the Milwaukee area, COVID-19 vaccinations are being administered by public health departments, hospitals, doctors, and local pharmacies. The COVID-19 vaccines have emergency use approval by the United States Food and Drug Administration for persons age 16 and older ("Adults"). There are approximately 4.7 million Adults in the State. As of April 15, 2021, 3.7 million vaccine doses have been administered in the State with 1.5 million Adults (32%) fully vaccinated, and 2.2 million Adults (47%) having received at least 1 dose. On April 5, 2021, eligibility for the COVID-19 vaccine in Wisconsin was expanded to all Adults, and on April 12, 2021 the Milwaukee FEMA Mass Vaccination clinic began accepting walk-ins. Approximately 50,000 vaccine doses per day are being administered in Wisconsin.

The majority of the City's revenue sources are fairly stable and not materially affected by economic activity as the City does not receive sales tax revenues. The City's 2020 revenues in the General Fund and Parking Fund are each estimated to be \$20 million less than budgeted due to the economic impacts of COVID-10 and other factors. The City has taken steps to offset the \$20 million budgetary loss to the General Fund by implementing \$30 million of expenditure reductions and utilizing COVID-related grants. In addition, the City intends to use \$40 million of Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) of the American Rescue Plan Act of 2021 to offset the reduced 2020 revenues.

The City estimates that it will be directly allocated \$405 million from the CSLFRF for COVID-19 related expenses and to make up for reduced revenues. Half of the amount is scheduled to be received by May, 2021, and the remaining amount is schedule to be disbursed to the City in 2022. The City intends to use as much as possible to offset reduced revenues through the December 31, 2024 expenditure end date.

INTRODUCTION TO THE OFFICIAL STATEMENT

\$118,920,000* General Obligation Promissory Notes, Series 2021 N3 (the “N3 Notes”)
\$30,975,000* General Obligation Corporate Purpose Bonds, Series 2021 B4 (the “B4 Bonds”)
\$21,985,000* Taxable General Obligation Promissory Notes, Series 2021 T5 (the “T5 Notes”)
\$13,640,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “T6 Bonds”)

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

Summary Statement – N3 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$118,920,000* General Obligation Promissory Notes, Series 2021 N3
Dated Date:	May 17, 2021.
Principal Due Date:	April 1 of the years 2022 through 2031.
Interest Payment Date:	Interest on the N3 Notes is due each April 1 and October 1 commencing October 1, 2021. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The N3 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City.
Security:	Principal and interest on the N3 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the N3 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The N3 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the N3 Notes. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).

* Preliminary, subject to change.

Tax Status of Interest: Bond Counsel are of the opinion that under existing law, interest on the N3 Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the N3 Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the N3 Notes is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the N3 Notes is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

Redemption Feature: The N3 Notes are **not** subject to redemption prior to maturity.

Official Statement: The City will provide the original purchaser of the N3 Notes and B4 Bonds with an electronic copy and up to 10 copies of this Official Statement within seven business days following the award of the N3 Notes.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP
Chicago, Illinois
Hurtado Zimmerman SC
Wauwatosa, Wisconsin
Financial Advisor: PFM Financial Advisors LLC
Milwaukee, Wisconsin
Paying Agent: City of Milwaukee, Comptroller’s Office
Milwaukee, Wisconsin

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

Delivery: Delivery of the N3 Notes will be on or about May 17, 2021 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the N3 Notes will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the N3 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See “**CONTINUING DISCLOSURE**” herein).

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Summary Statement – B4 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$30,975,000* General Obligation Corporate Purpose Bonds, Series 2021 B4
Dated Date:	May 17, 2021.
Principal Due Dates:	April 1 of the years 2032 through 2041.
Interest Payment Dates:	Interest on the B4 Bonds is due each April 1 and October 1 commencing October 1, 2021. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The B4 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the B4 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the B4 Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The B4 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the B4 Bonds. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the B4 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “ <i>Code</i> ”), Bond Counsel are of the opinion that interest on the B4 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the B4 Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the B4 Bonds is not exempt from Wisconsin income taxes. (See “ TAX MATTERS ” herein).
Redemption Feature:	The B4 Bonds are subject to optional redemption on any date on and after April 1, 2031. (See “ Redemption Provisions ” herein.)
Official Statement:	The City will provide the original purchaser of the N3 Notes and B4 Bonds with an electronic copy and up to 10 copies of this Official Statement within seven business days following the award of the B4 Bonds.

* Preliminary, subject to change.

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois Hurtado Zimmerman SC Wauwatosa, Wisconsin
	Financial Advisor:	PFM Financial Advisors LLC Milwaukee, Wisconsin
	Paying Agent:	City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin
Record Date:	March 15 and September 15 (whether or not a business day).	
Delivery:	Delivery of the B4 Bonds will be on or about May 17, 2021 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering price(s) or yield(s) of the B4 Bonds will be set forth on the inside front cover page of the Final Official Statement.	
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the B4 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See " CONTINUING DISCLOSURE " herein).	

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Summary Statement – T5 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$21,985,000* Taxable General Obligation Promissory Notes, Series 2021 T5
Dated Date:	May 17, 2021.
Principal Due Dates:	April 1 of the years 2022 through 2031.
Interest Payment Dates:	Interest on the T5 Notes is due each April 1 and October 1 commencing October 1, 2021. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The T5 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the T5 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the T5 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The T5 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the T5 Notes. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Interest on the T5 Notes IS includable in the gross income of the owners thereof for federal income tax purposes and is not exempt from State of Wisconsin income or franchise taxes. In addition, the Internal Revenue Code of 1986, as amended, contains a number of other provisions relating to the taxation of the T5 Notes (including, but not limited, to the treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE T5 NOTES. (See “ TAX MATTERS ” herein).
Redemption Feature:	The T5 Notes are not subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the T5 Notes and the T6 Bonds with an electronic copy and up to 10 copies of this Official Statement within seven business days following the award of the T5 Notes.

* Preliminary, subject to change.

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

Financial Advisor: PFM Financial Advisors LLC
Milwaukee, Wisconsin

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

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

Delivery: Delivery of the T5 Notes will be on or about May 17, 2021 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the T5 Notes will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the T5 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See "**CONTINUING DISCLOSURE**" herein).

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Summary Statement – T6 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$13,640,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6
Dated Date:	May 17, 2021.
Principal Due Dates:	April 1 of the years 2032 through 2041.
Interest Payment Dates:	Interest on the T6 Bonds is due each April 1 and October 1 commencing October 1, 2021. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The T6 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the T6 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the T6 Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The T6 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the T6 Bonds. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Interest on the T6 Bonds IS includable in the gross income of the owners thereof for federal income tax purposes and is not exempt from State of Wisconsin income or franchise taxes. In addition, the Internal Revenue Code of 1986, as amended, contains a number of other provisions relating to the taxation of the T6 Bonds (including, but not limited, to the treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE T6 BONDS. (See “ TAX MATTERS ” herein).
Redemption Feature:	The T6 Bonds are subject to optional redemption on any date on and after April 1, 2031. (See “ Redemption Provisions ” herein.).

* Preliminary, subject to change.

Official Statement: The City will provide the original purchaser of the T5 Notes and the T6 Bonds with an electronic copy and up to 10 copies of this Official Statement within seven business days following the award of the T6 Bonds.

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

Financial Advisor: PFM Financial Advisors LLC
Milwaukee, Wisconsin

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

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

Delivery: Delivery of the T6 Bonds will be on or about May 17, 2021 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

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

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

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THE OFFERED OBLIGATIONS

Authority and Purpose

The Offered Obligations are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects, and fiscal requirements of the City, to refund outstanding lines of credit, and long-term debt of the City, and to pay the associated financing costs. The Common Council of the City adopted Resolutions on January 19, 2021 which authorize the issuance of the Offered Obligations. In addition, the Common Council of the City adopted various initial Resolutions on January 18, 2017, January 17, 2018, January 15, 2019, January 21, 2020 and January 19, 2021 authorizing purposes for the B4 Bonds and T6 Bonds that have been combined into the corporate purpose bond issues.

Proceeds of the sale of the Offered Obligations are anticipated to be used for various public improvements of the City as follows:

Estimated Purposes (including Lines of Credit to be refunded)*	
Streets.....	\$35,779,525
Financing Receivables	18,929,602
Tax Incremental Districts.....	18,646,065
Damages & Claims	17,500,000
Public Buildings.....	13,982,502
Bridges	11,773,890
Sanitation	9,972,561
Parking.....	8,368,874
Police.....	7,262,539
Fire	6,174,586
Library.....	2,362,079
Renewal and Development	588,377
Parks.....	304,111
Harbor	200,000
Refunding Long-term GO Debt	33,663,014
Less: Premium applied to Purposes	12,075
Total.....	\$185,520,000

* Preliminary, subject to change. The purposes shown in the table reflect the refunding of \$58,000,000 of Lines of Credit.

Plan of Refunding

In addition to providing long-term financing for \$58,000,000 of new-money Line of Credit draws, the City is also refunding the Bonds listed in the following table, some of which will be paid with \$13,541,986 of cash:

City Bonds Refunded

Dated Date	Series	Amount	Maturities	Redemption Date*
6/9/2011	2011 B4	\$28,890,000	2022-2028	6/7/2021
6/9/2011	2011 T5	18,315,000	2022-2028	6/7/2021

* Preliminary, subject to change.

Security for the Offered Obligations

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

Under and by virtue of Sections 67.05(10) and 67.12(12)(ee), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the Offered 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, Wisconsin Statutes, all taxes levied for paying principal of and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

Maturity and Interest Rates

The Offered Obligations are to be dated May 17, 2021, and will bear interest from that date at the rates, and shall mature each April 1 in the amounts and years set forth on the inside front cover pages of this Official Statement. Interest on the Offered Obligations will be payable commencing October 1, 2021 and thereafter semiannually on April 1 and October 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

Redemption Provisions

The N3 Notes and the T5 Notes are **not** subject to redemption prior to maturity. The B4 Bonds and the T6 Bonds will be subject to redemption prior to their maturity, at the option of the City, on any date on and after April 1, 2031 at a price of par plus accrued interest to the date fixed for their redemption.

If less than all outstanding B4 Bonds and T6 Bonds are called for redemption, the B4 Bonds or T6 Bonds, as the case may be, shall be called in such order of maturity as shall be determined by the City. If less than all of the B4 Bonds or T6 Bonds of the same maturity are called for redemption, the particular B4 Bonds or T6 Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any B4 Bonds or T6 Bonds, as the case may be, to be redeemed in whose name such B4 Bonds or T6 Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

Statutory Borrowing Limitation

Wisconsin Statutes limit direct general obligation debt the City may issue. The issuance of the Offered Obligations do not cause these limitations to be exceeded. (See “**DEBT STRUCTURE**” herein for further details).

INVESTMENT POLICIES

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

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

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

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "*money market*" account. When other investment options provide more favorable returns, such options are utilized. As of December 31, 2020, the City had approximately 85% (\$549 million) of its and Milwaukee Public Schools' investments deposited in the LGIP.

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

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

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

THE CITY

Location, Organization and Government

General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area. The City is Wisconsin's largest city with a population of approximately 587,072 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides multimodal access to the region, including domestic markets via its access to the Great Lakes – St. Lawrence Seaway system and the Mississippi river. General Mitchell International Airport is served by domestic and international airlines. Two rail lines serve the City, including access to Port Milwaukee, providing transportation links throughout the United States. The City is also connected with the interstate highway system.

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

Elected Officials

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

The Common Council represents fifteen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 39,000.

City Officials

As of April 1, 2021
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Tearman Spencer	(2020)
City Comptroller	Aycha Sawa	(2020)
City Treasurer	Spencer Coggs	(2012)

Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Chevy Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
Nikiya Dodd	(2018)	Scott Spiker	(2019)
Milele A. Coggs	(2008)	Marina Dimitrijevic	(2020)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
JoCasta Zamarripa	(2020)		

* The terms of all the above elected positions expire on April 20, 2024.

Public Services and Facilities

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

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

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the “*SWPBP District*”), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a baseball facility (“originally named Miller Park and now known as “*American Family Field*”) for the National League Milwaukee Brewers baseball club. American Family Field opened in March, 2001. The SWPBP District has issued \$199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, \$45 million of lease certificates of participation were issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc. As of May 2020, all of the SWPBP District debt was paid and the sales tax supporting repayment of the SWPBP District debt was terminated.

The second special purpose governmental unit is the Wisconsin Center District, a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City’s major convention complex. This complex also includes the UW-Milwaukee Panther Arena, home of the University of Wisconsin–Milwaukee Panther’s men’s basketball team and the Milwaukee Admirals International Hockey League club, and the Miller High Life Theatre facilities. The Wisconsin Center was financed by \$185 million of revenue bonds issued by the Wisconsin Center District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the five county area served by the Wisconsin Center. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the Wisconsin Center District issued \$30 million of bonds to renovate the Miller High Life Theatre.

In 2016, the Wisconsin Center District issued \$200 million of revenue bonds to construct the Fiserv Forum, a 714,000 square foot arena that seats 17,500 people. This facility serves the National Basketball Association Milwaukee Bucks, and the Marquette University Golden Eagles men’s basketball team.

In 2020, the Wisconsin Center District issued \$526 million of refunding and new money revenue bonds for the Phase Three expansion and renovation of the Wisconsin Center (which does not include the Fiserv Forum). The debt is on parity with their outstanding senior and junior lien sales tax revenue bonds with the junior lien bonds benefiting from a moral obligation pledge of the State. The expansion is expected to double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Ground-breaking and construction is anticipated to commence in the fourth quarter of 2021, with a projected first quarter of 2024 completion date.

The City is home to the Milwaukee Art Museum, as well as major symphony, ballet and opera companies, and other theatre and performing arts.

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

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

Employee Relations

The City has approximately 6,059 full-time employees. 2,370 employees are part of three public safety unions. The remaining employees do not have collective bargaining representation. The City is in negotiations with the unions. Contract expiration dates are as follows:

<u>Union</u>	<u>Contract Expiration Date</u>
Police Officers	December 31, 2019
Police Supervisors	December 31, 2021
Firefighters	December 31, 2020

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

General

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

City of Milwaukee Selected Economic Data

Year	Population		Adjusted Gross Income Per Return
	Department of Administration	U.S. Census	
2021	587,072	Not available	Not available
2019	590,547		43,431
2018	595,555		43,006
2017	591,076		41,059
2016	594,667		39,885
2015	595,787		39,931
2014	595,993		37,340
2013	596,500		37,300
2012	595,425		35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2000	605,572	596,974	32,370

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

Building Permits

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2016 through 2020.

Value of Permits

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Public</u>	<u>Other</u>	<u>Total</u>
2020	\$47,913,277	\$473,978,640	*	*	\$521,891,917
2019	16,124,147	506,302,061	*	*	522,426,208
2018	17,222,132	614,284,725	*	*	631,506,857
2017	33,624,270	778,690,826	*	*	812,315,096
2016	111,299,399	81,464,755	\$35,892,602	\$187,592,531	416,249,287

Permits Issued

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Public</u>	<u>Other</u>	<u>Total</u>
2020	1,748	1,123	*	*	2,871
2019	1,060	1,347	*	*	2,407
2018	1,089	1,375	*	*	2,464
2017	2,180	1,364	*	*	3,544
2016	46	29	202	1,608	1,885

* In 2017, the City implemented a new computer system for the issuance and recording of permit data. The new system combines Public and Other into the Residential and Commercial categories.

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

Leading Business and Industrial Firms Located Within Milwaukee County

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

Company	Business Description	2020 Approximate Employment
Advocate Aurora Health	Health Care System	28,557
Froedtert Health	Health Care System	13,472
Ascension Wisconsin	Health Care System	10,746
Roundy's Supermarkets Inc.	Retail Supermarkets	8,400
Medical College of Wisconsin	Private Medical School	6,324
Children's Hospital and Health System	Health Care System	5,436
Northwestern Mutual	Insurance, Investment Products	5,000
U.S. Bank	Banking Services	3,700
Rockwell Automation Inc.	Industrial Automation Products	3,600
The Marcus Corp.	Theaters and Hotel Properties	3,098
FIS	Banking and Payments Technology	3,000
WEC Energy Group Inc.	Electric & Natural Gas Utility	3,000
Marquette University	University	2,932
Harley-Davidson Inc.	Motorcycles & Accessories	2,612
Goodwill Industries of SE Wisconsin Inc.	Training Programs, Retail, & Food Service	2,589
BMO Harris Bank	Bank Holding Company	2,348
Johnson Controls International	Control Systems, Batteries & Auto Interiors	2,300
Sendik's Food Market	Retail Supermarkets	2,100
Robert W. Baird & Co. Inc.	Asset Management and Capital Markets	1,541
Molson Coors LLC	Beer Brewery	1,500
Milwaukee Brewers Baseball Club	Professional Sports	1,451
Rexnord Corp.	Power Transmission Equipment	1,400
Briggs & Stratton Corp.	Small Gasoline Engines	1,300
Smithfield Foods	Manufacturer of Processed Meats	1,200
CleanPower	Commercial Cleaning Services	1,100
Cargill Meat Solutions	Food Distribution	1,075
Boucher Automotive Group Inc.	Automobile Dealer	1,061

Source: Milwaukee Business Journal, as of August 14, 2020.

EMPLOYMENT AND INDUSTRY

During 2020, the City's unemployment rate averaged approximately 9.4%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2016 through 2020.

Annual Unemployment Rates (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2020	9.1%	7.1%	6.3%	8.1%
2019	4.2	3.3	3.3	3.7
2018	4.0	3.2	3.0	3.9
2017	4.5	3.5	3.3	4.4
2016	5.6	4.3	4.0	4.9

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

Recent Monthly Unemployment Rates (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
February, 2021	7.2%*	5.2%*	4.9%	6.6%

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

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

Milwaukee Area Non-Farm Employment December, 2020

	<u>Employment</u>	<u>Percentage</u>
Natural Resources, Mining, & Construction	30,500	4%
Manufacturing	111,800	14
Trade, Transportation & Utilities	145,400	18
Information	12,800	2
Finance	48,800	6
Professional & Business Services	118,100	14
Education & Health Services	164,900	20
Leisure & Hospitality	60,200	7
Other Services	42,500	5
Government	79,700	10
Total Non-Farm	<u><u>814,700</u></u>	

Source: Bureau of Labor Statistics, Milwaukee Area Economic Study, updated March 12, 2021.

Ten Largest Taxpayers With 2020 Estimated Equalized Valuations

Northwestern Mutual Life	\$512,112,576
Mandel Group	316,686,243
US Bank Corp.	227,756,171
Irgens	216,848,555
Berrada Properties	191,914,804
Weidner Investments	186,289,003
Forest County Potawatomi Community	142,814,174
Katz Properties	133,007,460
Metropolitan Associates	130,351,142
Aurora Health	129,911,234

Source: City of Milwaukee, Assessor's Office January 2021.

DEBT STRUCTURE

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

Legal Debt Limitations

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

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

Equalized Value of Taxable Property in the City		\$31,475,102,300
Legal Debt Limitation for City Borrowing		
5% of Equalized Value.....		\$ 1,573,755,115
General Obligation Debt Outstanding subject to 5% Limit as of 04/01/21	\$1,100,180,000	
Plus: 2021 N3, B4, T5 and T6.....	185,520,000*	
Less: Provision for current year maturities.....	(20,705,000)	
Less: General Obligation Debt to be Refunded.....	(105,205,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 04/01/21.....		\$1,159,790,000*
Total Debt Margin for City Borrowing (in Dollars)		413,965,115*
As a percentage		26.3%*
Legal Debt Limitation for School Purpose Borrowing		
2% of Equalized Value.....		\$629,502,046
General Obligation Debt Outstanding subject to 2% Limit as of 04/01/21	\$3,152,766	
Less: Provision for current year maturities.....	--	
Net General Obligation Debt Outstanding subject to the 2% Limit as of 04/01/21.....		\$3,152,766
Total Debt Margin for School Purpose Borrowing (in Dollars)		\$626,349,280
(As a percentage).....		99.5%

* Preliminary, subject to change.

**Analysis of General Obligation Debt
Outstanding as of April 1, 2021**

Streets.....	\$243,219,390
Tax Increment Districts.....	157,944,125
Public Buildings.....	130,069,264
Municipal Expenses.....	99,222,665
Schools (5% City Borrowing).....	54,303,016
Bridges.....	53,956,265
Finance Real & Personal Property Tax Receivables	50,584,686
Police.....	45,083,566
Blight Elimination/Urban Renewal.....	38,462,713
Sewers.....	36,923,296
Library.....	26,293,217
Fire.....	18,621,477
Parking.....	13,326,998
Harbor.....	5,147,834
Water.....	4,650,000
Playground/Recreational Facilities.....	3,371,488
Cash Flow Notes.....	119,000,000
	<hr/>
Total GO Debt subject to the 5% City Debt Limit.....	\$1,100,180,000
GO Debt subject to the 2% School Purpose Debt Limit	3,512,766
	<hr/>
Total Outstanding GO Debt.....	<u><u>\$1,103,332,766</u></u>

**Composition of General Obligation Debt
Outstanding as of April 1, 2021**

Total GO Debt Outstanding	\$1,103,332,766
Less: Bond Anticipation Notes	(58,000,000)
Less: Revenue Bond Anticipation Notes	(33,925,000)
Less: Long-term Debt to be refunded	(47,205,000)
	<hr/>
Total Long-Term Fixed Rate GO Debt	\$964,202,766
Less: Amounts on Deposit in Sinking Funds	(24,525,000)
	<hr/>
Net Long-Term Fixed Rate GO Debt	\$939,677,766

General Obligation Debt Service Requirements

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

	Total Fixed Rate G.O. Debt Service as of 04/02/21 (1)		Series 2021 N3, B4, T5 and T6*		Total Requirements After Issuance*
	Principal (2)(5)	Interest	Principal	Interest (6)	
2021	\$24,080,000	\$21,696,999		3,375,433	49,152,433
2022	92,949,005	39,457,470	15,575,000	8,886,625	156,868,099
2023	150,203,761	33,838,416	15,585,000	8,107,625	207,734,802
2024	84,975,000 (3)	25,050,694	15,595,000	7,328,125	132,948,819
2025	77,300,000	21,558,786	15,600,000	6,548,250	121,007,036
2026	70,735,000	18,255,008	16,625,000	5,742,625	111,357,633
2027	69,785,000	14,376,756	12,425,000	5,016,375	101,603,131
2028	56,630,000	10,845,733	12,455,000	4,394,375	84,325,108
2029	50,350,000	8,655,719	12,495,000	3,770,625	75,271,344
2030	161,215,000 (4)	5,711,056	12,255,000	3,151,875	182,332,931
2031	32,475,000	3,158,700	12,295,000	2,538,125	50,466,825
2032	26,540,000	2,023,845	7,565,000	2,041,625	38,170,470
2033	22,040,000	1,131,748	7,585,000	1,662,875	32,419,623
2034	11,880,000	531,229	7,605,000	1,283,125	21,299,354
2035	6,370,000	198,530	7,625,000	902,375	15,095,905
2036	445,000	66,523	7,645,000	520,625	8,677,148
2037	435,000	51,501	1,415,000	294,125	2,195,626
2038	445,000	36,293	1,245,000	227,625	1,953,918
2039	465,000	20,403	1,280,000	164,500	1,929,903
2040	360,000	6,120	1,310,000	99,750	1,775,870
2040			1,340,000	33,500	1,373,500
	<u>\$939,677,766</u>	<u>\$206,671,526</u>	<u>\$185,520,000</u>	<u>\$66,090,183</u>	<u>\$1,397,959,475</u>

(1) Excludes debt to be refunded and Revenue Bond Anticipation Notes.

(2) Assumes Sinking Fund Deposits in year due.

(3) Includes \$61 million for Series 2018 N1 that were issued to permit prepayment of certain municipal expenses. If the program is not repeated, the amount will be repaid from the amount normally budgeted for said expenses, thus returning the expenses to payment made in arrears.

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

(5) Excludes \$24,525,000 on deposit in sinking fund accounts.

(6) Assumes a 5.00% interest rate.

* Preliminary, subject to change.

Trends of General Obligation Debt
(Thousands of Dollars)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2016	\$1,012,043	\$315,618	\$696,425
2017	990,473	285,135	705,337
2018	1,037,024	360,820	676,204
2019	1,061,402	373,410	687,992
2020	1,192,391	470,367	722,024

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

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

Year 12/31	TID Program	Parking Program	Municipal (1)	Delinquent Taxes (2)	Water (3)	Sewer (2)	Total Self-Sustaining
2016	\$209,504	\$11,702	\$ 170	\$51,039	\$28,342	\$14,860	\$315,618
2017	201,316	11,418	69	44,988	7,486	19,858	285,135
2018	215,352	11,496	61,148	52,592	9,028	11,203	360,820
2019	199,440	12,476	61,125	50,651	16,695	39,023	373,410
2020	170,626	14,587	180,125	60,206	4,650	40,173	470,367

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

- (1) Includes 2018 N1 and 2020 R9 that will be paid by the General Fund, and Special Assessments.
- (2) Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.
- (3) Includes Revenue Bond Anticipation Notes.

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

Year 12/31	Population (1)	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt/Net EV	GO Debt/AV	GO Debt/capita
2016	595,787	\$25,980,469,600	\$25,262,963,417	\$1,012,042,745	3.90%	4.01%	\$1,699
2017	591,076	26,903,884,900	26,937,359,310	990,472,506	3.68	3.68	1,676
2018	595,555	28,340,400,600	28,335,277,103	1,037,023,962	3.66	3.66	1,741
2019	590,547	29,746,345,900	28,489,846,212	1,061,402,736	3.57	3.73	1,797
2020	587,072	31,475,102,300	31,930,628,704	1,192,390,914	3.79	3.73	2,031

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

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

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2016	\$59,993,868	3.66%	\$1,598
2017	54,613,324	3.48	1,583
2018	50,537,674	3.48	1,656
2019	46,537,674	3.40	1,715
2020 (1)	42,217,744	3.65	1,959

(1) Estimated.

**Computation of Net Direct and Overlapping Debt
As of April 1, 2021**

Governmental Unit	Debt Outstanding	Percentage Applicable	Share of Debt
City of Milwaukee (1).....	\$1,162,942,766 *	100.00%	\$1,162,942,766 *
Area Board of Vocational, Technical and Adult Education, District No. 9...	105,670,000	35.63	37,650,221
County of Milwaukee	496,443,105	44.38	220,321,450
Milwaukee Metropolitan Sewerage District	<u>757,255,863</u>	45.21	<u>342,355,376</u>
Total Net Direct and Overlapping Debt.....	<u>\$2,522,311,734*</u>		<u>\$1,763,269,812*</u>

(1) Includes \$60 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

* Preliminary, subject to change

2020 Revenue Anticipation Notes

Each year, the City typically borrows approximately \$120 million in Revenue Anticipation Notes to finance current year expenditures in anticipation of the receipt of the annually awarded State Aid at the end of the year. In October 2020, the City issued the 2020 R9 Notes to provide for the annual cash flow needs through 2029. The 2020 R9 Notes refinanced the 2020 R3 Revenue Anticipation Notes that matured in 2020. The 2020 R9 Notes mature on January 1, 2030, and are anticipated to be repaid from State Aid received in November 2029. The primary reason for borrowing for RAN purposes on an extended basis is to provide certainty of the cost of the RANs in the multi-year budget planning process.

Future Financing

The City is in the process of selling and issuing sewerage revenue bonds, and water revenue bonds, of the City. These financings are anticipated to close in May, 2021.

Prior to the issuance of the Offered Obligations, the City has \$825 million authorized unissued general obligation debt for various corporate and capital improvement purposes, which can be issued at any time. The City also has \$400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes.

The City has \$1.9 million on Lines of Credit outstanding which can be refinanced with General Obligation Debt. \$58.0 million for new corporate and capital purposes which are being permanently financed with the Offered Obligations. The remaining \$33.9 million is in the process of being permanently financed with sewerage revenue bonds.

The authorized unissued general obligation debt includes \$122 million for sewer purposes and \$125 million for water purposes. The sewer purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund Program. The water purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Safe Drinking Water Loan Program.

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

City Capital Improvement Plan

The City's 2021-2026 Capital Improvement Plan ("CIP") outlines planned capital improvement projects and programs. Some school purpose improvements are financed by the City for Milwaukee Public Schools, but are not included in the CIP. Future amounts are for planning purposes and are likely to be reduced.

2021-2026 Capital Improvement Plan (Amounts in Thousands of Dollars)

	2021	2022	2023	2024	2025	2026	Total
Transportation	\$74,529	\$100,783	\$97,744	\$103,517	\$139,062	\$116,877	\$632,512
Redevelopment and Blight Elimination	9,825	6,650	6,650	6,650	6,650	6,650	43,075
Public Safety	9,688	8,810	11,250	11,250	11,700	7,700	60,398
Miscellaneous	34,675	37,859	29,184	25,684	30,684	33,284	191,370
Total General City	\$128,716	\$154,102	\$144,828	\$147,101	\$188,096	\$164,511	\$927,355
Levy supported GO Borrowing	\$84,566	\$87,551	\$87,638	\$84,188	\$86,828	\$88,374	\$519,145
Grants	22,435	43,451	38,020	43,333	80,641	58,100	285,980
Cash Levy	620	1,000	1,000	1,000	1,000	1,000	5,620
Special Assessment	3,535	3,955	3,700	3,910	4,157	4,167	23,424
Cash Revenues	17,560	18,145	14,470	14,670	15,470	12,870	93,185
Total Revenues for General City	\$128,716	\$154,102	\$144,828	\$147,101	\$188,096	\$164,511	\$927,355
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	9,000	10,000	11,000	12,000	12,000	12,000	66,000
Total for Tax Incremental Districts	\$34,000	\$35,000	\$36,000	\$37,000	\$37,000	\$37,000	\$216,000
Water (primarily funded by revenue bonds)	\$40,300	\$41,930	\$49,560	\$46,380	\$39,420	\$39,150	\$256,740
Sewer (primarily funded by revenue bonds)	\$40,350	\$39,650	\$38,650	\$35,650	\$37,150	\$37,150	\$228,600
Total Capital Improvements	\$243,366	\$270,682	\$269,038	\$266,131	\$301,666	\$277,811	\$1,628,695

Lines of Credit and Other Liquidity

The City has \$100,000,000 of lines of credit with US Bank National Association (a "Line", or "Lines"). The Lines are secured by the general obligation pledge of the City, permit the City to draw and repay at any time, with interest rates based upon 1-month LIBOR. The Lines may be terminated upon specified events. If a Line's draw period is not extended, or if terminated, the City has 18 months, from the end of the draw period or termination date, to repay the Line (the "Term-out Period"). The Term-out Period gives the City at least six months to refund or payoff the Line before being required levy taxes for the payment of the outstanding amount of the Line. The draw periods on the Lines expire through June 1, 2021 and it is the City's intention to renew the Lines for various amounts and lengths of time based upon the cash flow needs of the City.

Draw on the Lines may be made at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the Lines is to provide interim financing for expenditures pending the City's next long-term financing and short-term cash flow needs. See **Future Financing** above for the amounts currently outstanding on the lines.

Other Variable Rate Exposure

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

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

The City and MPS are monitoring the scheduled discontinuation of 1-month LIBOR in 2023, and anticipate amending the financing documents by 2023 to change to a new index. The interest rate swaps are governed by New York law and may be affected by New York’s LIBOR Transition Bill (Senate Bill 297B/Assembly Bill 164B) signed on April 6, 2021. The 2003 Series D bonds are governed by Wisconsin Law and not affected by the LIBOR Transition Bill. The 2003 Series D Bondholder has indicated a willingness to accept the ARRC LIBOR fallback language, whereas the LIBOR Transition Bill would use the ISDA LIBOR fallback language for the interest rate swaps. The ARRC language includes a Term SOFR rate, whereas the ISDA language does not. It is possible that there could be basis risk between the Term SOFR rate of the ARRC language vs the compounded SOFR rate of the ISDA language.

REVENUE BONDING

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

Water System Revenue Bonds – In 2016, with the consent of the State, the City publically sold and issued \$10,000,000 of Water System Revenue Bonds on a senior lien basis to loans from the State of Wisconsin Safe Drinking Water Loan Program. Additional senior lien bonds may be issued without the consent of the State. As of April 1, 2020, total outstanding Water System Revenue Bonds was \$8.2 million with a final maturity in 2036.

Beginning in 1998, the City entered into loan agreements under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of April 1, 2020, the outstanding balance was \$74.1 million.

Sewerage System Revenue Bonds – In 2001, the City created the Sewerage System Revenue Bonds with the issuance of \$29,095,000 of Sewerage System Revenue Bonds, and has periodically issued debt under the Resolution. Additional senior lien bonds may be issued without the consent of the State. As of April 1, 2020, total outstanding Sewerage System Revenue Bonds was \$132.3 million with a final maturity in 2036.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. Subsidized loans are available for certain projects, are secured by revenues of the Sewerage System, and are repayable over a period of 20 years. As of April 1, 2020, the outstanding balance was \$141.6 million. The City intends to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See “**Future Financing**”).

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

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

As of December 31, 2019, the Housing Authority had outstanding \$16.2 million of Mortgage Revenue Bonds.

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

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

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

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

As of April 1, 2020, the Redevelopment Authority had outstanding \$297 million in 11 bond issues outstanding for Milwaukee Public Schools, seven secured by leases, and four secured by loan agreements, with the Milwaukee Board of School Directors (“*MBSD*”). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City’s, or MBSD’s, taxing powers. The loan agreements with MBSD includes a pledge of certain state aid payable to MBSD.

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

Milwaukee Economic Development Corporation – As of December 31, 2019, the Milwaukee Economic Development Corporation, itself, or through related entities, funded loans for 1,313 businesses and projects utilizing \$405 million to leverage a total of \$1.8 billion in investment. 1,538 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$90 million.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over \$61 million in bonds have financed projects located within tax increment districts (“TID”) of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2021, \$171 million of general obligation debt for TID purposes were outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately \$69 million of debt secured by tax increment revenues. The debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the law also makes them eligible for a three year extension under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City’s general property tax levy.

FINANCIAL INFORMATION

Budgeting

Each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year which is filed with the Mayor not later than the second Tuesday in May of each year, at which time the Comptroller submits a statement of anticipated non property tax revenues in accordance with City Charter provisions. Under the City Charter, changes to these non-property tax revenue estimates can be made only by the Comptroller. The Mayor holds hearings on departmental spending requests during July and August at the times and places the Mayor or Common Council by ordinance directs. The Mayor submits a proposed budget to the Common Council on or before September 28th of each year. This budget includes the Comptroller’s anticipated non property tax revenues. Subsequent to receipt of the budget by the Common Council, its Committee on Finance and Personnel reviews the Mayor’s proposed expenditure budget. The Mayor and Common Council hold a public hearing on the entire budget no later than the 30th day of October. The Common Council subsequently adopts a property tax levy, but cannot change the Comptroller’s anticipated revenues budget. The final budget must be adopted by the 14th of November. The City is under no State or local levy limits with respect to General Obligation Debt Service. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

Adopted Budget – Combined Revenues – 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Taxes						
Property Tax – General	\$112,786,102		\$ 83,446,500	\$ 620,115		\$ 196,852,717
Provision for Employee Retirement (1).....	97,347,853					97,347,853
Contingent Fund.....	5,000,000					5,000,000
Total Taxes	\$215,133,955	-	\$ 83,446,500	\$ 620,115	-	\$299,200,570
Revenues						
Taxes and PILOT	\$20,123,000					\$ 20,123,000
Licenses and Permits.....	17,313,800					17,313,800
Intergovernmental Revenues	273,103,000	\$51,347,144				324,450,144
Charges for Service.....	165,986,894					165,986,894
Fines and Forfeitures.....	2,500,000					2,500,000
Miscellaneous Revenues	24,262,000	8,000,000				32,262,000
Fringe benefits (2).....	23,500,000					23,500,000
Parking.....	16,000,000		\$3,315,185		\$19,907,248	39,222,433
Water Works.....			2,418,250	\$10,000	94,882,750	97,311,000
Sewer Maintenance Fund...			2,405,000	1,200,000	70,295,340	73,900,340
Retained Earnings					22,427,327	22,427,327
Delinquent Taxes			12,746,914			12,746,914
Tax Incremental Districts...			31,772,142			31,772,142
Other Self Supporting Debt			15,708,509			15,708,509
Cash Flow borrowings			117,500,000			117,500,000
Special Assessments		17,252,181		3,535,000		20,787,181
Capital Revenue.....				26,560,000		26,560,000
Total Revenues	\$542,788,694	\$76,599,325	\$185,866,000	\$31,305,000	\$ 207,512,665	\$1,044,071,684
Tax Stabilization Fund						
Transfer from Reserves	\$6,500,000					\$6,500,000
Sale of Bonds and Notes						
General City.....				\$107,766,300		107,766,300
Enterprise Funds				81,240,000		81,240,000
Grand Total.....	\$764,422,649	\$76,599,325	\$269,312,500	\$220,931,415	\$207,512,665	\$1,538,778,554

(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 – 2021

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Expenditures						
Administration, Dept of.....	\$14,270,217			\$2,057,000		\$16,327,217
Assessor's Office	4,452,191					4,452,191
City Attorney.....	7,313,312					7,313,312
City Treasurer	3,784,020					3,784,020
Common Council – Clerk...	9,821,741			56,115		9,877,856
Municipal Court	2,966,285					2,966,285
Comptroller	4,628,616					4,628,616
Dept. of City Development.	5,110,576			40,825,000		45,935,576
Election Commission	1,565,994					1,565,994
Employee Relations, Dept of	4,475,270					4,475,270
Fire and Police Commission.....	5,073,394					5,073,394
Fire Department	121,624,358			1,800,000		123,424,358
Health Department	12,938,748			1,550,000		14,488,748
Library Board.....	24,535,135			1,680,000		26,215,135
Mayor's Office.....	1,378,416					1,378,416
Neighborhood Services	19,117,390			3,000,000		22,117,390
Police Department.....	295,305,985			6,337,500		301,643,485
Port of Milwaukee.....	5,698,420			675,000		6,373,420
DPW–Administration.....	2,960,659					2,960,659
DPW–Infrastructure	41,805,089			61,609,000		103,414,089
DPW–Operations	86,454,560			9,777,800		96,232,360
Water Works			\$2,418,250	40,300,000	\$107,384,261	150,102,511
Sewer Maintenance Fund ...			2,405,000	40,350,000	72,199,259	114,954,259
Special Purpose Accounts ..	149,323,056					149,323,056
Pension Funds	120,223,657					120,223,657
Debt Service – City			136,033,141			136,033,141
Debt Service – Schools.....			7,640,924			7,640,924
Debt Service – Cash Flow..			117,500,000			117,500,000
Contingency	5,000,000					5,000,000
Delinquent Tax Fund.....		8,000,000				8,000,000
Parking			3,315,185	1,800,000	27,929,145	33,044,330
Grant & Aid Fund		51,347,144				51,347,144
Special Capital Projects.....				9,114,000		9,114,000
Economic Development		17,252,181				17,252,181
Fringe Benefit Offset.....	(185,404,440)					(185,404,440)
Grand Total	\$764,422,649	\$76,599,325	\$269,312,500	\$220,931,415	\$207,512,665	\$1,538,778,554

Budgetary Comparison Schedule – General Fund
For The Years Ending December 31, 2015 Through 2019
(Thousands of Dollars)

	2015	2016	2017	2018	2019
Revenues:					
Property Taxes	190,318	187,739	190,775	198,951	204,786
Other Taxes	2,765	3,979	3,795	2,831	3,821
Licenses and Permits	16,629	16,767	15,597	17,232	18,502
Intergovernmental.....	263,350	265,190	265,701	268,792	270,575
Charges for Services.....	120,908	118,166	117,873	119,579	125,728
Fines and Forfeitures	4,110	3,534	3,356	3,297	2,633
Other.....	28,486	20,000	19,384	26,764	23,971
Total General Fund Revenues	626,566	615,375	616,481	637,446	650,016
Tax Stabilization Fund Withdrawals	16,700	21,087	27,579	19,000	16,000
Other Financing Sources and Equity					
Transfers (Net).....	50,906	46,788	49,549	59,927	71,380
Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources	694,172	683,250	693,609	716,373	737,396
Expenditures:					
General Government.....	239,232	225,418	228,607	274,345	275,018
Public Safety.....	293,085	320,389	314,648	317,095	319,348
Public Works	101,007	103,740	100,482	103,588	107,133
Health	9,459	10,207	10,245	9,867	11,818
Culture and Recreation	16,669	17,296	17,925	18,416	18,078
Conservation and Development.....	3,816	4,429	4,579	4,544	4,506
Total Expenditures	663,268	681,479	676,486	727,855	735,901
Sources Over (Under) Expenditures	30,904	1,771	17,123	(11,482)	1,495
Fund Balance - January 1 (excludes reserved for use during the year)	96,344	106,161	80,353	78,476	50,994
Fund Balance - December 31.....	127,248	107,932	97,476	66,994	52,489
Fund Balance Components:					
Nonspendable	17,094	16,127	18,401	19,476	21,621
Restricted.....	0	0	0	0	0
Committed	2,035	2,266	3,444	3,066	2,949
Assigned.....	46,404	38,802	37,281	26,450	20,580
Unassigned	61,715	50,737	38,350	18,002	7,339
Total Fund Balance	127,248	107,932	97,476	66,994	52,489
Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget.....	21,087	27,579	19,000	16,000	10,000
Reserved for Subsequent Years' Budget	68,095	50,737	44,182	24,327	13,849

**City of Milwaukee
Assessed and Equalized Valuations**

	Year 2016 For 2017 Purposes	Year 2017 for 2018 Purposes	Year 2018 for 2019 Purposes	Year 2019 for 2020 Purposes	Year 2020 for 2021 Purposes
Real Property					
Residential	\$14,438,034,368	\$14,854,223,750	\$15,647,625,900	\$16,098,608,880	\$17,953,629,068
Industrial (Manufacturing).....	728,863,500	765,075,100	763,522,500	790,548,200	829,539,400
Mercantile (Commercial).....	9,964,809,169	10,496,050,788	11,255,216,460	11,915,465,884	12,426,338,857
Total Real Property	\$25,131,707,037	\$26,115,349,638	\$27,666,364,860	\$28,804,622,964	\$31,209,507,325
Personal Property.....	842,551,928	822,009,672	682,203,143	685,223,248	721,121,379
Total Assessed Valuations	\$25,974,258,965	\$26,937,359,310	\$28,348,568,003	\$29,489,846,212	\$31,930,628,704
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee.....					
	\$27,042,046,500	\$26,903,884,900	\$28,340,400,600	\$29,746,345,900	31,475,102,300
Ratio of Assessed to Equalized Valuation	96.05%	100.12%	99.98%	99.14%	101.45%

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

	2017	2018	2019	2020	2021
Unit of Government					
City Government	\$10.75	\$10.75	\$10.59	\$10.58	\$10.09
Milwaukee Public Schools	11.46	10.71	9.44	9.57	10.39
Milwaukee County	5.49	5.05	4.90	4.83	4.54
Milwaukee Area Technical College	1.82	1.72	1.69	1.66	1.56
Milwaukee Metropolitan Sewerage District	1.31	1.26	1.23	1.19	1.13
Gross Tax Rate Per \$1,000	\$30.83	\$29.49	\$27.85	\$27.83	\$27.71
Less: State Tax Credit	(2.13)	(2.19)	(1.97)	(1.76)	(1.55)
Net Tax Rate	\$28.70	\$27.30	\$25.88	\$26.07	\$26.16

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

Budget Year	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
	Levy	Collections	% of Levy	Amount	% Collected
2015	\$312,216	\$302,084	96.75	\$8,573	99.50
2016	312,091	302,628	96.97	7,583	99.40
2017	318,867	309,038	96.91	7,063	99.23
2018	325,152	315,977	97.30	4,322	98.62
2019	333,909	325,692	97.54	0	97.54

Collection Procedures

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

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

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

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

Insurance

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

PENSION SYSTEM SUMMARY

Employes' Retirement System

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

Active Members by Employee Groups
As of December 31, 2019

	Active Members	Covered Compensation
General City.....	3,325	\$ 185,003,090
Policemen	1,826	158,480,563
Firemen.....	705	61,134,488
Water Department	340	19,131,954
Total for City of Milwaukee.	<u>6,196</u>	<u>\$ 423,750,095</u>
School Board	4,220	\$ 134,030,658
Milwaukee Sewerage District....	226	19,747,666
Housing Authority	143	8,759,072
Wisconsin Center District.....	108	5,911,646
Veolia	20	1,613,840
Milwaukee Technical College ...	-	-
Grand Total	<u>10,913</u>	<u>\$ 593,812,977</u>

Benefit Recipients
As of December 31, 2019

Class	Vested	Non-Vested	Inactive	Retired
General & Elected....	5,289	3,153		9,700
Policeman	1,446	381		2,471
Firemen.....	584	121		1,372
Certain pre-1996				12
Total.....	<u>3,719</u>	<u>3,655</u>	<u>4,568</u>	<u>13,555</u>

Source: Tables 1c and 5 of the Actuarial Valuation Report as of January 1, 2020.

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

Basic Benefit Accrual Rates and Member Contributions

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

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2019	\$5,285,205	\$6,597,457	\$1,312,252	80.1%	\$596,386	220.0%
2018*	5,219,184	6,400,901	1,181,717	81.5	581,663	203.2
2017**	5,233,486	5,819,762	586,276	89.9	577,118	101.6
2016	5,055,700	5,259,300	203,600	96.1	583,950	34.9
2015	4,899,155	5,064,141	165,986	96.3	535,802	31.0
2014	4,797,437	4,935,482	138,045	97.2	529,939	26.0
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0

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

** Assumptions and methods were updated according to an experience study completed in 2017. This increased the actuarial accrued liability by \$296.5 million.

Source: Tables 15 of the Actuarial Valuation Report as of January 1, 2019 (and each prior year).

The increases in UAAL are anticipated to require significant increases in annual contributions. Actual results less than the assumed rate, and additional changes to assumptions and methods are also possible, which may further increase the UAAL. The City is exploring various options to fund the UAAL. The City has a 5-year Stable Contribution Policy that adjusts required actuarially determined employer contributions every 5 years. The current period is 2018-2022. Assuming no changes to the assumptions, it is estimated that the current UAAL will require an increase in contributions by the City from the current \$72 million per year to \$145 million per year for the next 5-year period beginning in 2023.

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2019 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

Policemen's Annuity and Benefit Fund

The City also administers the Policemen's Annuity and Benefit Fund ("PABF"). The PABF has no assets and is funded on a pay-as-you-go basis by the City. Membership is limited to surviving beneficiaries of Police Department employees whose service commenced prior to July 29, 1947. The unfunded accrued actuarial liability for the PABF is under \$1 million.

Other Post-Employment Benefits

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

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of

15 years of creditable service, the City pays 25% of the base rate of the City's Basic Plan and 100% of the major medical rate.

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

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2018, the City paid approximately \$33.5 million and \$2.4 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. In 2018, the City implemented GASB 75, which requires recording the entire net OPEB liability. The implementation of GASB 75 caused a total increase to the 2017 OPEB amount of \$755.1 million.

Schedule of Changes in Total OPEB Liability
(\$ amounts in thousands)

Total OPEB Liability	
Service cost	\$ 45,522
Interest	44,080
Differences between expected and actual experience	(55,890)
Changes of assumptions*	238,470
Benefit payments	(40,841)
	231,241
Increase in net change in total OPEB Liability	231,241
Total OPEB Liability – beginning of year (restated)	1,212,927
	\$1,444,168
Total OPEB Liability – end of year	\$1,444,168

*Includes change in the Discount Rate to 2.75% from 3.71%
Source: City's 2019 CAFR.

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

Year Ended Dec. 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2019	\$107,412	38.0%	\$1,444,166
2018	80,742	44.5	1,212,927
2017	84,172	40.5	473,309
2016	81,231	39.2	423,258
2015	77,566	37.3	373,866
2014	74,790	49.9	325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886

* In 2018, the City implemented GASB 75, which requires recording the entire net OPEB liability.
Source: City's 2019 and prior years CAFRs.

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
2019	\$0	\$1,444,166	\$1,444,166	0.0%	\$375,432	385%
2018	0	1,212,927	1,212,927	0.0	422,509	287
2017	0	1,061,772	1,061,772	0.0	409,521	260
2016	0	1,020,383	1,020,383	0.0	377,788	270
2015	0	975,696	975,696	0.0	366,785	266
2014	0	928,496	928,496	0.0	381,100	227
2013	0	888,983	888,983	0.0	382,795	218
2012	0	946,857	946,857	0.0	409,572	231
2011	0	916,383	916,383	0.0	407,840	225

Source: City's 2019 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

The retiree healthcare valuation was based on the entry age normal cost method. 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 under GASB 75. The discount rate used for the December 31, 2018 valuation was 3.71%. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 7 years. The actuarial assumption for wage inflation is 3%.

LEGAL MATTERS

Litigation Statement

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

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of \$1 million, existing on April, 2021.

Daryl Holloway v. City of Milwaukee, et al. This civil rights action arose from the allegedly wrongful conviction of the plaintiff for sexual assault. The plaintiff claims that the officers fabricated evidence and committed other misconduct resulting in the conviction and 23 years of incarceration. Certain of the defendant officers have passed away, and there are legal challenges as to whether the plaintiff can even sue such individuals. The City filed a motion for summary judgment on all claims in January 2021. The plaintiff has until April 1, 2021 to respond. The City intends to defend the case.

The Dragonwood Conservancy, Inc., et al. v. Felician, et al. This civil rights lawsuit arose out of a police search and seizure at certain properties which resulted in the confiscation of hundreds of reptiles

and other creatures and alleged damages to property in the course of the removal of the animals. Discovery has been completed. The City is contesting the claim. Trial has been scheduled in this matter in May 2021.

Sam Hadaway v. City of Milwaukee, et al. This civil rights lawsuit arose out of a homicide investigation in 1995. The investigation included statements from the plaintiff who implicated another individual, Chaunte Ott, as the perpetrator. Decades later, Ott was excluded by DNA as having physical contact with the victim, while another individual connected to other homicides was connected to the victim through DNA testing. In this lawsuit, Hadaway claims that the officers coerced him into a confession. Hadaway served seven years in prison as a result of a plea agreement based on the now-repudiated confession. Discovery in this suit is in the early stages. The City is contesting the claim.

Ladarius Marshall has filed a notice of claim asserting potential claims in state law and § 1983 in relation to wrongful conviction. Mr. Marshall spent 12 years in prison until he was ultimately released from custody by a federal judge on a motion for habeas relief. Mr. Marshall has demanded \$12,000,000 in his notice of claim. The investigation into the claim is ongoing and there is insufficient information at this time to fully or accurately assess the merit of the claim.

Joel Acevedo's parents have filed a notice of claim under various legal theories, principally § 1983, for their interests in the actions of an off duty Milwaukee Police Officer who has a criminal charge pending against him for homicide in relation to the death of Mr. Acevedo in his home. The parents have demanded \$10,000,000 in their notice of claim. The investigation into the claim is ongoing and there is insufficient information at this time to fully or accurately assess the merit of the claim.

Section 74.37 Litigation. Various lawsuits are pending against the City for property tax refunds under Section 74.37 of the Wisconsin Statutes. As the tax collector, the City would pay any refund owed, and recover approximately 2/3 of the payment from overlapping jurisdictions.

- ***Metropolitan Associates v. City of Milwaukee.*** This excessive assessment action involves the 2015-2018 assessments of seven apartment complexes located on the south side of the City of Milwaukee. Metropolitan has requested a tax refund of approximately \$1,505,000 plus interest. Trial was completed in March, 2020. The circuit court's decision is forthcoming. Metropolitan has also filed a lawsuit against the City in regard to its 2019 assessments, requesting a refund of approximately \$285,000. Metropolitan then filed claims in regard to the 2020 assessments, requesting an additional \$339,526.56.
- ***Citgo Petroleum Corp. and U.S. Venture v. City of Milwaukee.*** This excessive assessment action involves the 2015-2019 assessments of oil terminal property. The cases of the two plaintiffs were consolidated. Citgo and U.S. Venture have requested refunds totaling \$5,892,840.00 plus interest. Subsequently, they filed 2020 claims, requesting additional refunds of \$1,150,723.30.

LEGAL OPINIONS

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

RATINGS

The City has requested ratings on the Offered Obligations from Fitch Ratings and S&P Global Ratings.

Fitch Ratings has assigned a rating of “AA-” (Negative Outlook) on the Offered Obligations. S&P Global Ratings has assigned a rating of “A” (Negative Outlook) on the Offered Obligations.

The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Offered Obligations.

TAX MATTERS

TAX-EXEMPT OBLIGATIONS

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

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

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

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

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

Bond premium and original issue discount are amortized over the term of a Tax-Exempt Obligation on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during

each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Tax-Exempt Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

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

Exclusion from Gross Income: Requirements

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

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

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

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

Covenants to Comply

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

Risks of Non-Compliance

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

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

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

Cost of Carry. Owners of the Tax-Exempt Obligations will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Tax-Exempt Obligations. As discussed below, special allocation rules apply to financial institutions.

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

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

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

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

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

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

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

TAXABLE OBLIGATIONS

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

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

United States Federal Income Tax Considerations for United States Holders

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

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

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

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

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

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

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

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

- the beneficial owner of the Taxable Obligation is not a bank to which the Taxable Obligations constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- either (A) the beneficial owner of the Taxable Obligation certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN (or a suitable substitute form), that such owner is not a United States person and provides such owner’s name and address or (B) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business (a “financial institution”) and holds the Taxable Obligation, certifies under penalties of perjury that such an IRS Form W-8BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

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

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

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

Taxation of Payments under FATCA to Foreign Financial Institutions and Certain Other Non-U.S. Holders that are Foreign Entities. A 30% withholding tax generally will apply to payments of interest on, and after December 31, 2016, on gross proceeds from the disposition of, the Taxable Obligations that are made to Non-U.S. Holders that are financial institutions and certain non-financial entities. Such withholding

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

U.S. Federal Estate Tax. A Taxable Obligation held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) is not subject to United States federal estate tax if at the time of the individual's death, payments with respect to such Taxable Obligation are not effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

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

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

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

withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

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

STATE TAX MATTERS

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

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

On February 1, 2019, the City updated the Continuing Disclosure Certificate to include the two new enumerated events required by the Commission for agreements entering into after February 26, 2019. The City has revised its policies and procedures to recognize the two new enumerated events and is able to comply with the updated Undertaking going forward.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Offered Obligations (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

Prior to August of 2003 the City entered into continuing disclosure undertakings (the “*Pre-2003 Undertakings*”) which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City's operations, through June 30, 2017, the City failed to strictly comply

with the 6-month time period for filing its Annual Financial Information and updating certain information on the sewerage system that does not significantly change from year to year. The last issue with a Pre-2003 Undertaking matured on June 15, 2019.

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

The City has contracted with Lumesis to utilize its DIVER Issuer Disclosure Management service to verify the City’s compliance with its 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.

FINANCIAL ADVISOR

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

UNDERWRITING

The Offered Obligations were purchased at competitive bidding conducted on May 6, 2021.

The award of the N3 Notes and B4 Bonds was made to _____,
its co-managers and associates.

The award of the T5 Notes and T6 Bonds was made to _____,
its co-managers and associates.

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

CLOSING DOCUMENTS AND CERTIFICATES

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

- (1) signature and no litigation certificates;
- (2) tax certificates for the Tax-Exempt Obligations;
- (3) certificates of delivery and payment;
- (4) the opinions as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest on the Tax-Exempt Obligations for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the forms as set forth in *Appendix B*;

- (5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);
- (6) Continuing Disclosure Certificates; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

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

ADDITIONAL INFORMATION

Periodically, the City updates its investor relations websites (www.MilwaukeeBonds.com and www.MPSBonds.com) with information regarding prospective financings and financial information. Requests for additional information and inquiries may also be directed to:

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

/s/

Aycha Sawa
City Comptroller and Secretary
City of Milwaukee, Wisconsin

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APPENDIX A

Audited Financial Statements of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2019

In the Electronic version of this document, the entire Comprehensive Annual Financial Report is included at the end of this Official Statement.

In the printed version of this document, the City's Comprehensive Annual Financial Report for the year ended December 31, 2019, is available from EMMA and is hereby incorporated by reference.

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

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APPENDIX B

Draft Forms of Legal Opinions

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May 17, 2021

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

We have examined a record of proceedings relating to the issuance of \$ _____,000 aggregate principal amount of General Obligation Promissory Notes, Series 2021 N3 (the “Notes”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 19, 2021.

The Notes constitute an issue of “promissory notes” under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated May 17, 2021, mature (without option of prior redemption) on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2021 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$,000	. %
2023	,000	
2024	,000	
2025	,000	
2026	,000	
2027	,000	
2028	,000	
2029	,000	
2030	,000	
2031	,000	

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not “private activity bonds” within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain

amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

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

Respectfully submitted,

May 17, 2021

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

We have examined a record of proceedings relating to the issuance of \$ _____,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2021 B4 (the “Bonds”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on January 18, 2017, January 17, 2018, January 15, 2019 and January 21, 2020 and January 19, 2021.

The Bonds constitute an issue of “corporate purpose bonds” under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated May 17, 2021, mature on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2021 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	\$,000	. %
2033	,000	
2034	,000	
2035	,000	
2036	,000	
2037	,000	
2038	,000	
2039	,000	
2040	,000	
2041	,000	

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on April 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not “private activity bonds” within

the meaning of Section 141(a) of the Code; accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

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

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

Respectfully submitted,

May 17, 2021

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

We have examined a record of proceedings relating to the issuance of \$ _____,000 aggregate principal amount of Taxable General Obligation Promissory Notes, Series 2021 T5 (the “Notes”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 19, 2021.

The Notes constitute an issue of “promissory notes” under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated May 17, 2021, mature (without option of prior redemption) on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2021 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$,000	. %
2023	,000	
2024	,000	
2025	,000	
2026	,000	
2027	,000	
2028	,000	
2029	,000	
2030	,000	
2031	,000	

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

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

Respectfully submitted,

May 17, 2021

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

We have examined a record of proceedings relating to the issuance of \$ _____,000 aggregate principal amount of Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “Bonds”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on January 18, 2017, January 17, 2018, January 15, 2019, January 21, 2020 and January 19, 2021.

The Bonds constitute an issue of “corporate purpose bonds” under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated May 17, 2021, mature on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2021 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	\$,000	. %
2033	,000	
2034	,000	
2035	,000	
2036	,000	
2037	,000	
2038	,000	
2039	,000	
2040	,000	
2041	,000	

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on April 1, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Wisconsin income taxes.

Respectfully submitted,

APPENDIX C

**Form of Continuing Disclosure Certificate
and list of EMMA filings for the past 5 years**

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of 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 to the Electronic Municipal Market Access system administered by the MSRB ("EMMA"). Pursuant to that modification, continuing disclosure filings will be provided to the Municipal Securities Rulemaking Board for disclosure on the EMMA system.

Information submitted to the MSRB for disclosure on the EMMA shall be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SID (State Information Depository)

None.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of 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:

- ____,000 General Obligation Promissory Notes, Series 2021 N3
- ____,000 General Obligation Corporate Purpose Bonds, Series 2021 B4
- ____,000 Taxable General Obligation Promissory Notes, Series 2021 T5
- ____,000 Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT

Date of Issues:

May 17, 2021

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 17th day of May, 2021.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Offered Obligations. The Offered Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Offered Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “*banking organization*” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “*clearing corporation*” within the meaning of the New York Uniform Commercial Code, and a “*clearing agency*” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U. S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a 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 Offered Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Obligations on DTC’s records. The ownership interest of each actual purchaser of each Note (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Obligations, except in the event that use of the book-entry system for the Offered Obligations is discontinued.

To facilitate subsequent transfers, all Offered Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Obligations with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Offered Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Offered Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Offered Obligations by causing the Direct Participant to transfer the Participant's interest in the Offered Obligations, on DTC's records, to Agent. The requirement for physical delivery of Offered Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Obligations to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Offered Obligations at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note or Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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

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APPENDIX E

OFFICIAL NOTICES OF SALE AND BID FORMS

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**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$149,895,000*

**CITY OF MILWAUKEE, WISCONSIN
GENERAL OBLIGATION NOTES AND BONDS**

comprised of

\$118,920,000*

**GENERAL OBLIGATION PROMISSORY NOTES
SERIES 2021 N3**

and

\$30,975,000*

**GENERAL OBLIGATION CORPORATE PURPOSE BONDS
SERIES 2021 B4**

Sale Data:

SALE DATE AND TIME:

Thursday, May 6, 2021
10:00 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

* Subject to change in accordance with this Official Notice of Sale.

OFFICIAL NOTICE OF SALE
CITY OF MILWAUKEE, WISCONSIN

\$118,920,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 N3

AND

\$30,975,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021 B4

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the “City”), will receive sealed bids and electronic bids until 10:00 A.M., Central Time, on Thursday, the

6TH DAY OF MAY, 2021

at the Office of the City Comptroller, in said City, for the purchase of One Hundred Eighteen Million Nine Hundred Twenty Thousand Dollars (\$118,920,000)* General Obligation Promissory Notes, Series 2021 N3 (the “Notes”) and Thirty Million Nine Hundred Seventy Five Thousand Dollars (\$30,975,000)* General Obligation Corporate Purpose Bonds, Series 2021 B4 (the “Bonds”, and collectively with the Notes, the “Obligations”). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or function of, PARITY is materially interrupted at any time during the 60 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City’s Public Debt Commission scheduled for 3:00 P.M. Central Time on May 6, 2021. *Information regarding the Obligations is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Obligations

The Obligations will be dated as May 17, 2021 (the “Dated Date”), and will bear interest from the Dated Date, payable commencing on October 1, 2021 and semiannually thereafter on April 1 and October 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2022	\$13,990,000	2027	\$9,785,000
2023	13,995,000	2028	9,785,000
2024	13,995,000	2029	9,785,000
2025	13,995,000	2030	9,790,000
2026	14,010,000	2031	9,790,000

The Notes are not subject to redemption prior to maturity.

The Bonds mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2032	\$5,995,000	2037	\$200,000
2033	5,995,000	2038	200,000
2034	5,995,000	2039	200,000
2035	5,995,000	2040	200,000
2036	5,995,000	2041	200,000

* Subject to change in accordance with this Official Notice of Sale

The Bonds are subject to redemption prior to their maturity at the option of the City on any date on and after April 1, 2031, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date.

Bid Parameters

No bid for less than all of the Obligations will be considered. **Interest Rates:** Bidders are required to name the interest rate or rates the Obligations are to bear. The rates must not exceed 5.00%; and the rates shall be in multiples of one-eighth of one percent or one-twentieth of one percent. There shall be only one rate for Obligations maturing on the same date. **Minimum Dollar Bid per Maturity:** No maturity may have an initial offering price of less than 100% of par value plus accrued interest, if any. **Minimum Issue Price:** No bid at less than par value plus accrued interest, if any, will be considered.

Good Faith Deposit

The winning bidder must submit a Good Faith Deposit (“Deposit”) in the form of a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of One Million Dollars (\$1,000,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Obligations when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Obligations.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Obligations will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier’s check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central Time (“Due Time”) on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Obligations will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal plus premium. The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

Prior to the award of the Obligations, the aggregate principal amount of the Obligations offered for sale may be revised downward in an amount not to exceed the aggregate premium bid. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE NOTES OR BONDS. In the event of any such revision, no re-bidding or re-calculation of bids submitted will be required or permitted. Obligations will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder will then have 15 minutes to provide the City with the reoffering yield and prices of each maturity of the Obligations. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Offered Obligation. Based upon the information, the City will recalculate the par amount of each maturity of the Obligations being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of the Obligations must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for the Obligations, each such bid shall be considered a separate proposal for the purchase of the Obligations.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Obligations and interest rate or rates to be borne by the Obligations and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.
2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Obligations presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Obligations on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this notice, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Obligations

Payment for the Obligations shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Obligations will be delivered on or about May 17, 2021, or as soon thereafter as the Obligations may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Obligations, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Obligations. A certificate for each Obligation having the same maturity and interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Obligation purchased. The successful bidder shall be required to deposit the Obligations with DTC as a condition to delivery of the Obligations. The City will make payment of the principal and interest on the Obligations to DTC or its nominee as registered owner of the Obligations. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Obligations. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Obligations. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Obligations is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes and Bonds in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Obligations of the same interest rate then outstanding as directed by the registered owners of the Obligations.

**Establishment of Issue Price
(10% Test to Apply if Competitive Sale Requirements are Not Satisfied)**

Each successful bidder shall assist the City in establishing the issue price of the Obligations and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of each maturity of the Obligations, together with the supporting pricing wires or equivalent communications, substantially in the form included as part of this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of each successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Obligations may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor. Any questions concerning such certification should be directed to Bond Counsel.

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 may 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 or bidders who submits a firm offer to purchase the Obligations at the highest price (or 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.

All of the City’s competitive sales in the past 5 years would have met the competitive sale requirements, however, no assurance can be given that the competitive sale requirements will be met for this sale. In the event that the competitive sale requirements are not satisfied, the City shall so advise each successful bidder. The City shall treat the first price at which 10% of each maturity of the Obligations (the “10% test”) is sold to the public as the issue price of that maturity. Each successful bidder shall advise the City if any maturity of the Obligations satisfies the 10% test as of the date and time of the award of the Obligations. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use 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. 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 of the maturities of the Obligations will be subject to the 10% test in order to establish the issue price of the Obligations of that maturity.**

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Obligations, the successful bidder agrees to promptly report to the City 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.

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 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 successful 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, 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 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 successful 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, if and for so long as directed by the party to 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 Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “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).
- (3) 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 (i) 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), (ii) 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 (iii) 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), and
- (4) “sale date” means the date that the Obligations are awarded by the City to the successful bidder or bidders.

Issue Price Certificate – Competitive Sale Requirements

The undersigned, on behalf of _____ (“Winning Underwriter”), hereby certifies as set forth below with respect to the sale of the \$ _____ principal amount of General Obligation Promissory Notes, Series 2021 N3, and the \$ _____ principal amount of General Obligation Corporate Purpose Bonds, Series 2021 B4, of the City of Milwaukee, Wisconsin (the “Obligations”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering price of each maturity of the Obligations to the Public by the Winning Underwriter is the respective price listed in the attached schedule (the “Expected Offering Price”). The Expected Offering Price is the price for the Maturity of the Obligations used by Winning Underwriter in formulating its bid to purchase the Obligations.

(b) Winning Underwriter was not given the opportunity to see other bids prior to submitting its bid but was able to see the ranking of its bid relative to other bids (*i.e.*, “Leader”, “Cover”, “3rd” *etc.*).

(c) The bid submitted by Winning Underwriter constituted firm offer to purchase the Obligations.

2. Defined Terms.

(a) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates or with the same maturity date but different stated interest rates or credit terms, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means, in, the case of corporations, any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is May 6, 2021.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph 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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Winning Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City of Milwaukee (the “Issuer”) with respect to certain of the representations set forth in the Tax Compliance Certificate pertaining to the Obligations and with respect to compliance with the federal income tax rules affecting the Obligations, and by Bond Counsel, in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

Issue Price Certificate – 10% Test

The undersigned, on behalf of _____ (“Underwriter”), hereby certifies as set forth below with respect to the sale of the \$ _____ principal amount of General Obligation Promissory Notes, Series 2021 N3 and the \$ _____ principal amount of General Obligation Corporate Purpose Bonds, Series 2021 B4, of the City of Milwaukee, Wisconsin (the “Obligations”).

1. ***Sale of the Obligations.*** As of the date of this certificate, for each Maturity of the Obligations, the first price at which at least 10% of such Maturity of the Obligations was sold to the Public is the respective price listed in Schedule A. [NOTE: This statement must be modified if 10% of any maturity is not sold by the issue date of the Obligations]

2. ***Defined Terms.***

(a) *Issuer* means City of Milwaukee, Wisconsin.

(b) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *An underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph 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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City of Milwaukee (the "Issuer") with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Obligations, and by Bond Counsel in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

Authorization, Security, and Conditions of Delivery

The Obligations have been approved by resolutions adopted by the Common Council of the City and are issued for the financing of various public improvement projects, fiscal requirements of the City, and refunding outstanding obligations of the City. The Obligations will be direct general obligations of the City, payable from taxes levied on all property within said City, subject to taxation by said City, without limitation as to rate or amount.

The Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Obligations, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Obligations. The Preliminary Official Statement is in a form which the City "deems final" as of April 22, 2021 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with up to ten copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Obligations in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Obligations, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Obligation or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Obligations the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Obligations, to provide in a timely manner and notice of certain events with respect to the Obligations. Notice of the occurrence of certain events with respect to the Obligations will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The successful bidder may, at its option, refuse to accept the Obligations if prior to their delivery, any income tax law of the United States of America shall provide that the interest on such Obligations is includable or shall be includable at a future date in gross income for federal income tax purposes, and in such case the deposit made by the successful bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. The use of bond insurance will require insurance related certifications by the bidder in the Issue Price certificate. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Obligations with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder does not have the option to refuse delivery of the Obligations due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

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

AYCHA SAWA
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

BERNARD J. ALLEN, Chairperson
DAVID MISKY, Member
MARY REAVEY, Member
COMMISSIONERS OF THE PUBLIC DEBT

April 22, 2021

OFFICIAL BID FORM

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

CITY OF MILWAUKEE, WISCONSIN
\$118,920,000† GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 N3
AND
\$30,975,000† GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021 B4

May 6, 2021

Commissioners of the Public Debt
 200 E. Wells St., Room 404
 Milwaukee, Wisconsin 53202

Commissioners:

For all (and not less than all) of \$149,895,000† notes and bonds of the City of Milwaukee, Wisconsin, comprised of the \$118,920,000† General Obligation Promissory Notes, Series 2021 N3 (the “Notes”) and the \$30,975,000† General Obligation Corporate Purpose Bonds, Series 2021 B4 (the “Bonds”), we offer to pay a price of \$ _____ (not less than \$149,895,000), plus accrued interest from May 17, 2021, the dated date, to the date of delivery. The Notes and Bonds shall bear interest as follows:

Series 2021 N3 (Notes)			Series 2021 B4 (Bonds)		
	Interest Rate	Price		Interest Rate	Price
April 1, 2022	_____ %*	_____ **	April 1, 2032	_____ %*	_____ **
April 1, 2023	_____ %*	_____ **	April 1, 2033	_____ %*	_____ **
April 1, 2024	_____ %*	_____ **	April 1, 2034	_____ %*	_____ **
April 1, 2025	_____ %*	_____ **	April 1, 2035	_____ %*	_____ **
April 1, 2026	_____ %*	_____ **	April 1, 2036	_____ %*	_____ **
April 1, 2027	_____ %*	_____ **	April 1, 2037	_____ %*	_____ **
April 1, 2028	_____ %*	_____ **	April 1, 2038	_____ %*	_____ **
April 1, 2029	_____ %*	_____ **	April 1, 2039	_____ %*	_____ **
April 1, 2030	_____ %*	_____ **	April 1, 2040	_____ %*	_____ **
April 1, 2031	_____ %*	_____ **	April 1, 2041	_____ %*	_____ **

* Rates must not exceed 5.00%, and must be in multiples of 1/8 or 1/20 of one percent.
 ** The minimum initial reoffering price for a maturity shall not be less than 100% of the par amount.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$1,000,000 as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By: _____
 Phone Number: _____

 Company Name

No addition, alteration or change is to be made to the form of this Bid Form.

† Subject to change in accordance with the Official Notice of Sale.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

Please attach a list of account members –

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$35,625,000*

**CITY OF MILWAUKEE, WISCONSIN
TAXABLE GENERAL OBLIGATION NOTES AND BONDS**

comprised of

\$21,985,000*

**TAXABLE GENERAL OBLIGATION PROMISSORY NOTES
SERIES 2021 T5**

and

\$13,640,000*

**TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS
SERIES 2021 T6**

Sale Data:

SALE DATE AND TIME:

Thursday, May 6, 2021
10:30 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

* Subject to change in accordance with this Official Notice of Sale.

OFFICIAL NOTICE OF SALE
CITY OF MILWAUKEE, WISCONSIN

\$21,985,000* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 T5
AND
\$13,640,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS,
SERIES 2021 T6

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the “City”), will receive sealed bids and electronic bids until 10:30 A.M., Central Time, on Thursday, the

6TH DAY OF MAY, 2021

at the Office of the City Comptroller, in said City, for the purchase of Twenty One Million Nine Hundred Eight Five Thousand Dollars (\$21,985,000)* Taxable General Obligation Promissory Notes, Series 2021 T5 (the “Notes”) and Thirteen Million Six Hundred Forty Thousand Dollars (\$13,640,000)* Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “Bonds”, and collectively with the Notes, the “Obligations”). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or functions of, PARITY is materially interrupted at any time during the 90 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City’s Public Debt Commission scheduled for 4:00 P.M. Central Time on May 6, 2021. *Information regarding the Obligations is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Obligations

The Obligations will be dated as May 17, 2021 (the “Dated Date”), and will bear interest from the Dated Date, payable commencing on October 1, 2021 and semiannually thereafter on April 1 and October 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2022	\$1,585,000	2027	\$2,640,000
2023	1,590,000	2028	2,670,000
2024	1,600,000	2029	2,710,000
2025	1,605,000	2030	2,465,000
2026	2,615,000	2031	2,505,000

The Notes are not subject to redemption prior to maturity.

The Bonds mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2032	\$1,570,000	2037	\$1,215,000
2033	1,590,000	2038	1,045,000
2034	1,610,000	2039	1,080,000
2035	1,630,000	2040	1,110,000
2036	1,650,000	2041	1,140,000

* Subject to change in accordance with this Official Notice of Sale

The Bonds are subject to redemption prior to their maturity at the option of the City on any date on and after April 1, 2031, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date.

Bid Parameters

No bid for less than all of the Obligations will be considered. **Interest Rates:** Bidders are required to name the interest rate or rates the Obligations are to bear. The rates must not exceed 7.00%; and the rates shall be in multiples of one-eighth of one percent, or one-one-hundredth of one percent. There shall be only one rate for Obligations maturing on the same date. **Minimum Dollar Price per Maturity:** No maturity may have an initial offering price of less than 100% of par value plus accrued interest, if any. **Minimum Issue Price:** No bid of less than par value plus accrued interest, if any, will be considered.

Good Faith Deposit

The winning bidder must submit a Good Faith Deposit (“Deposit”) in the form of a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of Three Hundred Thousand Dollars (\$300,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Obligations when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Obligations.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Obligations will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier’s check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central Time (“Due Time”) on the date bids are open.

3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Obligations will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal plus premium. The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

Prior to the award of the Obligations, the aggregate principal amount of the Obligations offered for sale may be revised downward in an amount not to exceed the aggregate premium bid above the minimum purchase price. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE NOTES OR BONDS. In the event of any such revision, no re-bidding or re-calculation of bids submitted will be required or permitted. Obligations will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder will then have 15 minutes to provide the City with the reoffering yield and prices of each maturity of the Obligations. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Offered Obligation. Based upon the information, the City will recalculate the par amount of each maturity of the Obligations being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of the Obligations must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for the Obligations, each such bid shall be considered a separate proposal for the purchase of the Obligations.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Obligations and interest rate or rates to be borne by the Obligations and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.

2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Obligations presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Obligations on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this notice, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Obligations

Payment for the Obligations shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Obligations will be delivered on or about May 17, 2021, or as soon thereafter as the Obligations may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Obligations, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Obligations. A certificate for each Obligation having the same maturity and interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Obligation purchased. The successful bidder shall be required to deposit the Obligations with DTC as a condition to delivery of the Obligations. The City will make payment of the principal and interest on the Obligations to DTC or its nominee as registered owner of the Obligations. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Obligations. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Obligations. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Obligations is terminated and the

City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Obligations in fully registered certificated bonds in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Obligations of the same interest rate then outstanding as directed by the registered owners of the Obligations.

Authorization, Security, and Conditions of Delivery

The Obligations have been approved by resolutions adopted by the Common Council of the City and are issued for the financing of various public improvement projects. The Obligations will be direct general obligations of the City, payable from taxes levied on all property within said City, subject to taxation by said City, without limitation as to rate or amount.

The Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Obligations, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Obligations. The Preliminary Official Statement is in a form which the City “deems final” as of April 22, 2021 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with up to ten copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Obligations in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Obligations, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Obligation or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the Obligations the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Obligations, to provide in a timely manner and notice of certain events with respect to the Obligations. Notice of the occurrence of certain events with respect to the Obligations will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Obligations with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder does not have the option to refuse delivery of the Obligations due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

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

AYCHA SAWA
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

BERNARD J. ALLEN, Chairperson
DAVID MISKY, Member
MARY REAVEY, Member
COMMISSIONERS OF THE PUBLIC DEBT

April 22, 2021

OFFICIAL BID FORM

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

CITY OF MILWAUKEE, WISCONSIN
\$21,985,000† TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021 T5
AND
13,640,000† TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS,
SERIES 2021 T6

May 6, 2021

Commissioners of the Public Debt
 200 E. Wells St., Room 404
 Milwaukee, Wisconsin 53202

Commissioners:

For all (and not less than all) of \$35,625,000† notes and bonds of the City of Milwaukee, Wisconsin, comprised of the \$21,985,000† Taxable General Obligation Promissory Notes, Series 2021 T5 (the “Notes”) and the \$13,640,000† Taxable General Obligation Corporate Purpose Bonds, Series 2021 T6 (the “Bonds”), we offer to pay a price of \$ _____ (not less than \$32,625,000), plus accrued interest from May 17, 2021, the dated date, to the date of delivery. The Notes and Bonds shall bear interest as follows:

Series 2021 T5 (Notes)			Series 2021 T6 (Bonds)		
	Interest Rate	Price		Interest Rate	Price
April 1, 2022	_____%*	____.**	April 1, 2032	_____%*	____.**
April 1, 2023	_____%*	____.**	April 1, 2033	_____%*	____.**
April 1, 2024	_____%*	____.**	April 1, 2034	_____%*	____.**
April 1, 2025	_____%*	____.**	April 1, 2035	_____%*	____.**
April 1, 2026	_____%*	____.**	April 1, 2036	_____%*	____.**
April 1, 2027	_____%*	____.**	April 1, 2037	_____%*	____.**
April 1, 2028	_____%*	____.**	April 1, 2038	_____%*	____.**
April 1, 2029	_____%*	____.**	April 1, 2039	_____%*	____.**
April 1, 2030	_____%*	____.**	April 1, 2040	_____%*	____.**
April 1, 2031	_____%*	____.**	April 1, 2041	_____%*	____.**

* Rates must not exceed 7.00%, and must be in multiples of 1/8 or 1/100 of one percent.
 ** The minimum initial reoffering price for a maturity shall not be less than 100% of the par amount.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$300,000 as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By: _____
 Phone Number: _____

 Company Name

No addition, alteration or change is to be made to the form of this Bid Form.

† Subject to change in accordance with the Official Notice of Sale.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

Please attach a list of account members –

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.



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Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2019

Office of the Comptroller

**Aycha Sawa
Comptroller**

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CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Aycha Sawa, CPA, CIA
Comptroller

Joshua Benson
Deputy Comptroller



Office of the Comptroller

Toni Biscobing
Special Deputy Comptroller

July 22, 2020

Honorable Thomas M. Barrett, Mayor
The Members of the Common Council
Of the City of Milwaukee

Dear Mayor and Council Members:

I am pleased to present the Comprehensive Annual Financial Report (“CAFR”) of the City of Milwaukee (the “City”) for the fiscal year ended December 31, 2019. 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 CAFR 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 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 financial report is complete and reliable in all material respects.

An independent firm of licensed certified public accountants, Baker Tilly Virchow Krause, 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, 2019, 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, 2019, 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 CAFR 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, Management’s Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, required supplementary information (“RSI”), 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.

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2019

THE REPORTING ENTITY AND ITS SERVICES

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

The City of Milwaukee provides a full range of municipal services, including police and fire protection, sanitation, health, culture and recreation, public works, conservation and development and administrative support services. Also included in this report are the proprietary operations of the Metropolitan Sewerage District User Charge, Port, Sewer Maintenance, Transportation, and Water Works. These activities are under the direct oversight responsibility of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability or for which the nature and significance of their relationship with the City would cause these financial statements to be misleading or incomplete, known as component units, are a part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units for fiscal year 2019: 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, capital projects funds and certain special revenue, debt service 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 special revenue funds is set over the life of the project rather than the current fiscal year. 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 2019 Wisconsin Department of Administration estimated population of 590,547. 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.

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

Milwaukee plays an important role in international and domestic trade. Of vital importance to both the local and state economies, the Port of Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. The protected harbor permits year-round use of the port with access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through the Mississippi River. The Port of Milwaukee processed 2.7 million metric tons of cargo in 2019, up 12% from 2018. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. In 2019, the Port continued its ongoing repair and replacement of 14 miles of rail track on Jones Island which includes the replacement of rail crossings. They also started interior improvements at the Lake Express Ferry Terminal building. The Harbor Commission also facilitates public access including cultural and recreational activities for the public by leasing property to the Milwaukee Art Museum, Milwaukee World Festivals, Discovery World at Pier Wisconsin, cruise ships and the Lake Express high-speed ferry.

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

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. As of December 31, 2019 the City managed 30 active Business Improvement Districts, 8 Neighborhood Improvement Districts, 55 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 City of Milwaukee continues an amazing revitalization including a downtown building boom. BMO Harris Bank completed a new 25 story office tower directly across from City Hall on Wells Street. Northwestern Mutual changed the City's skyline with the construction of a 32-story office tower, and completed a 33-story upscale apartment tower. The office tower, at one million square feet, is the largest office structure in the state of Wisconsin.

The Milwaukee Bucks, the NBA basketball team have driven development with their new arena, which has been called the best state-of-the-art facility in the country. The Milwaukee Bucks also created the Deer District, an entertainment destination created just to the east of the arena, with an outdoor plaza and many amenities.

A new high-rise, known as the Couture, is still being planned along Milwaukee's lakefront. The project will include a 44-story, \$122 million mixed-use development with apartments and retail. It is expected to create more than 2,000 jobs, and similar to other downtown projects, has an emphasis on hiring residents during construction.

CITY OF MILWAUKEE
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Michels commenced construction of phase one of their \$100 million development on the Kinnickinnic River. Phase one consists of an eight-story office building to house their infrastructure division headquarters. Future phases include an apartment building, hotel, and two additional office buildings along with a number of first-floor and riverwalk commercial spaces.

Komatsu Mining has released plans to construct a new \$285 million headquarters and manufacturing facility in the City's Harbor District. This marks the return to Milwaukee of the global corporation, which has its roots in Walker's Point. Komatsu plans to move operations to the new campus in 2022.

The City continues to progress in its Strong Neighborhoods plan. In 2020, City resources contributed to the creation of 77 new housing units, improvements to 508 existing housing units, and the assistance of 307 individuals in home buying. The City sold 250 foreclosed houses in 2019.

The City's Commercial Corridor team provided more than 100 revitalization grants totaling more than \$1 million to business and commercial property throughout the City. These investments helped launch 37 new businesses, expand 12 businesses, and improve dozens of business sites.

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

Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract millions of visitors a year. There are 20 major annual festivals hosted in Milwaukee. Summerfest is promoted as the world's largest music festival and attracts about one million attendees each year. Milwaukee's ethnic festivals include the nation's largest Native American, Polish, Italian, and 3-day German festivals along with the world's largest Irish festival.

The educational opportunities in Milwaukee offer a wide variety of choices within the City. The City's educational institutions include Alverno College, Cardinal Stritch University, 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. Additionally, Direct Supply has also opened a new technology center on the MSOE campus.

ECONOMIC OUTLOOK

For the year 2019, the City's unemployment rate averaged approximately 4.5% (see Table 13 in Statistical Section); compared to the State of Wisconsin average of 3.3% and the United States average of 3.7% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate thus increased from 3.6% in 2018.

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 high investment grade ratings of AA- from Fitch and Standard & Poor's, for the City's most recent 2020 General Obligation Bonds and Notes. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best) rating with D being the lowest (worst). The AA- rating indicates the City's bonds are considered high credit quality investment grade issues. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, 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 2019 property tax rate for 2020 purposes decreased to \$10.58 from \$10.59 compared to the prior year's per \$1,000 of assessed value. The 2020 budgetary City property tax levy of approximately \$291 million represents a \$10 million increase compared to the \$281 million in 2019. The estimated assessed value used for 2020 budget purposes

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increased to approximately \$28 billion from \$27 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2019 was 27.8% compared to 27.3% for 2018 as depicted in Exhibit E-1.

Property tax increases are limited by state legislation. The 2020 budget estimates intergovernmental revenues of \$273.5 million which is an increase of \$3.4 million from 2019. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be \$219 million in 2020, which is the same as 2019. The state transportation aids (the second largest category) total \$31.3 million for 2020, a \$2.5 million increase from 2019. 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 at about \$10.1 million for 2020. 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 2020 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of \$44.6 million and the stormwater management charges for services to the sewer fund of \$23.4 million. The snow and ice fee is estimated in 2020 to generate a total of \$9.9 million. Total Charges for Services are estimated to increase by \$5.7 million to \$134.8 million in 2020.

The City remains in good financial condition, as is depicted in Note 9 of the Notes to the Financial Statements. The General Fund maintains a Reserve for Tax Stabilization (a fund balance account) that accumulates the net of revenues and other financing sources less expenditures and other financing uses, and, less other fund reserves. For 2019, this reserve has a year-end balance of \$24 million compared to \$40 million for 2018. The 2020 budget includes a withdrawal of \$10 million, leaving the portion of the Reserve for Tax Stabilization available for future years at \$14 million.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. The City's evaluation of the effects of these events is ongoing. While the City will face revenue shortfalls due to the virus, the majority of the City's revenue sources are fairly stable, and not materially affected by economic activity. In addition, the City received \$103 million in CARES Act assistance from the federal government to cover costs associated with combating the virus. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

MAJOR CAPITAL PROJECTS

The 2020 capital budget includes funds for various infrastructure and building projects. For 2020, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals \$155.6 million, an increase of 1% or \$1.5 million from the 2019 budget of \$154.1 million. Funding of \$55.4 million for various tax incremental districts and development projects comprises 36% of the total capital budget for 2020. The Department of Public Works budget for bridges (\$4.0 million), street/paving construction (\$47.1 million), various building, equipment and forestry projects (\$13.6 million) and City Hall Foundation (\$8.5 million), with a total of \$73.3 million or approximately 47% of the total 2020 capital budget. Police projects (\$4.0 million), Fire projects (\$2.0 million), Fire and Police Commission (\$5.0 million), and Library projects (\$1.3 million) in the aggregate total \$12.2 million or 8% of the total capital budget.

The annual plan for capital projects budget includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose components total at least \$2 million. Some major projects planned for 2020 include improving the useful life of 26 miles of streets and an investment of over \$11.5 million in City and Waterworks funding for 1,100 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.

CASH MANAGEMENT POLICIES AND 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 by the City Treasurer was at 2.27% in 2019 compared to 1.96% in 2018. The City continued to use 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

CITY OF MILWAUKEE
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is used to offset the property tax levy. 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 2.3% on about \$68.8 million in investments.

During 2019, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting ongoing cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled \$300 million, compared to \$290 million in 2018. The financing was accomplished through offerings of \$120 million Revenue Anticipation Notes and \$180 million School Revenue Anticipation Notes for school purposes. The school purpose borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aid.

The City continued its use of the State of Wisconsin's Safe Drinking Water and Clean Water Funds to finance water and sewer system capital projects. Clean Water Fund loans of \$15.4 million were obtained during 2019, compared to \$18.45 million in 2018 for sewer projects. Safe Drinking Water loans of \$12.8 million were obtained during 2019 compared to \$9.8 million in 2018 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. For temporary borrowing purposes, the City had lines of credit in 2019 with \$89.5 million outstanding at year-end.

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.

ACKNOWLEDGEMENTS

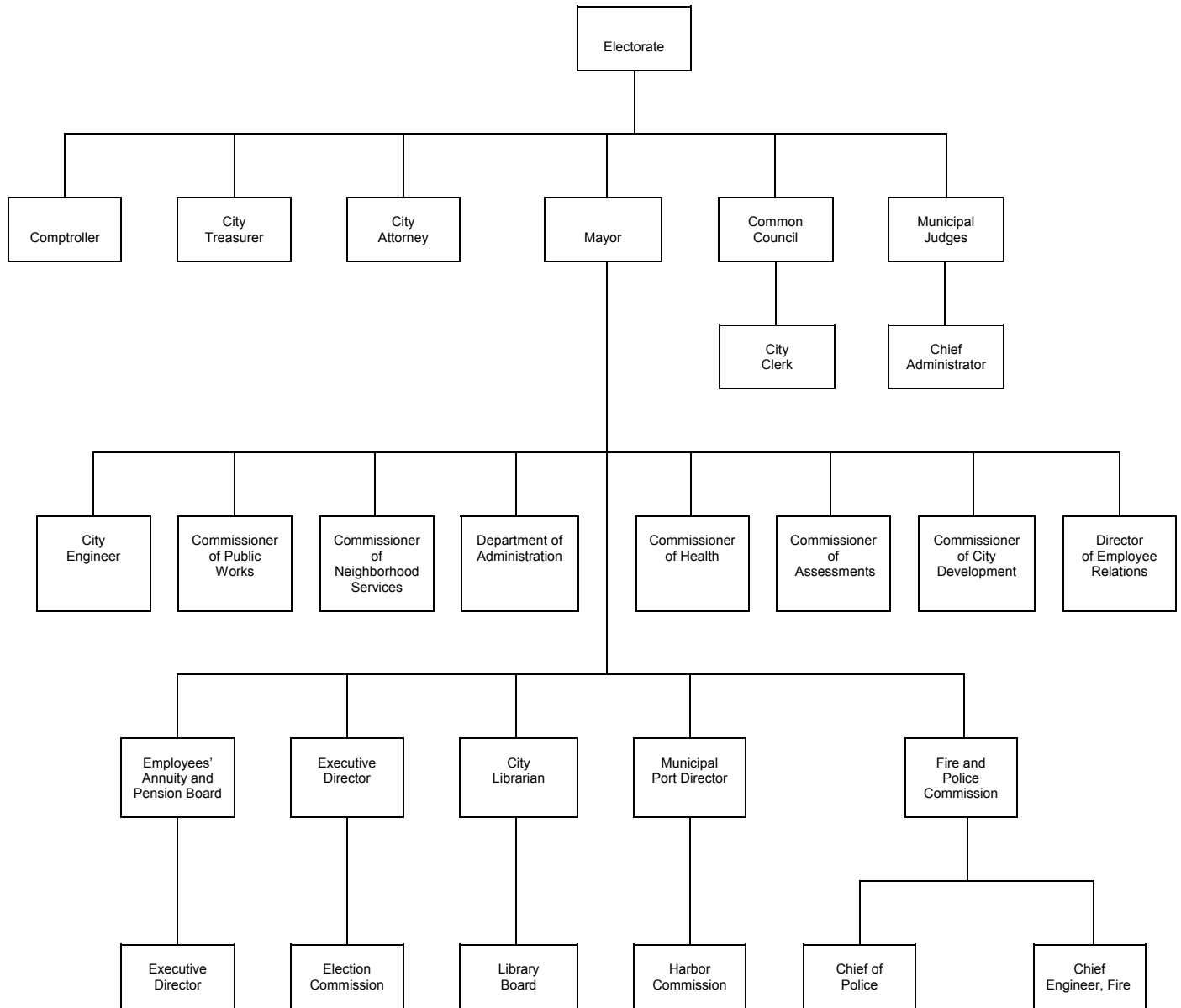
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, dedication, and extensive involvement of the entire staff of the Office of the Comptroller and the able assistance of our independent auditors, Baker Tilly, 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 CAFR. In addition, I convey my appreciation to you and members of your respective staffs for your interest and support in planning and conducting the fiscal affairs of the City throughout the past year. The City will continue to remain fiscally sound through our cooperative efforts.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller

CITY OF MILWAUKEE
ORGANIZATION CHART
 DECEMBER 31, 2019



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
 DECEMBER 31, 2019

ELECTED

Mayor	Thomas M. Barrett
Comptroller	Martin Matson
City Treasurer	Spencer Coggs
City Attorney	Grant F. Langley
Municipal Judge	Phillip M. Chavez
Municipal Judge	Valarie A. Hill
Municipal Judge	Derek C. Mosley

COMMON COUNCIL

President	Ashanti T. Hamilton
-----------------	---------------------

Aldermanic District

Alderman

First	Ashanti T. Hamilton
Second	Cavalier Johnson
Third	Nik Kovac
Fourth	Robert J. Bauman
Fifth	Nikiya Dodd
Sixth	Milele A. Coggs
Seventh	Khalif J. Rainey
Eighth	Robert G. Donovan
Ninth	Chantia Lewis
Tenth	Michael J. Murphy
Eleventh	Mark A. Borkowski
Twelfth	Jose G. Perez
Thirteenth	Scott Spiker
Fourteenth	T. Anthony Zielinski
Fifteenth	Russell W. Stamper, II

FINANCE RELATED (Non-Elected)

Administration Director	Sharon D. Robinson
Budget & Management Director	Dennis Yaccarino
City Purchasing Director	Rhonda Kelsey
Commissioner of Assessments	Steve Miner
Chief Information Officer	Nancy A. Olson

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INDEPENDENT AUDITORS' REPORT

To Honorable Members
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Milwaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Redevelopment Authority of the City of Milwaukee or the Neighborhood Improvement Development Corporation, which represents one-hundred percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin, as of December 31, 2019 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukee's basic financial statements. The combining and individual fund financial 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 financial 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukee's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Milwaukee'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 of Milwaukee'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 of Milwaukee's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 22, 2020

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (the "City") Comprehensive Annual Financial Report (CAFR) provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. The MD&A is an integral portion of the CAFR 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 2019 was (\$392) million, a 326% decrease compared to the previous year's total of (\$92) million. This decrease was caused mainly by the increased liability for pension and other post employment benefits. Of the (\$392) million net position, a \$1.19 billion deficit was related to governmental activities and \$801 million was related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled (\$2.23) 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: \$1.663 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations: \$206 million.
 - Unrestricted net deficit: (\$2.26) billion.
- The 2019 year-end, net pension liability is \$1.15 billion compared to the 2018 total of \$304 million. This \$841 million increase is due to a realized 2018 net investment return of -2.91% compared to the actuarial assumption of 8%. The 2019 liability is based on an actuarial valuation performed on January 1, 2018, rolled forward to December 31, 2018. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.
- Total 2019 long-term liabilities were \$4.152 billion of which \$168 million was short-term compared to the 2018 total of \$3.049 billion of which \$174 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>2019</u>	<u>2018</u>
Outstanding debt.....	\$ 1,473	\$ 1,441
OPEB.....	1,444	1,213
Pension.....	1,146	304
Compensated absences.....	50	50
Claims and judgments.....	40	41
Total.....	<u>\$ 4,152</u>	<u>\$ 3,049</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

Statement of Activities

- Governmental expenses were \$1.25 billion while combined program revenues were \$211 million, a difference of \$1.04 billion. However, general revenues and transfers were \$719 million, resulting in a \$323 million decrease to net position for the year. Business-type activity expenses were \$217 million while combined program and general revenues were \$274 million, resulting in a surplus of \$57 million. Transfers out reduced this excess by \$34 million, resulting in a \$23 million increase of net position.
- Governmental revenues and transfers of \$929 million, which supported 74% of the total 2019 governmental expenses of \$1.25 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 revenues.....	\$ 211	22%	16%
Property and other taxes.....	330	36%	25%
State aids for the general fund.....	271	29%	20%
Miscellaneous revenues and transfers.....	118	13%	9%
Total.....	<u>\$ 929</u>	<u>100%</u>	<u>70%</u>

- Business-type activity program revenue of \$271 million, which supported 125% of the total 2019 business-type expenses of \$217 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.....	\$ 103	38%	47%
Sewer.....	70	26%	32%
Transportation.....	40	15%	18%
Port.....	7	2%	3%
MMSD sewer user charges.....	51	19%	24%
Total.....	<u>\$ 270</u>	<u>100%</u>	<u>124%</u>

Fund Financial Statements

- Total governmental fund, year-end 2019 fund balance was \$206 million, compared to the 2018 ending fund balance of \$245 million, a decrease of \$39 million or 16%.
- The 2019 General Fund, year-end fund balance totaled \$52 million, a \$15 million decrease compared to the 2018 balance of \$67 million. The 2019 ending Fund Balance is approximately 7% of the \$758 million combined General Fund expenditures and transfers for the year.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

Notes

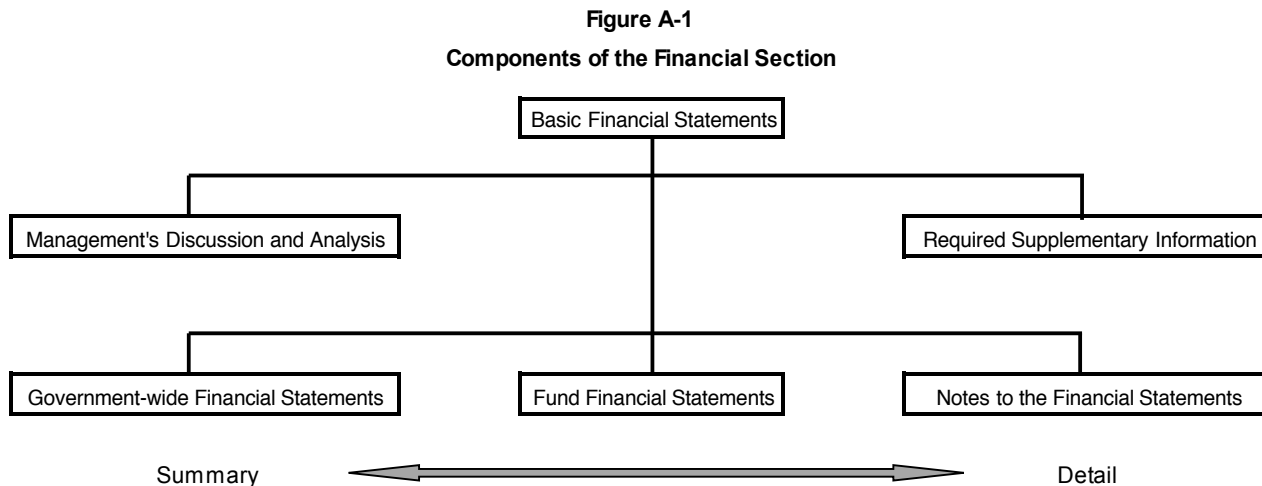
- Outstanding General Obligation bonds and notes payable were \$1.055 billion at year-end 2019, an increase of \$26 million compared to the 2018 total of \$1.029 billion. In addition, revenue bonds of \$150 million and state loans of \$184 million were outstanding at year-end. Total outstanding debt at the end of 2019, including unamortized premium, totaled \$1.473 billion, a \$33 million increase over the 2018 total of \$1.440 billion.

Required Supplementary Information

- General Fund operating revenues were \$3.6 million higher than budgeted while operating expenditures were \$1.8 million less than budgeted in 2019. Property taxes were \$6.6 million lower than budget while revenues other than property taxes were \$10.1 million higher than budget. Licenses and permits, Interest on temporary investments and miscellaneous revenues were \$2.3 million, \$2.9 million and \$2.8 million higher than budget, respectively, causing most of the revenue variance.
- Total OPEB liability increased \$231 million to \$1.444 billion as of December 31, 2019, compared to \$1.213 billion as of December 31, 2018.
- Due to a lower-than-expected net investment return, the 2019 pension liability increased \$842 million to \$1.146 billion compared to the 2018 pension liability of \$304 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 agent for the benefit of others to whom the resources belong.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

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

Figure A-2				
Major Features of Government-wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the city for basic governmental services	The day-to-day operating activities of the city for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus, except agency funds do not have measurement focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; capital assets and long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

The government-wide financial statements of the City of Milwaukee are 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 the water, sewer user charge, sewer maintenance, Transportation, and port. User charges or fees primarily support these activities.
- The *component units* include three other entities in its report: Redevelopment Authority of the City of Milwaukee, 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, 2019
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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 separately in Table 1. Table 1 focuses on the net position and Table 2a focuses on the changes in net position.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 1
Summary of Statement of Net Position
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 913,495	\$ 948,339	\$ 126,598	\$ 124,304	\$ 1,040,093	\$ 1,072,643
Capital assets	1,343,169	1,333,203	1,231,217	1,172,080	2,574,386	2,505,283
Total assets	2,256,664	2,281,542	1,357,815	1,296,384	3,614,479	3,577,926
Loss on refunding.....	-	-	-	31	-	31
Deferred outflows for pensions.....	760,981	219,744	23,917	9,400	784,898	229,144
Deferred outflows for OPEB.....	190,633	-	11,233	-	201,866	-
Long-term obligations	3,623,779	2,586,087	528,472	463,081	4,152,251	3,049,168
Other liabilities	271,629	268,943	54,537	55,132	326,166	324,075
Total liabilities	3,895,408	2,855,030	583,009	518,213	4,478,417	3,373,243
Deferred Inflows of Resources:						
Gain on Refunding.....	485	649	-	-	485	649
Deferred inflows for grants.....	-	-	719	699	719	699
Subsequent years property taxes.....	346,410	331,334	-	-	346,410	331,334
Pension and OPEB related.....	159,366	184,234	8,300	8,859	167,666	193,093
Total deferred inflows.....	506,261	516,217	9,019	9,558	515,280	525,775
Net position:						
Net investment in capital assets.....	841,714	812,090	820,749	801,685	1,662,463	1,613,775
Restricted	196,639	202,334	9,773	10,461	206,412	212,795
Unrestricted	(2,231,744)	(1,884,385)	(29,585)	(34,102)	(2,261,329)	(1,918,487)
Total net position	\$(1,193,391)	\$ (869,961)	\$ 800,937	\$ 778,044	\$ (392,454)	\$ (91,917)

Net position of the City's governmental activities decreased to (\$1.19) billion for 2019. The portion of net position restricted as to use totaled \$197 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$842 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 \$2.23 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 \$801 million in 2019. 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 2019 long-term obligations for governmental activities were \$3.62 billion, an increase of 40% over the 2018 amount of \$2.59 billion. Most of this increase is attributable to the increase in pension and other post employment benefits. Year-end long-term obligations related to business-type activities were \$528 million, an increase of 14% over the 2018 amount of \$463 million. This \$65 million increase is also due mainly to an increase in loans from the State.

Total 2019 primary government assets, including capital assets, were \$3.61 billion, an increase of \$36 million or 1% from the 2018 amount of \$3.58 billion. At year-end 2019, 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
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Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2019 totaled \$895 million. This 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 2019 expenditures were \$1.25 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 18% (see Table 2b) of total governmental activity revenue. General revenues (taxes, State aids, grants, and miscellaneous) account for the remaining 82%.

Governmental Activity revenue for 2019 was \$358 million below expenditures, \$323 million below after a \$34 million transfer from business-type activities. Business-type activity revenue exceeded expenditures and transfers by \$23 million, net of the transfer to governmental funds. Chart 1, *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict the comparison of revenues vs. expenditures, by major function. Table 2a and the narrative that follows, report the operations of governmental and business-type activities separately.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 164,558	\$ 137,580	\$ 261,966	\$ 263,809	\$ 426,524	\$ 401,389
Operating grants and contributions	44,728	65,545	-	-	44,728	65,545
Capital grants and contributions	1,278	569	8,907	41,788	10,185	42,357
General revenues:						
Property taxes and other taxes	329,601	316,655	-	-	329,601	316,655
State aids for General Fund	270,575	268,792	-	-	270,575	268,792
Miscellaneous	84,084	115,735	3,148	1,638	87,232	117,373
Total revenues	<u>894,824</u>	<u>904,876</u>	<u>274,021</u>	<u>307,235</u>	<u>1,168,845</u>	<u>1,212,111</u>
Expenses						
General government	363,272	309,828	-	-	363,272	309,828
Public safety	557,403	437,746	-	-	557,403	437,746
Public Works	206,475	192,613	-	-	206,475	192,613
Health	24,313	21,789	-	-	24,313	21,789
Culture and recreation	30,023	26,866	-	-	30,023	26,866
Conservation and development	47,529	47,904	-	-	47,529	47,904
Interest on long-term debt	23,710	21,451	-	-	23,710	21,451
Water	-	-	74,954	78,310	74,954	78,310
Sewer Maintenance	-	-	55,747	58,550	55,747	58,550
Transportation	-	-	27,931	25,031	27,931	25,031
Port of Milwaukee	-	-	4,724	4,840	4,724	4,840
Metropolitan Sewerage District User Charges.....	-	-	53,301	53,772	53,301	53,772
Total expenses	<u>1,252,725</u>	<u>1,058,197</u>	<u>216,657</u>	<u>220,503</u>	<u>1,469,382</u>	<u>1,278,700</u>
Increase in net position before transfers	(357,901)	(153,321)	57,364	86,732	(300,537)	(66,589)
Transfers	34,471	37,801	(34,471)	(37,801)	-	-
Increase (decrease) in net position	(323,430)	(115,520)	22,893	48,931	(300,537)	(66,589)
Net position – Beginning.....	(869,961)	(754,441)	778,044	729,113	(91,917)	(25,328)
Net position – Ending	<u>\$ (1,193,391)</u>	<u>\$ (869,961)</u>	<u>\$ 800,937</u>	<u>\$ 778,044</u>	<u>\$ (392,454)</u>	<u>\$ (91,917)</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Revenues for the City's governmental activities totaled \$895 million, while total expenses totaled \$1.25 billion for 2019, resulting in a deficit of \$358 million. Total revenues, excluding transfers, supported 68% of total expenses; 70% including transfers. Comparable data for 2018 indicates total revenues, excluding transfers supported 85% of expenses; 89% including transfers.

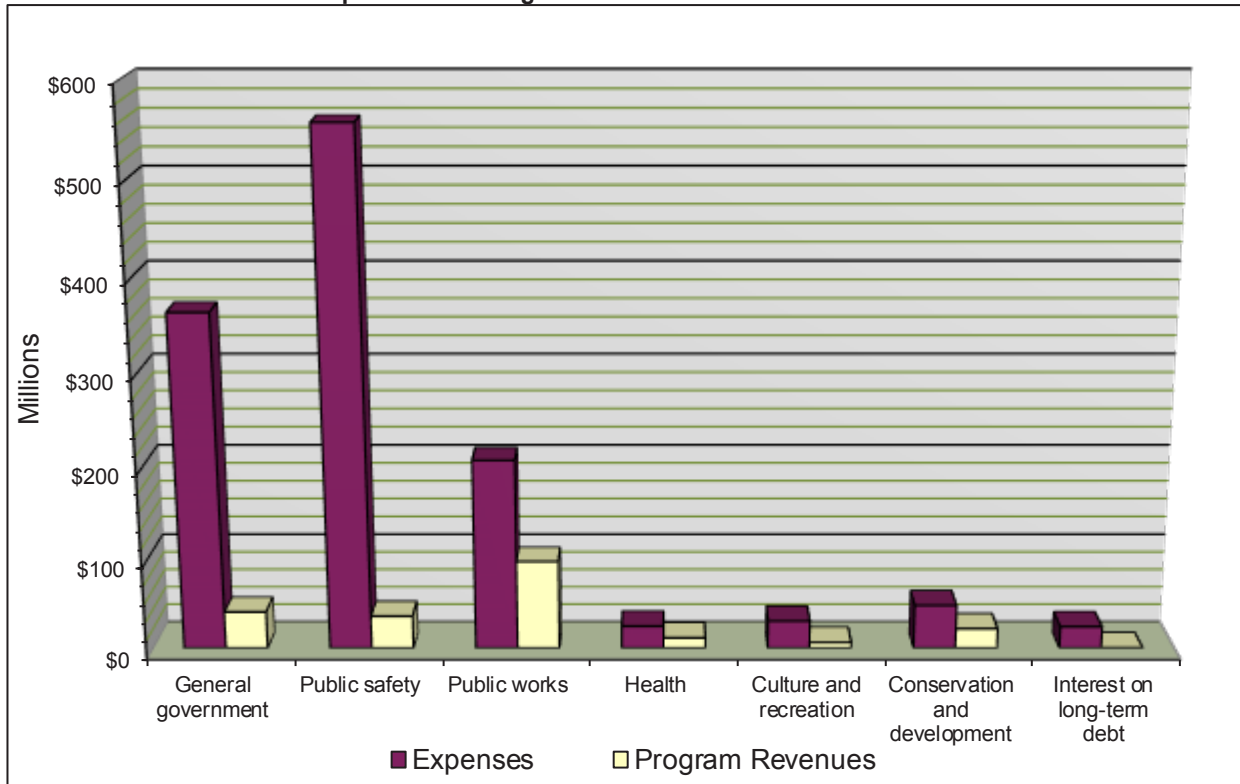
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

Category	2019		2018	
	Amount	% of Total	Amount	% of Total
Property taxes.....	\$ 329,601	37%	\$ 316,655	35%
State aids.....	270,575	30%	268,792	30%
Charges for services.....	164,558	18%	137,580	15%
Grants and contributions.....	46,006	5%	66,114	7%
Miscellaneous.....	84,084	10%	115,735	13%
Total.....	<u>\$ 894,824</u>	<u>100%</u>	<u>\$ 904,876</u>	<u>100%</u>

Total 2019 governmental activity expenditures increased \$195 million or 18% compared to 2018. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2019 Expenses and Program Revenues – Governmental Activities



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 cost of services not funded with direct program revenue for governmental activities increased in 2019 to \$1.04 billion from \$855 million in 2018, a 22% increase.

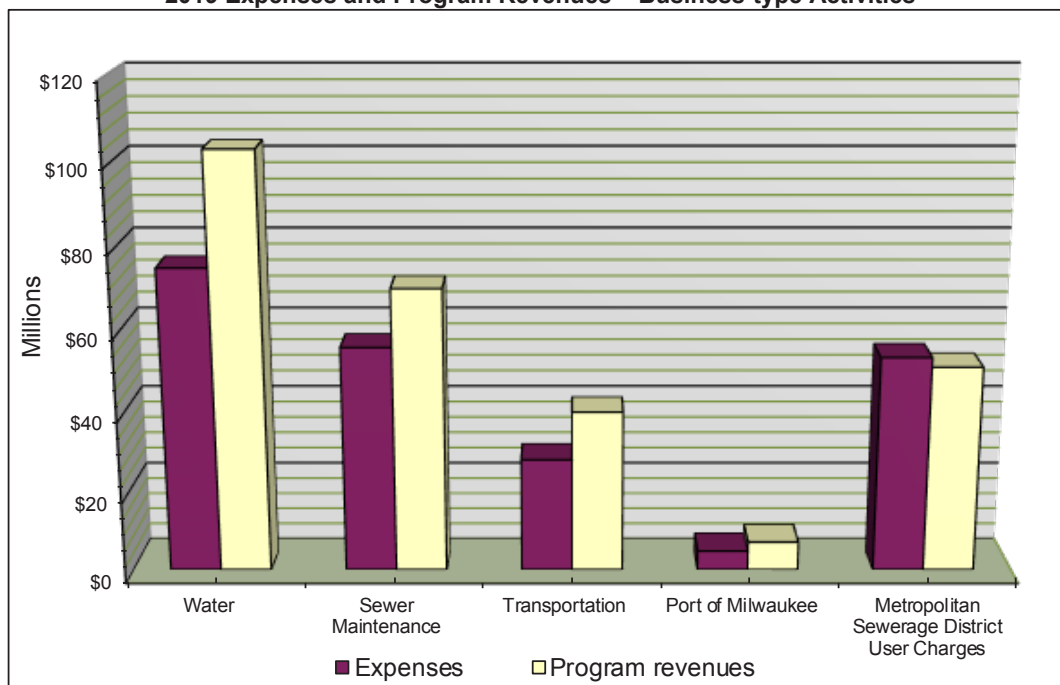
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	<u>Total Cost of Services</u>				<u>Net Cost of Services</u>	
	<u>2019</u>	<u>% of Total</u>	<u>2018</u>	<u>% of Total</u>	<u>2019</u>	<u>2018</u>
General government	\$ 363,272	29%	\$ 309,828	29%	\$ 323,130	\$ 259,131
Public safety	557,403	44%	437,746	41%	521,953	404,752
Public works	206,475	16%	192,613	18%	110,357	101,179
Health	24,313	2%	21,789	2%	13,061	10,626
Culture and recreation	30,023	2%	26,866	2%	23,953	22,485
Conservation and development ..	47,529	4%	47,904	5%	25,997	34,879
Interest on long-term debt	23,710	2%	21,451	2%	23,710	21,451
Total Governmental Activities ..	\$ 1,252,725	100%	\$ 1,058,197	100%	\$ 1,042,161	\$ 854,503

Business-type Activities

Revenues for the City's business-type activities totaled \$274 million, while expenses and transfers out totaled \$251 million for 2019, resulting in a surplus of \$23 million (see Table 3b). Total revenues supported 126% of total expenses excluding transfers out and 109% including transfers out. Comparable data for 2018 indicates total revenues supported 139% of expenses excluding transfers out; 119% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2019 Expenses and Program Revenues – Business-type Activities



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

Table 3a
Major Enterprise Fund - Revenues and Expenses

(Thousands of Dollars)

	Water	Sewer
	<u>Works</u>	<u>Maintenance</u>
Revenues.....	\$ 103,022	\$ 70,050
Expenses.....	74,954	55,747
Net operating income.....	<u>\$ 28,068</u>	<u>\$ 14,303</u>

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

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

(Thousands of Dollars)

	<u>2019</u>	<u>2018</u>	Increase (Decrease)	
			<u>Amount</u>	<u>Percentage</u>
Revenues.....	\$ 274,021	\$ 307,235	\$ (33,214)	-11%
Expenses/Transfers.....	\$ 251,128	\$ 258,304	\$ (7,176)	-3%
Net position.....	\$ 800,937	\$ 778,044	\$ 22,893	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 2019, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$206 million, a decrease of \$39 million or 16% from the 2018 balance of \$245 million. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 4a
Governmental Funds Change in Fund Balances
(Thousands of Dollars)

	General						
	<u>General</u>	<u>Obligation Debt Service</u>	<u>Public Debt Amortization</u>	<u>Economic Development</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
2019 ending balance.....	\$ 52,489	\$ 33,542	\$ 48,861	\$ 88,430	\$ 2,193	\$ (19,179)	\$ 206,336
2018 ending balance.....	66,994	47,421	50,537	74,728	18,144	(12,854)	244,970
Increase (decrease).....	\$ (14,505)	\$ (13,879)	\$ (1,676)	\$ 13,702	\$ (15,951)	\$ (6,325)	\$ (38,634)
% increase/(decrease).....	-22%	-29%	-3%	18%	-88%	49%	-16%

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 \$72 million in 2019 compared to \$133 million in 2018.

Revenues for governmental functions overall totaled \$897 million in the fiscal year ended December 31, 2019, an increase of \$17 million compared to the 2018 total of \$880 million. Other financing sources were \$453 million, a \$102 million decrease from the 2018 total of \$555 million. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from proprietary funds; and transfers of loan repayments received by the Neighborhood Improvement Development Corporation component unit. Governmental revenues, by source, are shown on Table 4b below.

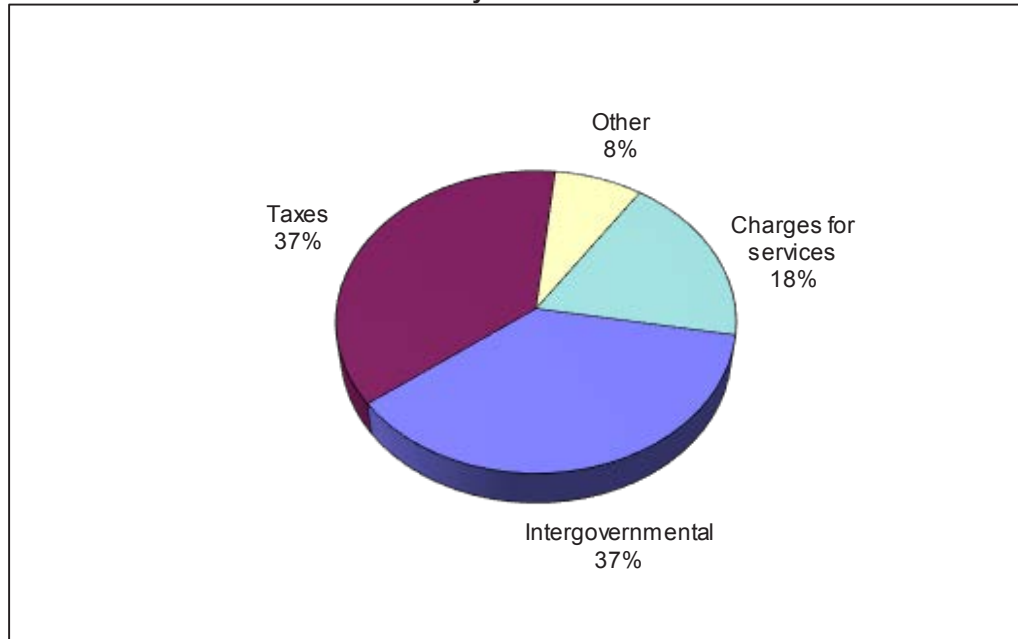
Table 4b
Governmental Fund Revenues by Source
(Thousands of Dollars)

	General						
	<u>General</u>	<u>Obligation Debt Service</u>	<u>Public Debt Amortization</u>	<u>Economic Development</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Intergovernmental.....	\$ 270,575	\$ -	\$ -	\$ -	\$ 21,107	\$ 39,791	\$ 331,473
Taxes.....	208,607	68,558	2,387	43,340	8,355	-	331,247
Charges for services.....	142,312	12,402	-	9,844	-	-	164,558
Other.....	47,825	2,759	4,942	-	7,587	6,380	69,493
Total revenues.....	669,319	83,719	7,329	53,184	37,049	46,171	896,771
Other sources.....	74,312	285,576	-	-	72,887	20,513	453,288
Total revenues & sources.....	<u>\$ 743,631</u>	<u>\$ 369,295</u>	<u>\$ 7,329</u>	<u>\$ 53,184</u>	<u>\$ 109,936</u>	<u>\$ 66,684</u>	<u>\$ 1,350,059</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Chart 3 below depicts revenue, by source, for all governmental funds.

Chart 3
2019 Revenues by Source – Governmental



Expenditures for governmental funds totaled \$1.302 billion. Other financing uses totaled \$87 million, a \$76 million decrease compared to the 2018 total of \$163 million. Expenditures exceeded revenues in 2019, causing a gap of \$405 million. The excess of other financing sources over other financing uses of \$366 million helped to close the gap. However, the net change in fund balances was a decrease of \$39 million for the year compared to a decrease of \$10 million in 2018. Governmental expenditures, by function, are shown on Table 4c below.

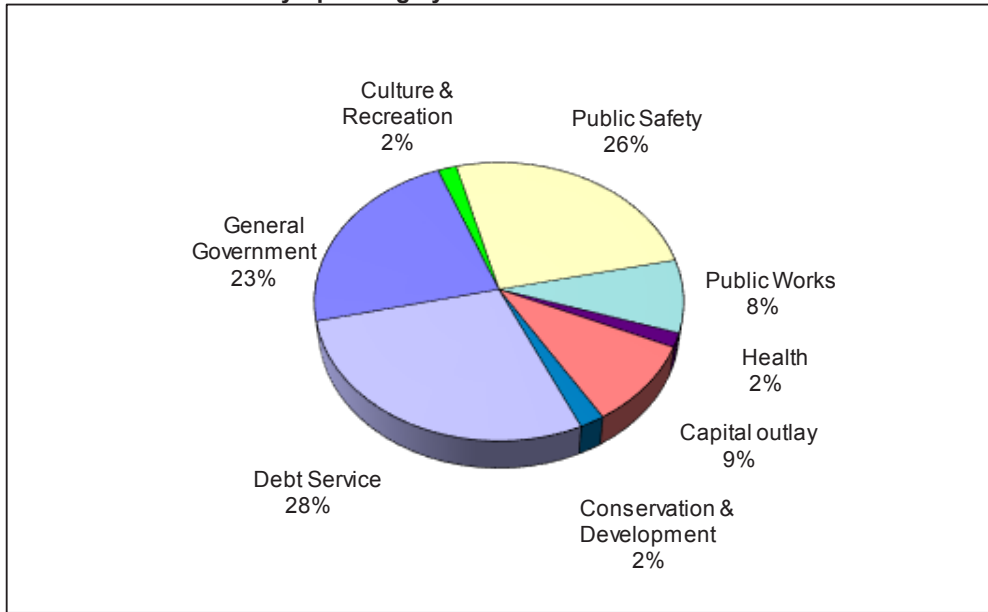
Table 4c
Governmental Fund Expenditures by Source
(Thousands of Dollars)

	General						Total
	General	Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor	
General government.....	\$ 292,067	\$ 883	\$ 5	\$ -	\$ -	\$ 3,430	\$ 296,385
Public safety.....	320,748	-	-	-	-	12,152	332,900
Public works.....	107,147	-	-	-	-	2,984	110,131
Health.....	11,914	-	-	-	-	9,164	21,078
Culture & recreation.....	19,465	-	-	-	-	3,694	23,159
Conservation & development..	4,686	-	-	9,976	-	11,361	26,023
Capital outlay.....	-	-	-	-	125,788	-	125,788
Debt service.....	-	366,038	-	-	-	-	366,038
Total expenditures.....	756,027	366,921	5	9,976	125,788	42,785	1,301,502
Other uses.....	2,109	16,253	9,000	29,506	99	30,224	87,191
Total expenditures & uses....	\$ 758,136	\$ 383,174	\$ 9,005	\$ 39,482	\$ 125,887	\$ 73,009	\$ 1,388,693

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Chart 4 below depicts spending by function for all governmental funds.

Chart 4
2019 City Spending by Function – Governmental Funds



Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund decreased \$15 million or 22%. Revenues and other financing sources totaled approximately \$744 million and expenditures and other financing uses totaled approximately \$758 million - detailed in Table 5 below. General Fund revenues increased \$11 million due mostly to increases of \$6 million in property taxes, and \$5 million in charges for services.

Expenditures increased \$7 million to \$756 million, compared to the 2018 total of \$749 million. This \$7 million is comprised of increases in public safety, public works and health expenditures of \$3 million, \$2 million and \$2 million, respectively. The increase in expenditures is due mainly to increases in fringe benefit costs such as pension and health insurance. Total expenditures exceeded total revenues by \$87 million or 13%.

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 \$72 million not including the \$16 million transfer out of fund balance to fund expenditures. This \$16 million fund balance withdrawal was a \$3 million decrease from the 2018 transfer out of \$19 million.

Total General Fund revenues for 2019 were \$669 million. The largest revenue category is intergovernmental at \$271 million, representing 41% of the total. The second largest revenue source is Property Taxes with \$205 million or 31%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 21% or \$142 million. These three categories comprise 93% of the total 2019 revenues.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 5 below presents a summary of revenues and expenditures of the General Fund compared to prior year:

Table 5
General Fund
Summary of Revenues, Expenditures and Other Financing Sources and Uses
(Thousands of Dollars)

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
Revenues:	2019	2018	Percent Change	Expenditures:	2019	2018	Percent Change
Property taxes	\$ 204,786	\$ 198,951	2.9%	General government.....	\$ 292,067	\$ 292,790	-0.2%
Other taxes	3,821	2,831	35.0%	Public safety.....	320,748	317,801	0.9%
Licenses and permits	18,502	17,232	7.4%	Public works.....	107,147	104,070	3.0%
Intergovernmental	270,575	268,792	0.7%	Health.....	11,914	9,872	20.7%
Charges for services	142,312	137,580	3.4%	Culture and recreation	19,465	19,668	-1.0%
Fines and forfeits	2,633	3,297	-20.1%	Conservation and development	4,686	4,862	-3.6%
Contributions received	2,719	3,205	-15.2%	Other	-	-	
Other	23,971	26,761	-10.4%	Total Expenditures	756,027	749,063	0.9%
Total Revenues	669,319	658,649	1.6%	Other Financing Uses			
Excess of Revenues over Expenditures	(86,708)	(90,414)	4.1%	Transfers out	2,109	64,009	-96.7%
Other Financing Sources				Total Expenditures			
Debt proceeds	25,050	62,330	-59.8%	Other Financing Uses ..	\$ 758,136	\$ 813,072	-6.8%
Transfers in	49,262	61,611	-20.0%	Net Change in			
Total Revenues and Other Financing Sources ..	743,631	782,590	-5.0%	Fund Balance	\$ (14,505)	\$ (30,482)	52.4%

During 2019, the City issued and repaid \$120 million of Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues. During 2019, \$300 million of RANS were issued and repaid, including notes issued for the Milwaukee Public Schools.

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 2019 fund balance of the General Obligation Debt Service Fund decreased \$14 million to \$33 million compared to the 2018 balance of \$47 million (see Table 4a).

Total revenues of the General Obligation Debt Service Fund increased \$1.3 million to \$83.7 million in 2019 from \$82.4 million in 2018. Revenues combined with *Other Financing Sources* totaled \$369 million (see table 4b) while expenditures combined with *Other Financing Uses* totaled \$383 million (see Table 4c); resulting in a decrease in Fund Balance for year-end 2019 of \$14 million (see Table 4a).

The PDAF is governed by State Statutes Section 67.101 whereby accumulated funds can be used for the retirement of the public debt. The 2019 PDAF fund balance was \$48.9 million, a \$1.6 million decrease from the 2018 balance of \$50.5 million – see Table 4a.

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, 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 2019 fund balance of the Economic Development fund increased \$13.7 million to \$88.4 million from the 2018 total of \$74.7 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

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 2019, total debt proceeds amounted to \$72 million as compared to \$133 million in 2018, a 46% decrease. Total revenues decreased \$6 million to \$37 million in 2018 from \$43 million 2018; expenditures decreased \$40 million, to \$126 million in 2019 compared to \$166 million in 2018. The expenditures and transfers out exceeded the current year's revenues, transfers and issuance of bonds and notes during 2019 for capital purposes resulting in a fund balance of \$2 million, a \$16 million decrease compared to the 2018 fund balance of \$18 million (Table 4a).

Proprietary Funds

The proprietary fund statements provide information on both short and long-term financial status, focusing on net position and the change in net position resulting from operations. Major proprietary funds include Water Works and Sewer Maintenance. Nonmajor Proprietary funds include Transportation, Port of Milwaukee and Metropolitan Sewerage District User Charge.

At the end of the fiscal year, the total net position for all proprietary funds was \$801 million, an increase of \$23 million from the 2018 balance of \$778 million. This \$23 million increase is a combination of, increases of \$15 million in Water Works, \$13 million in the Sewer Maintenance fund combined with a decrease of \$5 million in the Nonmajor Proprietary funds. The Nonmajor Proprietary funds decrease of \$5 million is a combination of a decrease of \$3 million in Transportation combined with a decrease of \$2 million in Metropolitan Sewerage District User Charge (see Table 6b for detail).

In 2019, operating revenues of the proprietary funds totaled \$262 million (a 1% decrease) while total operating expenses decreased \$9 million to \$177 million. The Water Works is the largest proprietary activity of the City, comprising approximately 38% 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 2019, Water Works operating revenues decreased \$1.6 million or 1.6%, caused mainly by a decrease in water sales. Increased sewer maintenance fees caused Sewer Maintenance operating revenues to increase \$1.5 million or 2.3%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6a, detail presented in Table 6b) decreased \$1.7 million or 1.7% compared to 2018. This \$1.7 million revenue decrease is the result of decrease of \$1.3 million, \$47 thousand and \$371 thousand in the Transportation, Port and Sewerage District User Charge funds, respectively.

The Water Works incurred total operating expenses of \$70.4 million for 2019, a decrease of \$7.8 million compared to 2018 total of \$78.2 million. This decrease was mostly caused by a decrease in administrative and general expense. Sewer Maintenance operating expenses totaled \$22.1 million in 2019, a decrease of \$3.2 million compared to the 2018 total of \$25.3 million. This decrease was caused mainly by a reduction in employee services, supplies and materials expense.

The 2019 combined operating expenses of all other proprietary funds increased \$2 million or 2.4% from the 2018 total of \$83 million. Table 6b below presents a summary of revenues and expenditures and changes in net position of the nonmajor proprietary funds. This \$2 million expense increase is the result of increases of \$2.8 million, decrease of \$400 thousand and \$400 thousand in the Transportation, Port and Sewerage District User Charge funds, respectively. The Transportation increase was caused mainly by an increase in services, supplies and materials expense.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

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.....	\$ 99,015	\$ 68,058	\$ 94,893	\$ 261,966
Operating expenses.....	70,449	22,083	84,952	177,484
Operating income.....	28,566	45,975	9,941	84,482
Nonoperating revenues (expenses).....	(754)	(31,330)	4,555	(27,529)
Income before contributions & transfers.....	27,812	14,645	14,496	56,953
Capital contributions and transfers.....	(12,889)	(1,358)	(19,813)	(34,060)
Increase (decrease) in net position.....	14,923	13,287	(5,317)	22,893
Net position 2018.....	444,253	277,207	56,584	778,044
Net position 2019.....	<u>\$ 459,176</u>	<u>\$ 290,494</u>	<u>\$ 51,267</u>	<u>\$ 800,937</u>

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

	<u>Port of Transportation</u>	<u>Milwaukee</u>	<u>Metropolitan Sewerage District User Charge</u>	<u>Total</u>
Operating revenues.....	\$ 37,793	\$ 6,158	\$ 50,942	\$ 94,893
Operating expenses.....	27,405	4,246	53,301	84,952
Operating income.....	10,388	1,912	(2,359)	9,941
Nonoperating revenues (expenses).....	4,166	389	-	4,555
Income before transfers.....	14,554	2,301	(2,359)	14,496
Transfers.....	(18,283)	(1,530)	-	(19,813)
Increase (decrease) in net position.....	(3,729)	771	(2,359)	(5,317)
Net position 2018.....	42,711	16,378	(2,505)	56,584
Net position 2019.....	<u>\$ 38,982</u>	<u>\$ 17,149</u>	<u>\$ (4,864)</u>	<u>\$ 51,267</u>

General Fund Budgetary Highlights

For the year ended December 31, 2019, the General Fund budgetary-basis actual revenues were \$3.6 million higher than budgeted revenues. Property taxes were \$6.6 million and fines and forfeitures were \$618 thousand less than budgeted. However, all other categories including other taxes, licenses & permits, intergovernmental, charges for services and other exceeded the final budget by a total of \$10.8 million. Actual total revenues increased \$13 million to \$650 million in 2019 from \$637 million in 2018. Intergovernmental revenues increased \$2 million to \$271 million from \$269 million in 2018. The intergovernmental category includes financing from the State for shared taxes, local street aids, and payment for municipal services.

Operating expenditures were \$1.8 million less than budgeted. This favorable variance is due mainly to savings in the general government and public safety categories.

Final budget other financing sources and uses were \$73 million, an increase of \$25 million compared to the original budget of \$48 million. This increase was due to the issuance of general obligation notes to finance the fiscal requirements of the City.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

The original 2019 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2018 less the encumbrances carried over to 2020. The final budget includes the original budget, as defined above, plus appropriations authorized for carryover from 2018 by the Common Council less those appropriations authorized for carryover to 2020. 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 2019 General Fund expenditure budget of \$697 million and the final budget of \$738 million, which is a 6% increase compared to the final 2018 budget of \$732 million. The final revenue budget of \$646 million is a 1% decrease compared to the final 2018 revenue budget of \$651 million. Table 7 below presents a summary of 2019 General Fund budget to actual revenues, expenses and changes in fund balance.

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues.....	\$646,433	\$ 646,433	\$650,016	\$ 3,583
Operating expenses.....	<u>696,931</u>	<u>737,743</u>	<u>735,901</u>	<u>1,842</u>
Deficiency of revenues over expenditures.....	(50,498)	(91,310)	(85,885)	5,425
Other financing sources (uses).....	<u>49,500</u>	<u>74,323</u>	<u>87,380</u>	<u>13,057</u>
Net change in fund balance.....	(998)	(16,987)	1,495	18,482
Fund balance 2018.....	<u>50,994</u>	<u>50,994</u>	<u>50,994</u>	
Fund balance 2019.....	<u>\$ 49,996</u>	<u>\$ 34,007</u>	<u>\$ 52,489</u>	<u>\$ 18,482</u>

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

The General Fund's beginning Fund Balance of \$67 million, as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit A-3), differs from the General Fund's budgetary Fund Balance of \$51 million, reported in the Budgetary Comparison Schedule (Exhibit E-1,) by the \$16 million withdrawal from the Fund Balance.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2019 total \$2.6 billion (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$69 million. Governmental activities' capital assets increased \$10 million from 2018. Business-type activity capital assets increased \$59 million at the end of 2019. A schedule comparing the assets by type for 2019 and 2018 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 2019 additions were \$98 million and deletions were \$48 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 \$34 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 55% of its total capital assets with 34% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$22 million.

Table 8
Net Capital Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
					Primary Government	
	2019	2018	2019	2018	2019	2018
Capital assets not being depreciated:						
Land	\$ 165,465	\$ 165,681	\$ 19,252	\$ 19,252	\$ 184,717	\$ 184,933
Construction in progress	120,964	112,050	70,577	50,400	191,541	162,450
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:.....						
Buildings	385,746	376,832	133,073	133,183	518,819	510,015
Infrastructure.....	1,861,511	1,837,394	1,252,195	1,195,692	3,113,706	3,033,086
Improvements other than buildings.	12,175	12,175	11,206	10,903	23,381	23,078
Machinery and equipment	247,354	239,612	303,392	298,840	550,746	538,452
Intangible software.....	14,722	13,930	-	-	14,722	13,930
Nonutility property	-	-	3,918	3,918	3,918	3,918
Accumulated depreciation	(1,466,110)	(1,425,813)	(562,396)	(540,108)	(2,028,506)	(1,965,921)
Total	\$ 1,343,169	\$ 1,333,203	\$ 1,231,217	\$ 1,172,080	\$ 2,574,386	\$ 2,505,283

Debt

At year-end, the City owed \$1.05 billion in general obligation bonds and notes, \$183 million in State loans, and \$150 million in revenue bonds outstanding. Debt totals, excluding unamortized premium, are itemized in Table 9.

During 2019, \$366 million of general obligation bonds and notes and \$28 million of State loans were issued. Of the \$366 million of new general obligation bonds and notes issuances, \$315 million related to governmental activities and \$51 million was for business-type activities. All 2019 State loan issuances were for business-type activities.

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

The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2019, \$17.7 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, 2019
 (Unaudited)

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds and notes (backed by the City)	\$ 988,466	\$ 994,923	\$ 66,674	\$ 34,172	\$ 1,055,140	\$ 1,029,095
State loans	-	-	183,866	166,243	183,866	166,243
Revenue bonds (backed by specific fee revenues)	-	-	149,675	158,360	149,675	158,360
Total	\$ 988,466	\$ 994,923	\$ 400,215	\$ 358,775	\$ 1,388,681	\$ 1,353,698

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the City. The City's evaluation of the effects of these events is ongoing, however, it may impact the investment valuations, declines in revenues, increases in accounts receivables, and increased costs related to City operations.

The average unemployment rate within the City of Milwaukee for 2019 was 4.5%, compared to 3.6% for 2018. The City of Milwaukee per capita income for 2018 (the most recent fiscal year available) was \$47,589, compared to \$45,338 for 2017. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2020 adopted City Budget totals \$1.61 billion with a General Fund budget of \$758 million. The General Fund budget increased \$11 million from the 2019 budget of \$747 million. In 2019, the City expects to spend \$112 million for health insurance and related costs compared to \$109 million budgeted for 2019, a \$3 million increase.

The Public Works portion of the 2020 budget includes \$15.5 million to replace 1,100 lead water service lines. In addition, 26 miles of streets and 21 miles of sewers will be improved or replaced. The Public Safety budget includes funding for an average of 1,802 sworn officers and the hiring of 65 new police officer recruits. The Health portion of the 2020 budget includes \$8.1 million in funding for lead hazard abatement and lead risk assessment and education.

The City of Milwaukee's share of the Tax Rate decreased to \$10.58 (per \$1,000 of Assessed Value) from the 2019 rate of \$10.59. The total City 2019 property tax levy increased \$10.0 million to \$291.0 million, compared to \$281.0 million in 2018, while the assessed valuation of all property within the City increased \$1.1 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Unaudited)

The 2019 property tax levy (which funds the 2020 budget) is shown in Table 10 below along with a comparison to the 2018 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	<u>Levy Year *</u>		Increase (decrease)
	<u>2019</u>	<u>2018</u>	
General city purposes.....	\$ 115,230	\$ 119,704	\$ (4,474)
Employee retirement.....	96,710	86,619	10,091
Capital improvements.....	566	1,114	(548)
Debt.....	73,512	68,559	4,953
Contingent fund.....	5,000	5,000	-
Total levy.....	<u>\$ 291,018</u>	<u>\$ 280,996</u>	<u>\$ 10,022</u>

*Levy year funds the next year's budget.

The 2020 General City Purpose budget includes \$638 million in estimated revenue, an increase of \$4.0 compared to 2019. The sources of funds for the 2020 General City Purpose budget, by category, compared to the 2019 budget is shown in Table 11.

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

	<u>Budget Year*</u>		Increase (decrease)
	<u>2020</u>	<u>2019</u>	
Tax levy.....	\$ 115,230	\$ 119,704	\$ (4,474)
Taxes and PILOTS.....	18,031	17,984	47
Licenses and permits.....	17,165	16,125	1,040
Intergovernmental revenue.....	273,505	270,081	3,424
Charges for services.....	134,770	129,077	5,693
Transfers.....	26,110	32,000	(5,890)
Other.....	52,814	49,145	3,669
Total sources.....	<u>\$ 637,625</u>	<u>\$ 634,116</u>	<u>\$ 3,509</u>

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2019
(Thousands of Dollars)

Exhibit 1

	<u>Primary Government</u>			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 305,402	\$ 47,398	\$ 352,800	\$ 72,779
Receivables (net):				
Taxes	247,063	-	247,063	-
Accounts	38,796	46,852	85,648	154
Unbilled accounts	4,983	19,988	24,971	-
Special assessments	7,285	-	7,285	-
Notes and loans	84,828	-	84,828	11,359
Accrued interest	543	175	718	994
Due from component units	11,095	-	11,095	-
Due from primary government	-	-	-	30
Due from other governmental agencies	197,992	7,227	205,219	82,520
Inventory of materials and supplies	9,345	3,936	13,281	-
Inventory of property for resale	26	-	26	8,093
Prepaid items	6,137	952	7,089	72
Other assets	-	70	70	-
Total Noncapital Assets	<u>913,495</u>	<u>126,598</u>	<u>1,040,093</u>	<u>176,001</u>
Capital assets:				
Capital assets not being depreciated:				
Land	165,465	19,252	184,717	10,593
Construction in progress	120,964	70,577	191,541	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	385,746	133,073	518,819	75,621
Infrastructure	1,861,511	1,252,195	3,113,706	333
Improvements other than buildings	12,175	11,206	23,381	4,264
Machinery and equipment	247,354	303,392	550,746	6
Intangible software.....	14,722	-	14,722	565
Nonutility property	-	3,918	3,918	-
Accumulated depreciation	<u>(1,466,110)</u>	<u>(562,396)</u>	<u>(2,028,506)</u>	<u>(27,166)</u>
Total Capital Assets	<u>1,343,169</u>	<u>1,231,217</u>	<u>2,574,386</u>	<u>64,216</u>
Total Assets	<u>2,256,664</u>	<u>1,357,815</u>	<u>3,614,479</u>	<u>240,217</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	760,981	23,917	784,898	-
Deferred outflows for OPEB	<u>190,633</u>	<u>11,233</u>	<u>201,866</u>	-
Total Deferred Outflows of Resources	<u>951,614</u>	<u>35,150</u>	<u>986,764</u>	-

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2019
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 61,953	\$ 28,768	\$ 90,721	\$ 1,248
Accrued expenses	31,888	1,623	33,511	1,096
Accrued interest payable	9,675	1,426	11,101	-
Internal balances	(16,326)	16,326	-	-
Due to component units	30	-	30	-
Due to other governmental agencies	1,614	-	1,614	1,601
Unearned revenues.....	2,055	6,394	8,449	499
Revenue anticipation notes payable	180,740	-	180,740	-
Other liabilities	-	-	-	2,642
Due to primary government:				
Due within one year	-	-	-	889
Due in more than one year	-	-	-	10,206
Long-term obligations:				
Due within one year	141,532	26,605	168,137	4,276
Due in more than one year	<u>3,482,247</u>	<u>501,867</u>	<u>3,984,114</u>	<u>168,818</u>
Total Liabilities	<u>3,895,408</u>	<u>583,009</u>	<u>4,478,417</u>	<u>191,275</u>
Deferred Inflows of Resources:				
Gain on refunding.....	485	-	485	-
Deferred inflows for grants.....	-	719	719	-
Subsequent years property taxes.....	346,410	-	346,410	-
Deferred inflows for pensions	67,292	2,875	70,167	-
Deferred inflows for OPEB	<u>92,074</u>	<u>5,425</u>	<u>97,499</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>506,261</u>	<u>9,019</u>	<u>515,280</u>	<u>-</u>
NET POSITION				
Net investment in capital assets.....	841,714	820,749	1,662,463	24,181
Restricted for:				
Debt service	72,728	9,773	82,501	-
Other purposes	123,911	-	123,911	12,166
Unrestricted	<u>(2,231,744)</u>	<u>(29,585)</u>	<u>(2,261,329)</u>	<u>12,595</u>
Total Net Position	<u>\$ (1,193,391)</u>	<u>\$ 800,937</u>	<u>\$ (392,454)</u>	<u>\$ 48,942</u>

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

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 December 31, 2019
 (Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 363,272	\$ 37,984	\$ 2,158	\$ -
Public safety	557,403	21,898	13,552	-
Public works	206,475	91,842	2,998	1,278
Health	24,313	1,992	9,260	-
Culture and recreation	30,023	989	5,081	-
Conservation and development	47,529	9,853	11,679	-
Interest on long-term debt	23,710	-	-	-
Total Governmental Activities	<u>1,252,725</u>	<u>164,558</u>	<u>44,728</u>	<u>1,278</u>
Business-type Activities:				
Water	74,954	99,015	-	4,007
Sewer Maintenance	55,747	68,058	-	1,992
Transportation	27,931	37,793	-	2,041
Port of Milwaukee	4,724	6,158	-	867
Metropolitan Sewerage District User Charges	53,301	50,942	-	-
Total Business-type Activities	<u>216,657</u>	<u>261,966</u>	<u>-</u>	<u>8,907</u>
Total Primary Government	<u>\$ 1,469,382</u>	<u>\$ 426,524</u>	<u>\$ 44,728</u>	<u>\$ 10,185</u>
Component units:				
Redevelopment Authority	\$ 11,978	\$ 5,548	\$ 489	\$ -
Neighborhood Improvement Development Corporation	447	174	73	-
Total Component Units	<u>\$ 12,425</u>	<u>\$ 5,722</u>	<u>\$ 562</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 - Beginning.....				
Net Position - Ending				

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

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (323,130)		\$ (323,130)	
(521,953)		(521,953)	
(110,357)		(110,357)	
(13,061)		(13,061)	
(23,953)		(23,953)	
(25,997)		(25,997)	
<u>(23,710)</u>		<u>(23,710)</u>	
<u>(1,042,161)</u>		<u>(1,042,161)</u>	
-	\$ 28,068	28,068	
-	14,303	14,303	
-	11,903	11,903	
-	2,301	2,301	
-	<u>(2,359)</u>	<u>(2,359)</u>	
-	<u>54,216</u>	<u>54,216</u>	
<u>(1,042,161)</u>	<u>54,216</u>	<u>(987,945)</u>	
			\$ (5,941)
			<u>(200)</u>
			<u>(6,141)</u>
329,601	-	329,601	-
270,575	-	270,575	-
84,084	3,148	87,232	6,060
<u>34,471</u>	<u>(34,471)</u>	<u>-</u>	<u>-</u>
<u>718,731</u>	<u>(31,323)</u>	<u>687,408</u>	<u>6,060</u>
(323,430)	22,893	(300,537)	(81)
<u>(869,961)</u>	<u>778,044</u>	<u>(91,917)</u>	<u>49,023</u>
<u>\$ (1,193,391)</u>	<u>\$ 800,937</u>	<u>\$ (392,454)</u>	<u>\$ 48,942</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit A-1

General

ASSETS

Assets:

Cash and investments	\$ 75,682
Receivables (net):	
Taxes	143,112
Accounts	38,499
Unbilled accounts	4,983
Special assessments	-
Notes and loans	-
Accrued interest	345
Due from other funds	63,282
Due from component units	251
Due from other governmental agencies	566
Advances to other funds	6,510
Inventory of materials and supplies	9,345
Inventory of property for resale	26
Prepaid items	5,740
Total Assets	<u>\$ 348,341</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 39,278
Accrued expenses	31,272
Due to other funds	189
Due to component units	30
Due to other governmental agencies	49
Unearned revenue.....	1,100
Revenue anticipation notes payable	740
Advances from other funds	-
Total Liabilities	<u>72,658</u>

Deferred Inflows of Resources:..... 223,194

Fund Balances:

Nonspendable	21,621
Restricted.....	-
Committed.....	2,949
Assigned	20,580
Unassigned.....	7,339
Total Fund Balances	<u>52,489</u>

Total Liabilities, Deferred Inflows and Fund Balances **\$ 348,341**

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

General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
\$ 75,040	\$ 31,869	\$ 86,151	\$ 34,721	\$ 1,939	\$ 305,402
42,790	-	28,171	4,400	28,590	247,063
-	-	-	297	-	38,796
-	-	-	-	-	4,983
-	-	-	7,285	-	7,285
57,673	17,051	-	-	10,104	84,828
-	198	-	-	-	543
-	-	-	-	189	63,471
-	-	10,799	14	31	11,095
180,000	-	-	6,991	10,435	197,992
-	-	22,503	-	-	29,013
-	-	-	-	-	9,345
-	-	-	-	-	26
-	-	-	394	3	6,137
<u>\$ 355,503</u>	<u>\$ 49,118</u>	<u>\$147,624</u>	<u>\$ 54,102</u>	<u>\$ 51,291</u>	<u>\$ 1,005,979</u>
\$ -	\$ -	\$ -	\$ 17,334	\$ 5,341	\$ 61,953
-	-	-	427	189	31,888
10,777	257	-	7,377	33,409	52,009
-	-	-	-	-	30
-	-	-	40	1,525	1,614
-	-	-	232	723	2,055
180,000	-	-	-	-	180,740
-	-	-	6,510	17,639	24,149
<u>190,777</u>	<u>257</u>	<u>-</u>	<u>31,920</u>	<u>58,826</u>	<u>354,438</u>
<u>131,184</u>	<u>-</u>	<u>59,194</u>	<u>19,989</u>	<u>11,644</u>	<u>445,205</u>
-	-	-	394	3	22,018
33,542	48,861	105,961	11,948	6,002	206,314
-	-	-	18,578	-	21,527
-	-	-	-	-	20,580
-	-	(17,531)	(28,727)	(25,184)	(64,103)
<u>33,542</u>	<u>48,861</u>	<u>88,430</u>	<u>2,193</u>	<u>(19,179)</u>	<u>206,336</u>
<u>\$ 355,503</u>	<u>\$ 49,118</u>	<u>\$147,624</u>	<u>\$ 54,102</u>	<u>\$ 51,291</u>	<u>\$ 1,005,979</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 206,336

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

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

Land	165,465	
Buildings, net of \$144,252 accumulated depreciation	241,494	
Infrastructure, net of \$1,140,910 accumulated depreciation	720,601	
Improvements other than buildings, net of \$10,504 accumulated depreciation	1,671	
Machinery and equipment, net of \$163,674 accumulated depreciation	83,680	
Intangible assets net of \$6,770 accumulated depreciation	9,294	
Construction in progress	<u>120,964</u>	
		1,343,169

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

Taxes to be collected	13,712	
Grant revenues to be collected	9,904	
Notes and loans receivable to repay long-term bonds and notes	68,557	
Special assessments to be collected	<u>6,622</u>	
		98,795

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	(92,074)	
Deferred outflows for Other Post Employment Benefits	190,633	
Deferred inflows for pensions	(67,292)	
Deferred outflows for pensions	<u>760,981</u>	
		792,248

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	(9,675)	
Bonds and notes payable	(988,466)	
Gain on refunding	(485)	
Unamortized premiums	(73,871)	
Compensated absences	(46,702)	
Total other postemployment benefits liability	(1,364,584)	
Net pension liability	(1,110,218)	
Claims and judgments	<u>(39,938)</u>	
		<u>(3,633,939)</u>

Total net position of governmental activities (Exhibit 1) **\$ (1,193,391)**

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

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit A-3

	General
Revenues:	
Property taxes	\$ 204,786
Other taxes	3,821
Special assessments	-
Licenses and permits	18,502
Intergovernmental	270,575
Charges for services	142,312
Fines and forfeits	2,633
Contributions received	2,719
Other	<u>23,971</u>
Total Revenues	<u>669,319</u>
Expenditures:	
Current:	
General government	292,067
Public safety	320,748
Public works	107,147
Health	11,914
Culture and recreation	19,465
Conservation and development	4,686
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	<u>756,027</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(86,708)</u>
Other Financing Sources (Uses):	
General obligation bonds and notes issued	25,050
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	49,262
Transfers out	<u>(2,109)</u>
Total Other Financing Sources and Uses	<u>72,203</u>
Net Change in Fund Balances	(14,505)
Fund Balances - Beginning	<u>66,994</u>
Fund Balances - Ending	<u>\$ 52,489</u>

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

General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
\$ 68,558	\$ -	\$ 43,340	\$ 8,355	\$ -	\$ 325,039
	2,387	-	-	-	6,208
-	-	-	2,449	-	2,449
-	-	-	-	-	18,502
	-	-	21,107	39,791	331,473
12,402	-	9,844	-	-	164,558
-	-	-	-	-	2,633
-	-	-	-	-	2,719
<u>2,759</u>	<u>4,942</u>	<u>-</u>	<u>5,138</u>	<u>6,380</u>	<u>43,190</u>
<u>83,719</u>	<u>7,329</u>	<u>53,184</u>	<u>37,049</u>	<u>46,171</u>	<u>896,771</u>
883	5	-	-	3,430	296,385
-	-	-	-	12,152	332,900
-	-	-	-	2,984	110,131
-	-	-	-	9,164	21,078
-	-	-	-	3,694	23,159
-	-	9,976	-	11,361	26,023
-	-	-	125,788	-	125,788
321,761	-	-	-	-	321,761
44,144	-	-	-	-	44,144
133	-	-	-	-	133
<u>366,921</u>	<u>5</u>	<u>9,976</u>	<u>125,788</u>	<u>42,785</u>	<u>1,301,502</u>
<u>(283,202)</u>	<u>7,324</u>	<u>43,208</u>	<u>(88,739)</u>	<u>3,386</u>	<u>(404,731)</u>
115,500	-	-	71,652	17,686	229,888
85,416	-	-	-	-	85,416
(1,666)	-	-	-	(539)	(2,205)
18,527	-	-	-	-	18,527
66,133	-	-	1,235	2,827	119,457
<u>(14,587)</u>	<u>(9,000)</u>	<u>(29,506)</u>	<u>(99)</u>	<u>(29,685)</u>	<u>(84,986)</u>
<u>269,323</u>	<u>(9,000)</u>	<u>(29,506)</u>	<u>72,788</u>	<u>(9,711)</u>	<u>366,097</u>
(13,879)	(1,676)	13,702	(15,951)	(6,325)	(38,634)
<u>47,421</u>	<u>50,537</u>	<u>74,728</u>	<u>18,144</u>	<u>(12,854)</u>	<u>244,970</u>
<u>\$ 33,542</u>	<u>\$ 48,861</u>	<u>\$ 88,430</u>	<u>\$ 2,193</u>	<u>\$ (19,179)</u>	<u>\$ 206,336</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, 2019
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3)		\$ (38,634)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 \$97,774 less additions from Construction-in-Progress (\$21,038) exceeded depreciation expense (\$59,754) in the current period less loss on disposals (\$6,547) and disposal of land (\$469).</p>		9,966
Notes and loans receivable to repay long-term bonds and notes		(86)
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	(1,646)	
Capital grants and contributions	(12,191)	
Unbilled Special assessments	(207)	
		(14,044)
<p>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.</p>		
Debt issued:		
Bonds and notes issued	(315,304)	
Issuance premiums	(18,527)	
Gain on refunding	(485)	
Repayments:		
Principal retirement	321,761	
Amortization:		
Premiums	19,927	
Gain/Loss on refunding	649	
		8,021
<p>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.</p>		
Compensated absences		(4)
Total other postemployment benefits liability	(230,224)	
Net pension liability	(817,713)	
Deferred inflows for Other Post Employment Benefits	(35,676)	
Deferred outflows for Other Post Employment Benefits	190,633	
Deferred inflows for pensions	60,544	
Deferred outflows for pensions	541,237	
Claims and judgments	2,392	
Accrued interest on bonds and notes	158	
		(288,653)
Changes in net position of governmental activities (Exhibit 2)		<u>\$ (323,430)</u>
<p><i>The notes to the financial statements are an integral part of this reconciliation.</i></p>		

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 26,521	\$ 7,769	\$ 3,158	\$ 37,448
Restricted cash and cash equivalents	1,907	8,043	-	9,950
Receivables (net):				
Accounts	17,129	16,177	13,546	46,852
Unbilled accounts	13,913	2,618	3,457	19,988
Accrued interest	-	175	-	175
Due from other funds	1,084	486	446	2,016
Due from other governmental agencies	-	5,009	2,218	7,227
Advances to other funds	54	-	-	54
Inventory of materials and supplies	3,538	398	-	3,936
Prepaid items	952	-	-	952
Other assets	70	-	-	70
Total Current Assets	<u>65,168</u>	<u>40,675</u>	<u>22,825</u>	<u>128,668</u>
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	17,461	19,252
Construction in progress	57,213	520	12,844	70,577
Capital assets being depreciated:				
Buildings	31,094	-	101,979	133,073
Infrastructure	463,294	768,014	20,887	1,252,195
Improvements other than buildings	-	-	11,206	11,206
Machinery and equipment	280,161	7,268	15,963	303,392
Nonutility property	3,918	-	-	3,918
Accumulated depreciation	<u>(301,912)</u>	<u>(175,363)</u>	<u>(85,121)</u>	<u>(562,396)</u>
Net Capital Assets	<u>535,559</u>	<u>600,439</u>	<u>95,219</u>	<u>1,231,217</u>
Total Noncurrent Assets	<u>535,559</u>	<u>600,439</u>	<u>95,219</u>	<u>1,231,217</u>
Total Assets	<u>600,727</u>	<u>641,114</u>	<u>118,044</u>	<u>1,359,885</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	14,491	4,742	4,684	23,917
Deferred outflows for other post employment benefits	<u>6,598</u>	<u>2,278</u>	<u>2,357</u>	<u>11,233</u>
Total Deferred Outflows of Resources.....	<u>21,089</u>	<u>7,020</u>	<u>7,041</u>	<u>35,150</u>

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 12,867	\$ 5,372	\$ 10,529	\$ 28,768
Accrued expenses	998	300	325	1,623
Accrued interest payable	244	522	138	904
Compensated absences	1,944	536	555	3,035
Advances from other funds	-	-	54	54
Due to other funds	932	-	12,546	13,478
Unearned revenue.....	-	3,717	2,677	6,394
General obligation debt payable - current	820	404	1,838	3,062
Total Current Liabilities	<u>17,805</u>	<u>10,851</u>	<u>28,662</u>	<u>57,318</u>
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	2,989	17,519	-	20,508
Accrued interest payable	-	522	-	522
Total Current Liabilities Payable from Restricted Assets	<u>2,989</u>	<u>18,041</u>	<u>-</u>	<u>21,030</u>
Noncurrent Liabilities:				
General obligation debt payable	10,155	38,000	15,736	63,891
Advances from other funds	-	-	4,864	4,864
Revenue bonds & State loans payable	57,148	265,861	-	323,009
Other post employment benefits liability	47,576	16,132	15,876	79,584
Net pension liability	21,403	7,033	6,947	35,383
Total Noncurrent Liabilities	<u>136,282</u>	<u>327,026</u>	<u>43,423</u>	<u>506,731</u>
Total Liabilities	<u>157,076</u>	<u>355,918</u>	<u>72,085</u>	<u>585,079</u>
Deferred Inflows of Resources:				
Deferred inflows for grants	699	20	-	719
Deferred inflows for pensions	1,678	602	595	2,875
Deferred inflows for OPEB	3,187	1,100	1,138	5,425
Total Deferred Inflows of Resources	<u>5,564</u>	<u>1,722</u>	<u>1,733</u>	<u>9,019</u>
NET POSITION:				
Net investment in capital assets.....	464,449	278,655	77,645	820,749
Restricted for Debt Service	1,730	8,043	-	9,773
Unrestricted	(7,003)	3,796	(26,378)	(29,585)
Total Net Position	<u>\$ 459,176</u>	<u>\$ 290,494</u>	<u>\$ 51,267</u>	<u>\$ 800,937</u>

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

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CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 80,166	\$ -	\$ -	\$ 80,166
Statutory sewer user fee	-	-	49,618	49,618
Sewer maintenance fee	-	68,058	-	68,058
Rent	-	-	13,925	13,925
Fire protection service	9,388	-	-	9,388
Parking meters	-	-	4,485	4,485
Parking permits	-	-	4,404	4,404
Vehicle towing	-	-	5,108	5,108
Parking forfeitures	-	-	16,029	16,029
Other	9,461	-	1,324	10,785
Total Operating Revenues	<u>99,015</u>	<u>68,058</u>	<u>94,893</u>	<u>261,966</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ..	-	-	47,607	47,607
Employee services	-	5,869	8,728	14,597
Administrative and general	7,750	-	-	7,750
Depreciation	19,640	8,633	3,516	31,789
Transmission and distribution	19,261	-	-	19,261
Services, supplies, and materials	-	7,581	25,101	32,682
Water treatment	13,619	-	-	13,619
Water pumping	6,999	-	-	6,999
Billing and collection	3,180	-	-	3,180
Total Operating Expenses	<u>70,449</u>	<u>22,083</u>	<u>84,952</u>	<u>177,484</u>
Operating Income	<u>28,566</u>	<u>45,975</u>	<u>9,941</u>	<u>84,482</u>
Nonoperating Revenues (Expenses):				
Investment income	155	342	-	497
Grant revenue	3,596	1,992	2,908	8,496
Interest expense	(1,398)	(8,431)	(693)	(10,522)
Other	(3,107)	(25,233)	2,340	(26,000)
Total Net Nonoperating Revenues (Expenses) ...	<u>(754)</u>	<u>(31,330)</u>	<u>4,555</u>	<u>(27,529)</u>
Income before Contributions and Transfers.....	27,812	14,645	14,496	56,953
Capital contributions	411	-	-	411
Transfers in	-	-	754	754
Transfers out	(13,300)	(1,358)	(20,567)	(35,225)
Change in Net Position	14,923	13,287	(5,317)	22,893
Total Net Position - Beginning.....	<u>444,253</u>	<u>277,207</u>	<u>56,584</u>	<u>778,044</u>
Total Net Position - Ending	<u>\$ 459,176</u>	<u>\$ 290,494</u>	<u>\$ 51,267</u>	<u>\$ 800,937</u>

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

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 93,879	\$ 68,278	\$ 95,093	\$ 257,250
Receipts from interfund services provided	6,497	-	-	6,497
Payments to suppliers	(30,498)	(6,196)	(72,240)	(108,934)
Payments to employees	(20,327)	(8,042)	(7,533)	(35,902)
Payments from other funds	-	1,460	(457)	1,003
Payments to other funds	111	-	(379)	(268)
Net Cash Provided by Operating Activities.....	<u>49,662</u>	<u>55,500</u>	<u>14,484</u>	<u>119,646</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue		1,007	6,296	7,303
Other nonoperating expenses	(139)	(25,233)	-	(25,372)
Transfers from other funds	-	-	754	754
Transfers to other funds	(13,300)	(1,358)	(20,567)	(35,225)
Net Cash Used by Noncapital Financing Activities	<u>(13,439)</u>	<u>(25,584)</u>	<u>(13,517)</u>	<u>(52,540)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	17,839	49,369	5,891	73,099
Acquisition of property, plant, and equipment	(46,487)	(42,717)	(6,514)	(95,718)
Retirement of bonds, notes, and revenue bonds	(5,774)	(22,364)	(3,552)	(31,690)
Interest paid	(1,390)	(9,813)	(685)	(11,888)
Other	133	(3,477)	(509)	(3,853)
Net Cash Used for Capital and Related Financing Activities	<u>(35,679)</u>	<u>(29,002)</u>	<u>(5,369)</u>	<u>(70,050)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	155	393	-	548
Net Increase (Decrease) in Cash and Cash Equivalents	699	1,307	(4,402)	(2,396)
Cash and Cash Equivalents - Beginning	27,729	14,505	7,560	49,794
Cash and Cash Equivalents - Ending	<u>\$ 28,428</u>	<u>\$ 15,812</u>	<u>\$ 3,158</u>	<u>\$ 47,398</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	\$ 26,521	\$ 7,769	\$ 3,158	\$ 37,448
Restricted Cash	<u>1,907</u>	<u>8,043</u>	<u>-</u>	<u>9,950</u>
	<u>\$ 28,428</u>	<u>\$ 15,812</u>	<u>\$ 3,158</u>	<u>\$ 47,398</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 28,566	\$ 45,975	\$ 9,941	\$ 84,482
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	19,640	8,633	3,516	31,789
Nonoperating income	628	-	-	628
Effect of changes in assets, liabilities, deferred inflows and deferred outflows:				
Receivables	742	220	200	1,162
Due from other funds	(2,245)	1,460	(1,077)	(1,862)
Inventories	(71)	(64)	-	(135)
Prepaid items	(156)	19	-	(137)
Other assets	(9)	-	-	(9)
Accounts payable	3,053	1,430	572	5,055
Accrued liabilities	-	58	43	101
Compensated absences	(12)	7	31	26
Net other postemployment benefits obligation	(5,194)	264	198	(4,732)
Net pension liability	4,720	4,678	4,793	14,191
Due to other funds	-	-	241	241
Deferred pension inflows	-	(471)	(82)	(553)
Deferred pension outflows	-	(2,733)	(3,515)	(6,248)
Deferred OPEB inflows	-	311	53	364
Deferred OPEB outflows	<u>-</u>	<u>(4,287)</u>	<u>(430)</u>	<u>(4,717)</u>
Net Cash Provided by Operating Activities	<u>\$ 49,662</u>	<u>\$ 55,500</u>	<u>\$ 14,484</u>	<u>\$ 119,646</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 \$307.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing \$1,490 with a net value of \$0.

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, 2019
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts
Additions		
Contributions:		
Plan members	\$ 4,703	\$ -
Private donations	-	2,061
Total Contributions	<u>4,703</u>	<u>2,061</u>
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	<u>-</u>	<u>11</u>
Total Additions	<u>4,703</u>	<u>2,072</u>
Deductions		
Benefits	5,025	-
Fees remitted from Trust	-	1,455
Other	-	1,328
Total Deductions	<u>5,025</u>	<u>2,783</u>
Change in Net Position	(322)	(711)
Net Position - Beginning	<u>1,758</u>	<u>4,649</u>
Net Position - Ending	<u>\$ 1,436</u>	<u>\$ 3,938</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, 2019
 (Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
ASSETS			
Current Assets:			
Cash and investments.....	\$ 8,216	\$ 1,609	\$ 9,825
Restricted cash and investments	61,639	1,315	62,954
Receivables (net):			
Accounts	31	123	154
Notes and loans	11,259	100	11,359
Accrued interest	974	20	994
Due from primary government	30	-	30
Due from other governmental agencies	82,520	-	82,520
Inventory of property for resale	7,519	574	8,093
Prepaid items	<u>72</u>	<u>-</u>	<u>72</u>
Total Noncapital Assets	<u>172,260</u>	<u>3,741</u>	<u>176,001</u>
Capital assets:			
Capital assets not being depreciated:			
Land and land improvements	10,593	-	10,593
Capital assets being depreciated:			
Buildings	75,621	-	75,621
Infrastructure	333	-	333
Improvements other than buildings	4,264	-	4,264
Machinery and equipment	6	-	6
Intangible assets.....	565	-	565
Accumulated depreciation	<u>(27,166)</u>	<u>-</u>	<u>(27,166)</u>
Total Capital Assets, Net of Depreciation	<u>64,216</u>	<u>-</u>	<u>64,216</u>
Total Assets	<u>236,476</u>	<u>3,741</u>	<u>240,217</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit D-1 (Continued)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 1,218	\$ 30	\$ 1,248
Accrued expenses	1,096	-	1,096
Due to other governmental agencies	1,601	-	1,601
Unearned revenue.....	265	234	499
Other liabilities	1,955	687	2,642
Total Current Liabilities	6,135	951	7,086
Due to primary government:			
Due within one year	844	45	889
Due in more than one year	10,206	-	10,206
Total Due to Primary Government	11,050	45	11,095
Long-term obligations:			
Due within one year	4,276	-	4,276
Due in more than one year	168,818	-	168,818
Total Noncurrent Liabilities	173,094	-	173,094
Total Liabilities	190,279	996	191,275
NET POSITION:			
Net investment in capital assets.....	24,181	-	24,181
Restricted	11,539	627	12,166
Unrestricted	10,477	2,118	12,595
Total Net Position	\$ 46,197	\$ 2,745	\$ 48,942

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, 2019
 (Thousands of Dollars)

Exhibit D-2

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Redevelopment Authority				
Prevention and elimination of blight	\$ 11,978	\$ 5,548	\$ 489	\$ -
Neighborhood Improvement Development Corp.				
Housing improvements	<u>447</u>	<u>174</u>	<u>73</u>	<u>-</u>
Total Component Units	<u>\$ 12,425</u>	<u>\$ 5,722</u>	<u>\$ 562</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
\$ (5,941)	\$ -	\$ (5,941)
<u>-</u>	<u>(200)</u>	<u>(200)</u>
<u>(5,941)</u>	<u>(200)</u>	<u>(6,141)</u>
 <u>5,841</u>	 <u>219</u>	 <u>6,060</u>
<u>5,841</u>	<u>219</u>	<u>6,060</u>
(100)	19	(81)
<u>46,297</u>	<u>2,726</u>	<u>49,023</u>
<u>\$ 46,197</u>	<u>\$ 2,745</u>	<u>\$ 48,942</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Proprietary fund operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from 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, governed by Section 67.101 of the Wisconsin Statutes. See Note 7 for further discussion.

Economic Development Fund – This 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

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.

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

C. Basis of Accounting – Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2019 that will be collected in 2020 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

Wisconsin Statute Section 66.0603 permits the City to invest funds not immediately needed in any of the following:

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

F. Property Taxes

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

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, 2019 was approximately \$1,107,000. 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, 2019 were approximately \$862,350, \$527,000, and \$1,172,00 respectively.

H. Unbilled Services

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

I. Special Assessments

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

J. Notes and Loan Receivables

The General Fund, the Special Revenue Fund - Community Development Block Grant, and Neighborhood Improvement Development Corporation hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the nonmajor governmental fund is approximately \$23,576,000 as of December 31, 2019.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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

K. Inventories

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

L. Prepaid Items

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

M. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at 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.....	\$ 5,000	5-100 years
Land.....	5,000	N/A
Land Improvements.....	5,000	N/A
Intangible right of ways.....	5,000	N/A
Site Improvements.....	5,000	3-50
Buildings.....	5,000	10-60
Building Improvements.....	5,000	10-45
Machinery and equipment.....	5,000	3-40
Works of Art, Historical Treasures.....	5,000	N/A
Intangible software.....	100,000	5-20

N. Pension Contributions

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

O. 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.

P. Claims and Judgments

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

Q. Debt Premiums, Discounts, and Issuance Costs

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

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

R. 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.

Unassigned – All other spendable amounts.

CITY OF MILWAUKEE
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FOR THE YEAR ENDED DECEMBER 31, 2019

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

S. Net Position

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

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

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

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

T. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

U. Use of Estimates

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

V. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This section represents a consumption of net position that applies to a future period 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).

- 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.

CITY OF MILWAUKEE
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Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 3.93 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 6.51 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. This section represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has five 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 3.93 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 6.51 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.

W. Pension Obligations

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

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

X. 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.

Y. New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities and the reporting of such activities. This Statement will be effective for the year end December 31, 2020 financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement will be effective for the year-end December 31, 2022 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement requires additional essential information related to debt be disclosed in notes to financial statements. This Statement will be effective for the year-end December 31, 2020 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. This Statement will be effective for the year-end December 31, 2021 financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. This statement will be effective for the year-end December 31, 2020 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required not disclosures. This statement will be effective for the year-end December 31, 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement clarifies the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This statement will be effective for the year-end December 31, 2021 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement clarifies the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. This statement will be effective for the year-end December 31, 2022 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based information Technology Arrangements*. This statement clarifies the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about ITAs. This statement will be effective for the year-end December 31, 2022 financial statements.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, the City's deposits and investments are as follows:

	Fair Value	Investment Maturities (in Years)			Greater than 10	Credit Rating
		Less than 1	1-5	6-10		
Governmental and Business-type activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 209,268	\$ 163,333	\$ 45,291	\$ -	\$ 644	see below
Other Deposits	79	79	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	8,091	8,091	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	69,946	69,946	-	-	-	not rated
Municipal Bonds	29,729	436	5,194	24,099	-	see below
Treasuries (Fiscal Agent)	33,628	-	-	33,628	-	not rated
GNMA Bonds	2,059	-	-	2,059	-	Aaa
	<u>\$ 352,800</u>	<u>\$ 241,885</u>	<u>\$ 50,485</u>	<u>\$ 59,786</u>	<u>\$ 644</u>	
Fiduciary activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 212,342	\$ 212,342	\$ -	\$ -	\$ -	see below
Segregated Deposits and Investments						
Wisconsin Local Government						
Investment Pool	938	938	-	-	-	not rated
	<u>\$ 213,280</u>	<u>\$ 213,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Credit Ratings

The Governmental and Business-type municipal bond holdings of \$29,729,000 were rated by S&P Global as follows: Aaa (24.6%), Aa1 (5.3%), Aa2 (54.4%), and Aa3 (15.7%).

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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.

As of December 31, 2019, the City had the following investments and maturities in the Pool:

	Investment Maturities (in Years)					Credit Rating
	Fair Value	Less than 1	1-5	6-10	Greater than 10	
<i>(Thousands of Dollars)</i>						
Pooled Deposits and Investments						
Bank Demand Deposits	\$ 55,259	\$ 55,259	\$ -	\$ -	\$ -	not rated
Other Deposits	1,034	1,034	-	-	-	not rated
Deposits and Investments			-	-		
Interest Checking	8,128	8,128	-	-	-	not rated
Wisconsin Local Government			-	-		
Investment Pool	288,538	288,538	-	-	-	not rated
U.S. Bank Investment Portfolio			-	-		
Money Market.....	600	600	-	-	-	not rated
Corporate Bond.....	50,977	15,576	35,401	-	-	see below
U.S. Government Securities.....	999	-	999	-	-	Aaa
FHLB Bond.....	1,999	-	1,999	-	-	Aaa
FHLMC Bond.....	349	-	349	-	-	Aaa
FNMA Bond.....	2,321	2,002	-	-	319	Aaa
GNMA Bond.....	325	-	-	-	325	Aaa
Municipal Bond.....	2,505	-	2,505	-	-	Aaa
Treasury Note.....	7,901	3,863	4,038	-	-	Aaa
Certificates of Deposits	675	675	-	-	-	not rated
	<u>\$ 421,610</u>	<u>\$ 375,675</u>	<u>\$ 45,291</u>	<u>\$ -</u>	<u>\$ 644</u>	

Investment Portfolio Ratings

Corporate bond holdings of \$50,977,000 were rated by Moody's as follows: Aaa (12.2%), Aa1 (14.6%), Aa2 (22%), Aa3 (17.1%), A1 (24.4%), A2 (4.9%), A3 (2.4%) and Baa1(2.4%).

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, 2019, \$188.8 million of the City's deposits and investments were subject to custodial credit risk as they were not insured or collateralized.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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, 2019:

1. Pooled deposits and investments of:
 - a. Corporate Bonds of \$31.1 million.
 - b. U.S. Treasury of \$7.9 million.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2019:

1. Municipal bonds of \$29.7 million.
2. U.S. Treasury securities of \$33.6 million.
3. GNMA of \$2.1 million
4. Pooled deposits and investments of:
 - a. Corporate Bonds of \$19.8 million.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

- b. U.S. Government Securities of \$999 thousand.
- c. FLHB of \$2 million.
- d. FHLMC of \$349 thousand.
- e. FNMA bonds of \$2.3 million.
- f. GNMA bonds of \$325 thousand.
- g. Municipal bonds of \$2.5 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.

The Component Units have the following deposits and investments as of December 31, 2019:

	Investment Maturities (in Years)			Moody's Credit Rating
	<i>(Thousands of Dollars)</i>			
	Fair value	Less than 1	1-5	
Component Units:				
Bank Demand Deposits.....	\$ 13,234	\$ 13,234	\$ -	not rated
Local Government Investment Pool.....	232	232	-	not rated
U.S. Treasury Money Market Fund.....	1,230	1,230	-	Aaa
U.S. Treasury Notes.....	1,778	761	1,017	Aaa
U.S. Agencies.....	1,555	451	1,104	Aaa
U.S. Government Mortgage	39	12	27	Aaa
Municipal Bonds	1,330	287	1,043	Aa3
Corporate Bonds	613	-	613	Aa1
Certificates of Deposit.....	1,019	1,019	-	AA
Money Market.....	51,749	51,749	-	not rated
	<u>\$ 72,779</u>	<u>\$ 68,975</u>	<u>\$ 3,804</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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

As of December 31, 2019 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	<i>(Thousands of Dollars)</i>	
Redevelopment Authority.....	\$ 12,842	\$ 10,915
Neighborhood Improvement Development Corporation.....	2,710	1,886

As of December 31, 2019 Component Unit investment balances exposed to Custodial Credit Risk are as follows:

	Investment Balance	Uninsured and Uncollateralized
	<i>(Thousands of Dollars)</i>	
Redevelopment Authority.....	\$ 6,546	\$ 5,246

Fair Value Measurements

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

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

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

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

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

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

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 1 inputs) as of December 31, 2019:

1. Treasury Money Market of \$1.2 million

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2019:

1. U.S. Treasury notes of \$1.8 million
2. U.S. Agency bonds of \$1.6 million
3. U.S Government mortgage of \$39 thousand
4. Municipal bonds of \$1.3 million
5. Corporate bonds of \$613 thousand
6. Property Inventory of \$574 thousand

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, 2019, 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>		
2014 and prior	\$ 6,217	\$ 1,247	\$ 7,464
2015	3,041	426	3,467
2016	4,161	567	4,728
2017	5,239	1,868	7,107
2018	<u>12,410</u>	<u>5,849</u>	<u>18,259</u>
Total delinquent property taxes receivable	<u>\$ 31,068</u>	<u>\$ 9,957</u>	41,025
Property taxes receivable on foreclosed property			47,096
Less: Allowance for uncollectible taxes			<u>(41,696)</u>
Net delinquent property taxes receivable, including tax deeded property			<u>\$ 46,425</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Governmental activities	<i>(Thousands of Dollars)</i>			
<i>Capital assets not being depreciated:</i>				
Land	\$ 165,681	\$ 253	\$ 469	\$ 165,465
Construction in progress	112,050	29,952	21,038	120,964
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>279,073</u>	<u>30,205</u>	<u>21,507</u>	<u>287,771</u>
<i>Capital assets being depreciated:</i>				
Buildings	376,832	17,211	8,297	385,746
Infrastructure.....	1,837,394	39,077	14,960	1,861,511
Improvements other than buildings	12,175	-	-	12,175
Machinery and equipment	239,612	10,489	2,747	247,354
Intangible softw are.....	<u>13,930</u>	<u>792</u>	<u>-</u>	<u>14,722</u>
Total capital assets being depreciated	<u>2,479,943</u>	<u>67,569</u>	<u>26,004</u>	<u>2,521,508</u>
Less accumulated depreciation for:				
Buildings	135,271	10,894	1,913	144,252
Infrastructure	1,121,762	34,108	14,960	1,140,910
Improvements other than buildings	10,258	246	-	10,504
Machinery and equipment	153,576	12,682	2,584	163,674
Intangible softw are	<u>4,946</u>	<u>1,824</u>	<u>-</u>	<u>6,770</u>
Total accumulated depreciation	<u>1,425,813</u>	<u>59,754</u>	<u>19,457</u>	<u>1,466,110</u>
Total capital assets being depreciated, net	<u>1,054,130</u>	<u>7,815</u>	<u>6,547</u>	<u>1,055,398</u>
Government activity capital assets, net	<u>\$ 1,333,203</u>	<u>\$ 38,020</u>	<u>\$ 28,054</u>	<u>\$ 1,343,169</u>
Depreciation expense for governmental activities				
w as charged to functions as follow s:				
General government	\$ 1,841			
Public safety	7,880			
Public w orks	48,459			
Health	168			
Culture and recreation	<u>1,406</u>			
Total	<u>\$ 59,754</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Business-type activities	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
		<i>(Thousands of Dollars)</i>		
Water Works				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,791	\$ -	\$ -	\$ 1,791
Construction in progress	<u>42,188</u>	<u>47,597</u>	<u>32,572</u>	<u>57,213</u>
Total capital assets not being depreciated	<u>43,979</u>	<u>47,597</u>	<u>32,572</u>	<u>59,004</u>
<i>Capital assets being depreciated:</i>				
Buildings	31,110	81	97	31,094
Infrastructure	447,477	16,474	657	463,294
Machinery and equipment	276,038	10,189	6,066	280,161
Nonutility property	<u>3,918</u>	<u>-</u>	<u>-</u>	<u>3,918</u>
Total capital assets being depreciated	<u>758,543</u>	<u>26,744</u>	<u>6,820</u>	<u>778,467</u>
Less accumulated depreciation for:				
Buildings	20,920	987	98	21,809
Infrastructure	118,971	6,318	670	124,619
Machinery and equipment	147,779	12,335	5,967	154,147
Nonutility property	<u>1,198</u>	<u>139</u>	<u>-</u>	<u>1,337</u>
Total accumulated depreciation	<u>288,868</u>	<u>19,779</u>	<u>6,735</u>	<u>301,912</u>
Total capital assets being depreciated, net	<u>469,675</u>	<u>6,965</u>	<u>85</u>	<u>476,555</u>
Water Works capital assets, net	<u>513,654</u>	<u>54,562</u>	<u>32,657</u>	<u>535,559</u>
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	-	520	-	520
Total capital assets not being depreciated	-	520	-	520
<i>Capital assets being depreciated:</i>				
Infrastructure	727,700	41,804	1,490	768,014
Machinery and equipment	<u>6,875</u>	<u>393</u>	<u>-</u>	<u>7,268</u>
Total capital assets being depreciated	<u>734,575</u>	<u>42,197</u>	<u>1,490</u>	<u>775,282</u>
Less accumulated depreciation for:				
Infrastructure	164,388	8,293	1,490	171,191
Machinery and equipment	<u>3,832</u>	<u>340</u>	<u>-</u>	<u>4,172</u>
Total accumulated depreciation	<u>168,220</u>	<u>8,633</u>	<u>1,490</u>	<u>175,363</u>
Total capital assets being depreciated, net	<u>566,355</u>	<u>33,564</u>	<u>-</u>	<u>599,919</u>
Sewer Maintenance capital assets, net	<u>566,355</u>	<u>34,084</u>	<u>-</u>	<u>600,439</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
		<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>8,212</u>	<u>4,908</u>	<u>276</u>	<u>12,844</u>
Total capital assets not being depreciated	<u>25,673</u>	<u>4,908</u>	<u>276</u>	<u>30,305</u>
<i>Capital assets being depreciated:</i>				
Buildings	102,073	73	167	101,979
Infrastructure—port.....	20,515	1,331	959	20,887
Improvements other than buildings	10,903	303	-	11,206
Machinery and equipment	<u>15,927</u>	<u>440</u>	<u>404</u>	<u>15,963</u>
Total capital assets being depreciated	<u>149,418</u>	<u>2,147</u>	<u>1,530</u>	<u>150,035</u>
Less accumulated depreciation for:				
Buildings	52,950	2,155	135	54,970
Infrastructure—port.....	11,823	401	877	11,347
Improvements other than buildings	7,629	163	-	7,792
Machinery and equipment	<u>10,618</u>	<u>797</u>	<u>403</u>	<u>11,012</u>
Total accumulated depreciation	<u>83,020</u>	<u>3,516</u>	<u>1,415</u>	<u>85,121</u>
Total capital assets being depreciated, net	<u>66,398</u>	<u>(1,369)</u>	<u>115</u>	<u>64,914</u>
Other business-type activities, net	<u>92,071</u>	<u>3,539</u>	<u>391</u>	<u>95,219</u>
Business-type activity capital assets, net	<u>\$ 1,172,080</u>	<u>\$ 92,185</u>	<u>\$ 33,048</u>	<u>\$ 1,231,217</u>
Depreciation expense for business-type activities was charged to functions as follows:				
Water Utility				
Depreciation	\$ 19,501			
Depreciation charged to Sanitary Sewer	<u>139</u>			
	19,640			
Sewer Maintenance	8,633			
Other business-type activities	<u>3,516</u>			
Total	<u>\$ 31,789</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance			Balance
	01/01/19	Additions	Deletions	12/31/19
		<i>(Thousands of Dollars)</i>		
Component Units				
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,593	\$ -	\$ -	\$ 10,593
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	75,621	-	-	75,621
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	6	-	-	6
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>
Total capital assets being depreciated	<u>80,789</u>	<u>-</u>	<u>-</u>	<u>80,789</u>
 Less accumulated depreciation for:				
Buildings	22,310	1,894	-	24,204
Infrastructure	150	14	-	164
Improvements other than buildings	2,050	261	-	2,311
Machinery and equipment	6	-	-	6
Intangibles.....	<u>424</u>	<u>57</u>	<u>-</u>	<u>481</u>
Total accumulated depreciation	<u>24,940</u>	<u>2,226</u>	<u>-</u>	<u>27,166</u>
Total capital assets being depreciated, net ...	<u>55,849</u>	<u>(2,226)</u>	<u>-</u>	<u>53,623</u>
 Component units capital assets, net	 <u><u>\$ 66,442</u></u>	 <u><u>\$ (2,226)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 64,216</u></u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

5. DEFERRED INFLOWS OF RESOURCES

Unavailable revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of the deferred balances in the governmental funds as of December 31, 2019 is as follows:

	General	General Obligation Debt Service	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>					
Subsequent years property taxes	\$ 216,941	\$ 73,512	\$ 48,395	\$ 7,562	\$ -	\$ 346,410
Delinquent property taxes	6,167	-	-	-	7,545	13,712
Unavailable grant revenue	-	-	-	5,805	4,099	9,904
Long-term receivables	86	57,672	10,799	-	-	68,557
Unbilled special assessments	-	-	-	6,622	-	6,622
 Total	 <u>\$ 223,194</u>	 <u>\$ 131,184</u>	 <u>\$ 59,194</u>	 <u>\$ 19,989</u>	 <u>\$ 11,644</u>	 <u>\$ 445,205</u>

6. SHORT-TERM DEBT

During 2019, the City issued and repaid \$120,000,000 of Revenue Anticipation Notes, Series 2019 R2 (R2 Notes). The R2 Notes bear an interest rate of 4% and mature on May 07, 2020. The R2 Notes were issued to finance the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November 2019. On December 30, 2019, the R2 Notes were defeased.

As of December 31, 2019, the City had outstanding \$180,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2019, the City repaid the outstanding balance and issued \$180,000,000 short-term RANs for the same purpose. The new notes of \$180,000,000 (2019 M7) bear an interest rate of 2.00% and mature on October 01, 2020. The liability and related receivable to repay the revenue anticipation notes are recorded in the General Obligation Debt Service Fund.

Following is a summary of the Revenue Anticipation Notes activity (in thousands) during 2019:

Balance 01/01/19	Additions	Deletions	Balance 12/31/19
<u>\$ 180,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 180,000</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2019 were as follows:

	Balance 01/01/19	Additions	Deductions	Balance 12/31/19	Amounts Due within One Year
		<i>(Thousands of Dollars)</i>			
Governmental activities:					
General obligation bonds and notes					
City	\$ 930,704	\$ 212,068	\$ 213,306	\$ 929,466	\$ 104,644
Milwaukee Public Schools	64,219	103,236	108,455	59,000	4,239
Unamortized premiums	75,271	18,527	19,927	73,871	-
Compensated absences	46,698	31,051	31,047	46,702	31,049
Total other postemployment benefits liability	1,134,360	321,573	91,349	1,364,584	-
Net pension liability	292,505	1,144,031	326,318	1,110,218	-
Claims and judgments	42,330	10,627	13,019	39,938	1,600
Total governmental activities	<u>\$2,586,087</u>	<u>\$ 1,841,113</u>	<u>\$ 803,421</u>	<u>\$3,623,779</u>	<u>\$ 141,532</u>
Business-type activities					
Water Works					
General obligation bonds and notes	\$ 9,029	\$ 11,000	\$ 9,333	\$ 10,696	\$ 820
Unamortized premiums	310	-	31	279	-
State loans	40,583	12,840	1,971	51,452	2,544
Revenue bonds	9,125	-	440	8,685	445
Compensated absences	1,988	1,536	1,580	1,944	1,944
Total other postemployment benefits liability	47,021	3,717	3,162	47,576	-
Net pension liability	6,569	21,125	6,291	21,403	-
Total Water Works	<u>114,625</u>	<u>50,218</u>	<u>22,808</u>	<u>142,035</u>	<u>5,753</u>
Sewer Maintenance					
General obligation bonds and notes	9,908	34,000	5,504	38,404	404
State loans	125,660	15,369	8,615	132,414	8,869
Revenue bonds	149,235	-	8,245	140,990	8,650
Unamortized premiums	11,310	-	1,334	9,976	-
Compensated absences	529	393	386	536	536
Total other postemployment benefits liability	15,868	1,355	1,091	16,132	-
Net pension liability	2,355	6,745	2,067	7,033	-
Total Sewer Maintenance	<u>314,865</u>	<u>57,862</u>	<u>27,242</u>	<u>345,485</u>	<u>18,459</u>
Other Proprietary Funds					
General obligation bonds and notes	15,235	5,891	3,552	17,574	1,838
Compensated absences	524	483	452	555	555
Total other postemployment benefits liability	15,678	1,328	1,130	15,876	-
Net pension liability	2,154	6,837	2,044	6,947	-
Total Other Proprietary	<u>33,591</u>	<u>14,539</u>	<u>7,178</u>	<u>40,952</u>	<u>2,393</u>
Total business-type activities	<u>\$ 463,081</u>	<u>\$ 122,619</u>	<u>\$ 57,228</u>	<u>\$ 528,472</u>	<u>\$ 26,605</u>

CITY OF MILWAUKEE
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Component Units	Balance 01/01/19	New Issues	Repayments	Balance 12/31/19	Amounts Due within One Year	
		<i>(Thousands of Dollars)</i>				
Revenue bonds	\$ 170,053	\$ -	\$ 3,521	\$ 166,532	\$ 3,685	
Unamortized premiums.....	6,217	-	607	5,610	591	
Environmental remediation liability.....	940	12	-	952	-	
Total component units	<u>\$ 177,210</u>	<u>\$ 12</u>	<u>\$ 4,128</u>	<u>\$ 173,094</u>	<u>\$ 4,276</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, 2019, the City general obligation bonds totaled \$396,080,000 of which \$330,912,737 is for Capital Improvements, \$49,300,000 for schools and \$15,867,623 for business-type activities. The interest rates are between 1.18% and 5.50% with a final maturity date of April 1, 2039

During the year ended December 31, 2019, general obligation bonds totaling \$20,088,500 were issued of which \$18,189,500 was issued to finance capital improvements, and \$1,899,000 for business-type activities.

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

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2019, there was \$6,262,236 of debt outstanding. There is also \$58,999,720 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, 2019, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,210,735,000. These assets are excluded from the financial statements of the City.

As of December 31, 2019, \$112,623,990 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$139,408,459. 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.

CITY OF MILWAUKEE
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C. Revenue Bonds and State Loans

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, 2019, the City has State loans totaling \$183,866,152 of which \$132,414,436 is for Sewer and \$51,451,716 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2039.

As of December 31, 2019, the City has Revenue Bonds totaling \$149,675,000 of which \$140,990,000 is for Sewer and \$8,685,000 is for Water. The interest rates are between 2.50% and 5.00% and the final maturity date is June 1, 2036.

During 2019, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling \$28,209,000 of which \$15,369,000 is for Sewer and \$12,840,000 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, 2019, the City had notes totaling \$659,060,005 of which \$443,827,716 is for Capital Improvements, \$9,699,720 for schools, \$50,806,069 for business-type activities, \$58,733,179 for the purchase of delinquent taxes and \$95,993,321 for general City. The interest rates are between 2.00% and 5.00% with a final maturity date of April 1, 2028.

As of December 31, 2019, the City had notes totaling \$9,699,720 for school purposes, issued under the City's 5% debt limit.

As of December 31, 2019, \$88,039,462 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$101,697,681.

During the year ended December 31, 2019, General Obligation notes totaling \$48,056,000 were issued, of which \$28,052,000 was issued to finance capital improvements, \$2,000,000 for General City, \$318,000 for business-type activities and \$17,686,000 to purchase 2018 delinquent taxes.

E. Loans

As of December 31, 2019, the City had two outstanding revolving loan agreements (RLAs) with U.S. Bank National Association. 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 interest rates on the two U.S. Bank RLAs are tied to indexes which are reset monthly. The maximum available amounts, maturity dates, and indexes are as follows:

Amount	Maturity Date	Index
\$75,000,000	May 30, 2020	LIBOR
\$55,000,000	June 1, 2021	LIBOR

CITY OF MILWAUKEE
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During 2019, \$247.5 million was drawn on the Loans for the following purposes:

Loan Draws	
<i>(Thousands of Dollars)</i>	
Purpose	Amount
Capital expenditures.....	\$ 72,410
Legal settlements.....	9,550
General purposes.....	13,500
Refund debt.....	50,000
Schools cash flow.....	<u>102,000</u>
	<u>\$ 247,460</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 01/01/19	Additions	Deletions	Balance 12/31/19
<u>\$ 47,000</u>	<u>247,460</u>	<u>205,000</u>	<u>\$ 89,460</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

F. Debt Service Requirements

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

Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
	<i>(Thousands of Dollars)</i>				
Governmental activities					
2020.....	\$ 108,883	\$ 39,396	\$ -	\$ -	\$ 148,279
2021.....	144,422	34,934	-	-	179,356
2022.....	85,897	29,937	-	-	115,834
2023.....	143,688	24,552	-	-	168,240
2024.....	80,208	19,321	-	-	99,529
2025-2029.....	330,153	47,646	-	-	377,799
2030-2034.....	94,675	6,203	-	-	100,878
2035-2039.....	540	56	-	-	596
Total	<u>\$ 988,466</u>	<u>\$ 202,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190,511</u>
Business-type activities					
Water Works					
2020.....	\$ 820	\$ 308	\$ 2,989	\$ 1,225	\$ 5,342
2021.....	5,820	319	3,040	1,189	10,368
2022.....	820	182	3,092	1,130	5,224
2023.....	821	141	3,144	1,063	5,169
2024.....	820	100	3,198	991	5,109
2025-2029.....	1,595	78	16,882	3,863	22,418
2030-2034.....	-	-	18,155	1,992	20,147
2035-2039.....	-	-	9,637	356	9,993
Total	<u>\$ 10,696</u>	<u>\$ 1,128</u>	<u>\$ 60,137</u>	<u>\$ 11,809</u>	<u>\$ 83,770</u>
Business-type activities					
Sewer Maintenance					
2020.....	\$ 404	\$ 1,119	\$ 17,519	\$ 8,546	\$ 27,588
2021.....	34,800	842	18,148	7,898	61,688
2022.....	800	140	18,397	7,232	26,569
2023.....	800	100	19,055	6,549	26,504
2024.....	800	60	17,164	5,902	23,926
2025-2029.....	800	20	90,935	20,429	112,184
2030-2034.....	-	-	69,565	7,336	76,901
2035-2039.....	-	-	22,621	657	23,278
Total	<u>\$ 38,404</u>	<u>\$ 2,281</u>	<u>\$ 273,404</u>	<u>\$ 64,549</u>	<u>\$ 378,638</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Other Proprietary					
2020.....	\$ 1,838	\$ 621	\$ -	\$ -	\$ 2,459
2021.....	3,753	608	-	-	4,361
2022.....	1,708	461	-	-	2,169
2023.....	1,606	386	-	-	1,992
2024.....	1,527	316	-	-	1,843
2025-2029.....	5,307	799	-	-	6,106
2030-2034.....	1,835	126	-	-	1,961
Total	<u>\$ 17,574</u>	<u>\$ 3,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,891</u>
Total Component Units					
2020.....	\$ -	\$ -	\$ 3,685	\$ 5,864	\$ 9,549
2021.....	-	-	3,860	5,734	9,594
2022.....	-	-	4,050	5,596	9,646
2023.....	-	-	5,750	5,420	11,170
2024.....	-	-	14,510	5,234	19,744
2025-2029.....	-	-	39,717	22,997	62,714
2030-2034.....	-	-	45,310	16,550	61,860
2035-2039.....	-	-	11,650	10,469	22,119
2040-2044.....	-	-	38,000	2,943	40,943
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,532</u>	<u>\$ 80,807</u>	<u>\$ 247,339</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, 2019, the City's legal debt margin was \$1,082,534,000. Of this amount, \$566,808,000 was for school purposes and \$515,726,000 was for City purposes.

H. Refinancing

During 2019, the City refinanced \$67,975,000 of General Obligation Debt with Promissory Notes, Series 2019 N3 in the amount of \$46,274,500, Corporate Purpose Bonds, Series 2019 B4 in the amount of \$10,600,500, State loans for Water in the amount of \$6,000,000, and with State Loans for Sewer in the amount of \$5,100,000. These issues provided long-term financing for interim debt of \$50,600,000 and reduced the interest cost of long-term debt in the principal amount of \$17,375,000 realizing a net present value savings of \$1,453,038.

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, 2019 is approximately \$276,000,000 for RACM.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019 was \$71,526,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2018 and 2017 were \$91,468,000 and \$62,184,000 respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

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

Long-term Expected Return on Plan Assets –The long-term expected rate of return on pension plan investments was determined using Callan Associates' 10-year geometric capital market projections. Projected long-term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2018, 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.....	47.0%	7.3%
Fixed Income & Cash.....	25.0%	3.1%
Real Estate.....	7.7%	5.6%
Real Assets.....	3.3%	4.5%
Private Equity.....	8.0%	10.6%
Absolute Return.....	9.0%	2.9%
	100.0%	

Rate of Return – For the year ended December 31, 2018, the annual money-weighted rate of return, net of investment expense was -2.75%. 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, 2018, and the amounts were used to roll-forward the total pension liability to the plan’s year-end December 31, 2018, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2018
Measurement Date of Net Pension Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Investment Rate of Return:	7.50% per annum, compounded annually
Discount Rate:	7.50%
Projected Salary Increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption:	2.50%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table, using 111% of rates for males and 110% of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates are based on RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally using Scale MP-2016. Active mortality rates are based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2016.
Experience Study	The actuarial assumptions used in December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2012 - December 31, 2016.

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Net Pension Liability – The components of the City’s pension liability as of December 31, 2019, were as follows:

		Total (Thousands of Dollars)
Total pension liability	\$	5,381,794
Plan fiduciary net position		<u>(4,236,193)</u>
Net pension liability	\$	<u>1,145,601</u>
Plan fiduciary net position as a percentage of total pension liability		78.70%
Covered employee payroll	\$	491,477
Net pension liability as a percentage		233.09%

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 7.50 percent, 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:

	<u>1% Decrease to Discount Rate</u> 6.50%	<u>Current Discount Rate</u> 7.50%	<u>1% Increase to Discount Rate</u> 8.50%
	<i>(Thousands of Dollars)</i>		
City’s net pension liability (asset).....	\$ 1,791,912	\$ 1,145,601	\$ 607,748

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 2018 actuarial employer contribution was \$76.667 million and the employer allocation percentage was 85.564%.

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 85.564%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.93 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5.00 years.

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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	Net Outflows of Resources
	<i>(Thousands of Dollars)</i>		
Differences between expected and actual experience.....	\$ 28,217	\$ (62,365)	\$ (34,148)
Changes in assumptions.....	408,600	(210)	408,390
Contributions made after the measurement date.....	71,526	-	71,526
Net differences between projected and actual earnings			
on pension plan investments.....	264,386	-	264,386
Changes in proportion and differences between employer			
contributions and proportionate share of contributions....	12,169	(7,592)	4,577
Total.....	<u>\$ 784,898</u>	<u>\$ (70,167)</u>	<u>\$ 714,731</u>

Deferred Outflows of \$71,526 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, 2020. 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>
2020	\$ 243,935
2021	179,579
2022	116,586
2023	103,105
Total	<u>\$ 643,205</u>

The City's pension expense was determined as follows:

Calculation of Pension Expense

<i>(Thousands of Dollars)</i>	Total
Service Cost.....	\$ 64,275
Interest cost on total pension liability.....	397,742
Projected earnings on plan investments.....	(370,619)
Contributions - Member.....	(27,453)
Administrative Expense.....	6,144
Plan Changes.....	-
Changes in assumptions.....	101,518
Differences between expected and actual liability experience.....	(19,528)
Difference between projected and actual earnings.....	101,537
Other changes in fiduciary net position.....	-
Prior years' deferred inflows.....	(77,347)
Other changes in fiduciary net position.....	1,594
Total Pension Expense.....	<u>\$ 335,436</u>

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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 NOL, 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 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

CITY OF MILWAUKEE
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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 2019, the City paid approximately \$40,284,018 and \$2,459,118, respectively, toward medical and life insurance for retirees.

Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2018, projected to measurement dates of December 31, 2018, and December 31, 2019, using the applicable discount rate required under GASB Statement No. 75 and determined using the following actuarial assumptions.

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Methods and Assumptions Used to Determine OPEB Actuarial Liability and Contributions	
Actuarial Valuation Date	January 1, 2019
Measurement Date of Net Pension Liability	December 31, 2019
Plan Fiscal Year End	December 31, 2019
Actuarial Cost Method	Entry Age Normal
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	3.71% as of December 31, 2018; 2.75% as of December 31, 2019.
Projected Salary Increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Wage Inflation	2.5% for general employees and 4.0% for public safety employees.
Healthcare Cost Trend Rates	Pre-Medicare trend rates are 8.0% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2027. Post-Medicare trend rates are 9.50% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2030. Actual trend rates of 3.02% for pre-Medicare and 6.63% for post-Medicare are used in 2019.
Mortality Table	For regular retirees and for survivors, the RP-2014 Healthy annuitant Mortality Table (using 111% of rates for males and 110% of rates for females - base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females - base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2016) projected generationally with Scale MP-2016.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are reflected separately.

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Total OPEB Liability – The changes and components of the December 31, 2019 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.....	\$	45,422
Interest.....		44,080
Differences between expected and actual experience.....		(55,890)
Changes of assumptions.....		238,470
Benefit payments.....		(40,841)
Net change in total OPEB liability.....		231,241
Total OPEB liability - January 1, 2018.....		1,212,927
Total OPEB liability - December 31, 2018.....	\$	<u>1,444,168</u>
Plan fiduciary net position		
Contributions - employer.....		40,841
Benefit payments.....		(40,841)
Total OPEB liability - ending.....	\$	<u>1,444,168</u>
Plan fiduciary net position as a percentage of total OPEB liability.....		0.00%
Covered employee payroll.....	\$	375,432
Total OPEB liability as a percentage of covered payroll.....		384.67%
Inactive plan members or beneficiaries currently receiving benefits...		3,369
Active plan members.....		5,628
		<u>8,997</u>
Discount rate - December 31, 2018.....	3.71%	
Discount rate - December 31, 2019.....	2.75%	

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:

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.

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Sensitivity of Total OPEB to the Single Discount Rate Assumption

	1% Decrease to Discount Rate 1.75%	Current Discount Rate 2.75%	1% Increase to Discount Rate 3.75%
	<i>(Thousands of Dollars)</i>		
City's Total OPEB liability.....	\$ 1,696,978	\$ 1,444,167	\$ 1,243,996

Sensitivity of Total OPEB to the Healthcare Cost Trend Rate Assumption

	1% Decrease	Current Healthcare Cost Assumption	1% Increase
	<i>(Thousands of Dollars)</i>		
City's Total OPEB liability.....	\$ 1,277,381	\$ 1,444,167	\$ 1,669,260

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 <i>(Thousands of Dollars)</i>	Total
Service Cost.....	\$ 45,422
Interest cost on total pension liability.....	44,080
Recognition of outflow/(inflow) due to non-investment experience.....	(8,605)
Recognition of outflow/(inflow) due to assumption changes.....	26,515
Total OPEB Expense.....	\$ 107,412

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

Reconciliation of Total OPEB Liability <i>(Thousands of Dollars)</i>	Total
Total OPEB liability beginning of year.....	\$ 1,212,925
OPEB expense.....	107,412
Employer contributions.....	(40,841)
Change in outflow/(inflow) due to non-investment experience.....	(47,285)
Change in outflow/(inflow) due to assumption changes.....	211,955
Total OPEB liability end of year.....	\$ 1,444,166

Deferred Inflows and Outflows of Resources – For the plan year-end December 31, 2018, an actuarial gain of \$55,890,000 was generated due to the difference between actual and expected employer net benefits paid during the plan year. The actuarial gain is recognized as a component of the annual OPEB expense on a straight-line basis of 6.5 years. For plan year-end December 31, 2019, a gain of \$8,605 was recognized in the annual expense. As of December 31, 2019, the remaining amount of \$47,441 will be recognized as a component of future expense.

For the plan year-end December 31, 2019, an actuarial loss of \$238,470,000 was generated due to the change in the discount rate from 3.71% at December 31, 2018, to 2.75% at December 31, 2019. The actuarial loss is recognized as a component of the annual OPEB expense on a straight-line basis of 6.5 years. For plan year-end December 31, 2019, a loss of \$36,605,000 was recognized in the annual expense. As of December 31, 2019, the remaining amount of \$201,866,000 will be recognized as a component of future expense.

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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 and Future OPEB Expenses
(Thousands of Dollars)

	(Inflows) to be Recognized in Future Expense	Outflows to be Recognized in Future Expense
Differences between expected and actual non-investment experience.....	\$ (47,440)	\$ -
Changes in assumptions.....	(50,059)	201,866
Total.....	\$ (97,499)	\$ 201,866

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

Fiscal Year-end	Non-investment Experience		Assumption Changes		Total	
	(Inflows)	Outflows	(Inflows)	Outflows	(Inflows)	Outflows
December 31, 2020	\$ (8,605)	\$ -	\$ (10,089)	\$ 36,605	\$ (18,694)	\$ 36,605
December 31, 2021	(8,605)	-	(10,089)	36,605	(18,694)	36,605
December 31, 2022	(8,605)	-	(10,089)	36,604	(18,694)	36,604
December 31, 2023	(8,605)	-	(10,089)	36,604	(18,694)	36,604
December 31, 2024	(8,605)	-	(9,703)	36,604	(18,308)	36,604
December 31, 2025	(4,415)	-	-	18,844	(4,415)	18,844
Total	\$ (47,440)	\$ -	\$ (50,059)	\$ 201,866	\$ (97,499)	\$ 201,866

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 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 2019, approximately \$8,213,288 was paid for sick leave from all funds. At December 31, 2019, accumulated sick leave earned but not taken totaled approximately \$158,818,196 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 2019, terminal leave payments totaled \$2,738,255 to employees retiring during the year. As of December 31, 2019, the City has accrued \$28,495,036 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$46,701,751 with the remainder accrued vacation leave of \$16,728,941 and estimated FICA taxes of \$1,477,774.

CITY OF MILWAUKEE
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9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2019 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>						
Nonspendable							
Advances.....	\$ 6,510	\$ -	\$ -		\$ -	\$ -	\$ 6,510
Inventory.....	9,345	-	-	-	-	-	9,345
Inventory of property for resale..	26	-	-	-	-	-	26
Prepaid items.....	5,740	-	-	-	394	3	6,137
Spendable							
Restricted for:							
Future debt payments.....	-	33,542	48,861	-	-	-	82,403
Business Improvement Districts..	-	-	-	104	-	-	104
Grants.....	-	-	-	-	-	6,002	6,002
Tax increment financing.....	-	-	-	105,857	11,948	-	117,805
Committed to:							
Contributions.....	2,949	-	-	-	-	-	2,949
Capital projects.....	-	-	-	-	18,578	-	18,578
Assigned to:							
Conservation and development...	660	-	-	-	-	-	660
General government.....	6,845	-	-	-	-	-	6,845
Health.....	280	-	-	-	-	-	280
Culture and recreation.....	102	-	-	-	-	-	102
Public safety.....	1,443	-	-	-	-	-	1,443
Public works.....	1,250	-	-	-	-	-	1,250
2020 budgetary financing.....	10,000	-	-	-	-	-	10,000
Unassigned	<u>7,339</u>	<u>-</u>	<u>-</u>	<u>(17,531)</u>	<u>(28,727)</u>	<u>(25,184)</u>	<u>(64,103)</u>
Total Fund Balance.....	<u>\$ 52,489</u>	<u>\$ 33,542</u>	<u>\$ 48,861</u>	<u>\$ 88,430</u>	<u>\$ 2,193</u>	<u>\$ (19,179)</u>	<u>\$ 206,336</u>

Tax Stabilization and Advances to Other Funds

A tax stabilization arrangement is incorporated into the City's adopted *Reserve for Tax Stabilization Fund Balance Policy* and is governed by the City's Code of Ordinances. At December 31, 2019, the tax stabilization reserve was \$23,849,000. Of this amount, \$10,000,000 has been committed to the funding of the 2020 General Fund budget and \$7,339,000 is unassigned for 2020 and subsequent years' budgets. This Reserve includes an amount for advances of \$6,510,000 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2019 were as follows:

		Due From					
		General Fund	Nonmajor Governmental Funds	Water Works	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total
		<i>(Thousands of Dollars)</i>					
Due To	General Fund	\$ -	\$ 189	\$ -	\$ -	\$ -	\$ 189
	General Obligation Debt Service	9,693	-	1,084	-	-	10,777
	Public Debt Amortization.....	257	-	-	-	-	257
	Capital Projects	7,377	-	-	-	-	7,377
	Nonmajor Governmental Funds.....	33,409	-	-	-	-	33,409
	Water Works	-	-	-	486	446	932
	Nonmajor Proprietary Funds	12,546	-	-	-	-	12,546
Totals	<u>\$ 63,282</u>	<u>\$ 189</u>	<u>\$ 1,084</u>	<u>\$ 486</u>	<u>\$ 446</u>	<u>\$ 65,487</u>	

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

The City of Milwaukee General Fund advances funds to the Special Assessments Capital Projects fund periodically to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2019, the outstanding balance was \$6,510,000.

The City of Milwaukee Economic Development Fund advanced \$17,639,000 to the Delinquent Tax Fund and \$4,864,000 to the Metro Sewer User Fund to finance cash flows in 2019. These advances are non-interest bearing and will be repaid from the issuance of debt, tax-levy and sewer user rate increases.

The City of Milwaukee Water Fund advanced \$272,286 to the Transportation Proprietary Fund in 2012. This advance is non-interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2019, the outstanding balance was \$54,457.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Interfund transfers for the year ended December 31, 2019 were as follows (*in thousands*):

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt Service.....	\$ 9,570	Funding for Revenue Anticipation Notes
	General Obligation Debt Service.....	300	Funding for operations
	Nonmajor Governmental Funds.....	6,589	Subsidize uncollected property taxes
	Water Works.....	13,300	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,409	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	17,549	Subsidy for operations
	Nonmajor Proprietary Funds.....	<u>545</u>	Excess earnings of Port
	Subtotal General Fund.....	<u>49,262</u>	
General Obligation Debt Service	General.....	2,109	Funding for debt payments
	Economic Development.....	29,506	Funding for debt payments
	Public Debt Amortization.....	9,000	Funding for debt payments
	Nonmajor Governmental Funds.....	23,096	Funding for debt payments
	Sewer Maintenance.....	1,358	Funding for debt payments
	Nonmajor Proprietary Funds.....	<u>1,064</u>	Funding for debt payments
	Subtotal Debt Service.....	<u>66,133</u>	
Nonmajor Governmental Funds	General Obligation Debt Service.....	<u>2,827</u>	Funding for operations
	Subtotal Nonmajor Governmental Funds	<u>2,827</u>	
Capital Projects	General Obligation Debt Service.....	1,136	Funding for operations
	Capital Funds.....	<u>99</u>	Funding for housing increment
	Subtotal Capital Projects.....	<u>1,235</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	563	Funding for debt payments
	General Obligation Debt Service.....	<u>191</u>	Funding for operations
	Subtotal Nonmajor Proprietary.....	<u>754</u>	
	Total Interfund Transfers.....	<u>\$ 120,211</u>	

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2019 were as follows:

Component Unit Payable	Primary Government's Receivable <i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	\$ 251
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	10,799
Due from NIDC for strong home loan repayments.....	14
Due from NIDC for housing projects.....	23
Due from NIDC for home and Community Development Block grants	<u>8</u>
Total	<u>\$ 11,095</u>
Component Unit Receivable	Primary Government's Payable <i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	<u>\$ 30</u>
Total	<u>\$ 30</u>

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2020 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

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

Year	Amount
<i>(Thousands of Dollars)</i>	
2020.....	\$ 5,800
2021.....	4,315
2022.....	4,097
2023.....	4,082
2024.....	3,823
2025-2029.....	18,969
2030-2034.....	9,837
2035-2039.....	<u>6,470</u>
Total.....	<u>\$ 57,393</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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		
	2019	2018
General liability claims	\$ 24,903,177	\$ 27,888,000
Workers' compensation claims	13,912,000	12,268,000
Unemployment claims	437,000	364,000
Pollution remediation obligation.....	686,000	1,810,000
Total.....	<u>\$ 39,938,177</u>	<u>\$ 42,330,000</u>

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

Claim and Legal Liability Activity		
	2019	2018
Beginning of year liability	\$ 42,330,000	\$ 32,222,000
Current year claims and changes in estimates	10,627,177	12,312,000
Claim payments	<u>(13,019,000)</u>	<u>(2,204,000)</u>
End of year liability	<u>\$ 39,938,177</u>	<u>\$ 42,330,000</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		
	2019	2018
Beginning of year liability	\$ 8,581,937	\$ 8,646,905
Current year claims and changes in estimates	104,100,971	101,027,862
Claim payments	<u>(104,104,722)</u>	<u>(101,092,830)</u>
End of year liability	<u>\$ 8,578,186</u>	<u>\$ 8,581,937</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$363,000 to address PBC pollution could increase if the Environment Protection Agency (EPA) does not approve the City's proposed cleanup methods. The EPA could require the City to do additional testing and remediation, resulting in greater costs to the City. The City qualifies for the State of Wisconsin *Municipal Liability Exemption Program* for contaminated properties. As long as the City is protective of human health environment, cleanup is not required. The City generally cleans up contaminated properties based on remediation grants awarded to the City. The City does not expect to receive any non-grant revenues from insurance or other parties to reduce the City's liability for pollution remediation.

During 2019, the City's estimated liability for pollution remediation-related activities decreased \$1,124,000. At December 31, 2019, the City has an outstanding liability of \$686,000 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste. 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 \$171,000 in post-closure care of solid waste landfills during 2019. 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, 2019.

Commitments

The following is a list of encumbrances by function at December 31, 2019:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Water Works</u>	<u>Total</u>
		<i>(Thousands of Dollars)</i>		
General government.....	\$ 537	\$ -	\$ -	\$ 537
Conservation and development.....	174	2,436	-	2,610
Health.....	25	-	-	25
Culture and Recreation.....	102	2,253	-	2,355
Public safety.....	620	6,264	-	6,884
Public works.....	1,242	-	-	1,242
Infrastructure.....	-	45,864	6,160	52,024
Total.....	<u>\$ 2,700</u>	<u>\$ 56,817</u>	<u>\$ 6,160</u>	<u>\$ 65,677</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, 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 2019 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, 2019.

	Tax Abatement Activity		2019 Taxes Refunded	2019 Remaining
	2018 Remaining	Additions		
Program 1, Developer-Financed	<i>(Thousands of Dollars)</i>			
TID 52.....	\$ 1,173	\$ 64	\$ (461)	\$ 776
TID 57.....	2,241	118	(450)	1,909
TID 64.....	2,990	9,249	(254)	11,985
TID 78.....	49,381	1,901	(4,941)	46,341
TID 80.....	2,443	114	(256)	2,301
TID 83.....	775	3,836	(153)	4,458
TID 84.....	8,000	-	-	8,000
TID 86.....	1,500	-	-	1,500
TID 87.....	1,200	3	(45)	1,158
TID 90.....	635	-	-	635
TID 93.....	575	-	-	575
TID 94.....	3,800	-	-	3,800
TID 95.....	500	-	-	500
TID 96.....	25,000	-	-	25,000
TID 97.....	-	9,000	-	9,000
TID 99.....	-	2,450	-	2,450
TID 102.....	-	15,000	-	15,000
TID 103.....	-	1,050	-	1,050
Total Program 1.....	<u>\$ 100,213</u>	<u>\$ 42,785</u>	<u>\$ (6,560)</u>	<u>\$ 136,438</u>
Program 2, Grant				
TID 63.....	1,502	-	(77)	1,425
TID 77.....	251	-	(150)	101
Total Program 2.....	<u>\$ 1,753</u>	<u>\$ -</u>	<u>\$ (227)</u>	<u>\$ 1,526</u>
Total tax abatements.....	<u>\$ 101,966</u>	<u>\$ 42,785</u>	<u>\$ (6,787)</u>	<u>\$ 137,964</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

15. SUBSEQUENT EVENTS

On January 8, 2020, the City received \$1,341,569 on the Series 2018 N9 from the Safe Drinking Water Loan (SDWL) program for water capital purposes relating to lead service line replacements. The amount was immediately forgiven by the State.

On February 3, 2020, the City drew \$6,236,217 on the Series 2019 T10 Revolving Loan Agreement with US Bank National Association (RLA) for refunding purposes.

On February 26, 2020 and March 25, 2020, the City received \$194,955 and \$14,559,198 respectively, on the Series 2020 S1 from the Clean Water Fund program for sewer capital and refunding purposes. \$58,486 and \$691,514, respectively, was immediately forgiven by the State. The 2020 S1 matures in each of the years 2020-2039. On March 27, 2020, \$14,560,000 of the proceeds was used to pay down on the Series 2019 N8 RLA.

On March 11, 2020, the City received \$705,553 on the Series 2017 N9 from the SDWL program for water capital purposes relating to lead service line replacements. The amount was immediately forgiven by the State.

On April 20, 2020, the City issued \$120,000,000 general obligation promissory notes, Series 2020 R3, for cash flow and refunding purposes. The maturity date is January 29, 2021. However, the notes are anticipated to be redeemed prior to the end of 2020.

On April 20, 2020, the City issued \$122,135,000 of general obligation promissory notes, Series 2020 N4, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2021 through 2030.

On April 20, 2020, the City issued \$29,845,000 of general obligation corporate purpose bonds, Series 2020 B5 for capital project and refunding purposes. The bonds mature in each of the years 2031 through 2035.

On April 20, 2020, the City issued \$9,595,000 of taxable general obligation promissory notes, Series 2020 T6, for capital project and refunding purposes. The notes mature in each of the years 2021 through 2030.

On April 20, 2020, the City issued \$5,440,000 taxable corporate purpose bonds, Series 2020 T7 for capital project and refunding purposes. The bonds mature in each of the years 2021 through 2040.

On April 22, 2020, the City Paid \$16,550,000, \$30,210,000, and \$9,936,217 to US Bank on Revolving Note Series 2019 N8, Series 2019 N9, and Series 2019 T10, respectively.

On April 23, 2020, the City received an advance of \$103 Million in CARES Act assistance from the federal government due to the novel strain of coronavirus reported in Wuhan, Hubei province, China. The virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including the City of Milwaukee. The City was awarded an additional \$40 Million to alleviate expenditures and mitigate losses related to the pandemic.

On May 27, 2020, the City received \$5,585,880 on the Series 2020 W2 from the SDWL program for water capital and refunding purposes. The 2020 S2 matures in each of the years 2021-2040. On May 27, 2020, \$5,000,000 of the proceeds was used to pay down on the Series 2019 N8 RLA.

On May 28, 2020, the City drew \$5,245,000 on the Series 2019 N9 RLA to refund, on the same day, the remaining outstanding balance on the Series 2019 N8 RLA.

On June 10, 2020, the City drew \$13,500,000 on the Series 2019 T10 RLA for refunding purposes.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit E-1

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 211,369	\$ 211,369	\$ 204,786	\$ (6,583)
Other taxes	3,229	3,229	3,821	592
Licenses and permits	16,126	16,126	18,502	2,376
Intergovernmental	270,081	270,081	270,575	494
Charges for services	124,124	124,124	125,728	1,604
Fines and forfeits	3,251	3,251	2,633	(618)
Other	18,253	18,253	23,971	5,718
Total Revenues	646,433	646,433	650,016	3,583
Expenditures:				
Current:				
General government	262,772	275,553	275,018	535
Public safety	303,042	319,997	319,348	649
Public works	97,782	107,469	107,133	336
Health	11,238	12,025	11,818	207
Culture and recreation	17,351	18,078	18,078	-
Conservation and development	4,746	4,621	4,506	115
Total Expenditures	696,931	737,743	735,901	1,842
Deficiency of Revenues over Expenditures	(50,498)	(91,310)	(85,885)	5,425
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	25,050	25,050	-
Transfers in	33,458	33,458	49,262	15,804
Transfers out	(1,200)	(1,200)	(2,109)	(909)
Contributions received	28,036	28,036	19,303	(8,733)
Contributions used	(26,794)	(27,021)	(20,126)	6,895
Use of fund balance - reserved for tax stabilization ...	16,000	16,000	16,000	-
Total Other Financing Sources and Uses	49,500	74,323	87,380	13,057
Net Change in Fund Balance	(998)	(16,987)	1,495	18,482
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	50,994	50,994	50,994	-
Fund Balance - Ending	\$ 49,996	\$ 34,007	\$ 52,489	\$ 18,482

Explanation of Differences of Budget to GAAP:

For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is \$16 million at January 1, 2019.

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit E-2

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 43,340	\$ 43,340	\$ -
Other	<u>11,286</u>	<u>9,844</u>	<u>(1,442)</u>
Total Revenues	<u>54,626</u>	<u>53,184</u>	<u>(1,442)</u>
Expenditures:			
Current:			
Conservation and development	<u>11,286</u>	<u>9,976</u>	<u>\$ 1,310</u>
Excess of Revenues over Expenditures	43,340	43,208	(132)
Other Financing Sources (Uses):			
Transfers out	<u>(29,506)</u>	<u>(29,506)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(29,506)</u>	<u>(29,506)</u>	<u>-</u>
Net Change in Fund Balance	13,834	13,702	(132)
Fund Balance - Beginning	<u>74,728</u>	<u>74,728</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 88,562</u>	<u>\$ 88,430</u>	<u>\$ (132)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit E-3

RETIREE HEALTH AND LIFE INSURANCE (OPEB)

PLAN FIDUCIARY NET POSITION

	<u>2018</u>	<u>2019</u>
Employer contributions.....	\$ 35,916	\$ 40,842
Active member contributions.....	-	-
Net investment income.....	-	-
Benefit payments.....	(35,916)	(40,842)
Operating expenses.....	-	-
Other.....	-	-
Net Change in Plan Fiduciary Net Position.....	<u>\$ -</u>	<u>\$ -</u>
Discount rate at beginning of year.....	3.31%	3.71%
Discount rate at end of year.....	3.71%	2.75%

TOTAL OPEB LIABILITY

	<u>2018</u>	<u>2019</u>
Total OPEB liability beginning of year.....	\$ 1,228,405	\$ 1,212,927
OPEB expense.....	80,742	107,414
Employer contributions.....	(35,916)	(40,842)
Change in outflow/(inflow) due to non-investment experience.....	(156)	-
Change in outflow/(inflow) due to assumption changes.....	(60,148)	211,954
Change in outflow/(inflow) due to liability experience.....	-	(47,285)
Total OPEB liability end of year.....	<u>\$ 1,212,927</u>	<u>\$ 1,444,168</u>

SCHEDULE OF OPEB CONTRIBUTIONS

<u>FY ending</u> <u>December 31</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>Excess</u>	<u>Contribution</u> <u>Covered</u> <u>Payroll</u>	<u>Actual</u> <u>Contribution</u> <u>as a % of</u> <u>Covered</u> <u>Payroll</u>
2017	N/A	\$ 34,120	N/A	\$ 410,203	8.32%
2018	N/A	\$ 35,918	N/A	\$ 422,509	8.50%
2019	N/A	\$ 40,842	N/A	\$ 375,433	10.90%

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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit E-3 (Continued)

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-employee 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%

SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS

Employees' Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Legally required contributions.....	\$ 65,474	\$ 66,333	\$ 66,401	\$ 74,811	\$ 74,884
Contributions in relation to the required contributions.....	\$ 61,130	\$ 59,985	\$ 61,390	\$ 65,410	\$ 69,940
Contribution deficiency (excess).....	\$ 4	\$ 6,348	\$ 5,011	\$ 9,401	\$ 4,944
City's pensionable - employee payroll.....	\$ 375,751	\$ 380,976	\$ 383,845	\$ 422,717	\$ 483,261
Contributions as a percentage of covered-employee payroll.....	16.27%	15.75%	15.99%	15.47%	14.47%

	<u>2019</u>
Legally required contributions.....	\$ 76,657
Contributions in relation to the required contributions.....	\$ 71,160
Contribution deficiency (excess).....	\$ 5,507
City's pensionable - employee payroll.....	\$ 491,477
Contributions as a percentage of covered-employee payroll.....	14.48%

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, 2019

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2019
Measurement date	December 31, 2019
Actuarial cost method	Entry age normal
Contribution policy	Pay-as-you-go
Asset valuation method	No assets
Current discount rate	2.75%
Wage inflation	2.5% for general employees and 4.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Health care inflation rate	Pre-Medicare trend rates are 8.0% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2027. Post-Medicare trend rates are 9.50% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2030. Actual trend rates of 3.02% for pre-Medicare and 6.63% for post-Medicare were used in 2019.

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2018
Measurement date	December 31, 2018
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value.
Investment rate of return	7.50% per annum, compounded annually.
Projected salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation assumption	2.50%

Changes of assumptions: The discount rate changed from 8.24% to 7.5%.

Changes of benefit terms: There were no changes of benefit terms for any City of Milwaukee Employees' Retirement System participants.

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Budgets and Budgetary Accounting

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

Annual budgets are legally adopted by the Common Council for some but not all governmental funds. Annual budgets are not adopted for Special Revenue 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.

See accompanying independent auditors' report.

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**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.

Grant and Aid Projects – This 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.

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, 2019
 (Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 427	\$ 1,512	\$ -	\$ 1,939
Receivables (net):				
Taxes	-	-	28,590	28,590
Notes and loans	5,090	5,014	-	10,104
Due from other funds	-	189	-	189
Due from component units	23	8	-	31
Due from other governmental agencies	7,491	2,944	-	10,435
Prepaid items	-	3	-	3
Total Assets	<u>\$ 13,031</u>	<u>\$ 9,670</u>	<u>\$ 28,590</u>	<u>\$ 51,291</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,557	\$ 2,784	\$ -	\$ 5,341
Accrued expenses	125	64	-	189
Advance from other funds	-	-	17,639	17,639
Due to other funds	4,819	-	28,590	33,409
Due to other governmental agencies	13	1,512	-	1,525
Unearned revenue.....	427	296	-	723
Total Liabilities	<u>7,941</u>	<u>4,656</u>	<u>46,229</u>	<u>58,826</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>4,066</u>	<u>33</u>	<u>7,545</u>	<u>11,644</u>
Fund Balances:				
Nonspendable.....	-	3	-	3
Restricted.....	1,024	4,978	-	6,002
Unassigned.....	-	-	(25,184)	(25,184)
Total Fund Balances	<u>1,024</u>	<u>4,981</u>	<u>(25,184)</u>	<u>(19,179)</u>
Total Liabilities, Deferred Inflows and Fund Balances ...	<u>\$ 13,031</u>	<u>\$ 9,670</u>	<u>\$ 28,590</u>	<u>\$ 51,291</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, 2019
 (Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 24,424	\$ 15,367	\$ -	\$ 39,791
Other	-	-	6,380	6,380
Total Revenues	<u>24,424</u>	<u>15,367</u>	<u>6,380</u>	<u>46,171</u>
Expenditures:				
Current:				
General government	-	2,006	1,424	3,430
Public safety	7,577	4,575	-	12,152
Public works	2,892	92	-	2,984
Health	9,164	-	-	9,164
Culture and recreation	1,652	2,042	-	3,694
Conservation and development	4,878	6,483	-	11,361
Total Expenditures	<u>26,163</u>	<u>15,198</u>	<u>1,424</u>	<u>42,785</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,739)</u>	<u>169</u>	<u>4,956</u>	<u>3,386</u>
Other Financing Sources (Uses):				
General obligation bonds and notes issued .	-	-	17,686	17,686
Loans receivable activities.....	(539)	-	-	(539)
Transfers in	-	-	2,827	2,827
Transfers out	-	-	(29,685)	(29,685)
Total Other Financing Sources (Uses)	<u>(539)</u>	<u>-</u>	<u>(9,172)</u>	<u>(9,711)</u>
Net Change in Fund Balances	<u>(2,278)</u>	<u>169</u>	<u>(4,216)</u>	<u>(6,325)</u>
Fund Balances - Beginning	<u>3,302</u>	<u>4,812</u>	<u>(20,968)</u>	<u>(12,854)</u>
Fund Balances - Ending	<u>\$ 1,024</u>	<u>\$ 4,981</u>	<u>\$ (25,184)</u>	<u>\$ (19,179)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit F-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANT AND AID PROJECTS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 29,675	\$ 24,424	\$ (5,251)
Expenditures:			
Current:			
Public safety	9,427	7,577	1,850
Public works	2,897	2,892	5
Health	10,721	9,164	1,557
Culture and recreation	1,722	1,652	70
Conservation and development	4,908	4,878	30
Total Expenditures	<u>29,675</u>	<u>26,163</u>	<u>3,512</u>
Deficiency of Revenues under Expenditures	-	(1,739)	(1,739)
Other Financing Sources (Uses):			
Loans receivable activities	-	(539)	(539)
Net Change in Fund Balance	-	(2,278)	(2,278)
Fund Balance - Beginning	<u>3,302</u>	<u>3,302</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,302</u>	<u>\$ 1,024</u>	<u>\$ (2,278)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit F-4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 15,367	\$ 15,367	\$ -
Expenditures:			
Current:			
General government	2,006	2,006	-
Public safety	4,575	4,575	-
Public works	92	92	-
Culture and recreation	2,042	2,042	-
Conservation and development	<u>6,483</u>	<u>6,483</u>	<u>-</u>
Total Expenditures	<u>15,198</u>	<u>15,198</u>	<u>-</u>
Net Change in Fund Balance	169	169	-
Fund Balance - Beginning	<u>4,812</u>	<u>4,812</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,981</u>	<u>\$ 4,981</u>	<u>\$ -</u>

See accompanying independent auditors' report.

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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 NET POSITION
NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2019
(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	\$ 3,078	\$ 80	\$ -	\$ 3,158
Receivables (net):				
Accounts	407	1,659	11,480	13,546
Unbilled accounts	-	-	3,457	3,457
Due from other funds	-	-	446	446
Due from other governmental agencies	1,573	645	-	2,218
Total Current Assets	<u>5,058</u>	<u>2,384</u>	<u>15,383</u>	<u>22,825</u>
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	12,814	30	-	12,844
Capital assets being depreciated:				
Buildings	87,769	14,210	-	101,979
Infrastructures	-	20,887	-	20,887
Improvements other than buildings	5,194	6,012	-	11,206
Machinery and equipment	7,122	8,841	-	15,963
Accumulated depreciation	<u>(56,547)</u>	<u>(28,574)</u>	<u>-</u>	<u>(85,121)</u>
Total Noncurrent Assets	<u>65,359</u>	<u>29,860</u>	<u>-</u>	<u>95,219</u>
Total Assets.....	<u>70,417</u>	<u>32,244</u>	<u>15,383</u>	<u>118,044</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	3,755	929	-	4,684
Deferred outflows for other post employment benefits	<u>1,927</u>	<u>430</u>	<u>-</u>	<u>2,357</u>
Total Deferred Outflows of Resources.....	<u>5,682</u>	<u>1,359</u>	<u>-</u>	<u>7,041</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit G-1 (Continued)

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 2,262	\$ 649	\$ 7,618	\$ 10,529
Accrued expenses	267	55	3	325
Accrued interest payable	98	40	-	138
Compensated absences	422	133	-	555
Advances from other funds	54	-	-	54
Due to other funds	-	4,784	7,762	12,546
Unearned revenue.....	2,031	646	-	2,677
General obligation debt payable - current	1,312	526	-	1,838
Total Current Liabilities	<u>6,446</u>	<u>6,833</u>	<u>15,383</u>	<u>28,662</u>
Noncurrent Liabilities:				
General obligation debt payable	10,969	4,767	-	15,736
Advances from other funds	-	-	4,864	4,864
Other post employment benefits liability.....	12,726	3,150	-	15,876
Net pension liability	5,568	1,379	-	6,947
Total Noncurrent Liabilities	<u>29,263</u>	<u>9,296</u>	<u>4,864</u>	<u>43,423</u>
Total Liabilities	<u>35,709</u>	<u>16,129</u>	<u>20,247</u>	<u>72,085</u>
Deferred Inflows:				
Deferred inflows for pensions	477	118	-	595
Deferred inflows for OPEB	931	207	-	1,138
Total Deferred Inflows of Resources.....	<u>1,408</u>	<u>325</u>	<u>-</u>	<u>1,733</u>
NET POSITION:				
Net investment in capital assets.....	53,078	24,567	-	77,645
Unrestricted	(14,096)	(7,418)	(4,864)	(26,378)
Total Net Position	<u>\$ 38,982</u>	<u>\$ 17,149</u>	<u>\$ (4,864)</u>	<u>\$ 51,267</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, 2019
 (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	\$ -	\$ -	\$ 49,618	\$ 49,618
Rent	7,767	6,158	-	13,925
Parking meters	4,485	-	-	4,485
Parking permits	4,404	-	-	4,404
Vehicle towing	5,108	-	-	5,108
Parking forfeitures	16,029	-	-	16,029
Other	-	-	1,324	1,324
Total Operating Revenues	<u>37,793</u>	<u>6,158</u>	<u>50,942</u>	<u>94,893</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	47,607	47,607
Employee services	7,054	1,570	104	8,728
Depreciation	2,419	1,097	-	3,516
Services, supplies and materials	17,932	1,579	5,590	25,101
Total Operating Expenses	<u>27,405</u>	<u>4,246</u>	<u>53,301</u>	<u>84,952</u>
Operating Income (Loss)	<u>10,388</u>	<u>1,912</u>	<u>(2,359)</u>	<u>9,941</u>
Nonoperating Revenues (Expenses):				
Grant revenue	2,041	867	-	2,908
Interest expense	(526)	(167)	-	(693)
Other	2,651	(311)	-	2,340
Total Nonoperating Revenues (Expenses)	<u>4,166</u>	<u>389</u>	<u>-</u>	<u>4,555</u>
Income (Loss) before Transfers	14,554	2,301	(2,359)	14,496
Transfers in	190	564	-	754
Transfers out	<u>(18,473)</u>	<u>(2,094)</u>	<u>-</u>	<u>(20,567)</u>
Change in Net Position	(3,729)	771	(2,359)	(5,317)
Total Net Position - Beginning	<u>42,711</u>	<u>16,378</u>	<u>(2,505)</u>	<u>56,584</u>
Total Net Position - Ending	<u>\$ 38,982</u>	<u>\$ 17,149</u>	<u>\$ (4,864)</u>	<u>\$ 51,267</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (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	\$ 37,905	\$ 6,070	\$ 51,118	\$ 95,093
Payments to suppliers	(17,160)	(1,549)	(53,531)	(72,240)
Payments to employees	(7,139)	(395)	1	(7,533)
Payments from other funds	(1,573)	(400)	1,516	(457)
Payments to other funds	-	(1,275)	896	(379)
Net Cash Provided by Operating Activities	<u>12,033</u>	<u>2,451</u>	<u>-</u>	<u>14,484</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating revenues (expenses)	5,429	867	-	6,296
Transfers from other funds	190	564	-	754
Transfers to other funds	(18,473)	(2,094)	-	(20,567)
Net Cash Used for Noncapital Financing Activities	<u>(12,854)</u>	<u>(663)</u>	<u>-</u>	<u>(13,517)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	4,151	1,740	-	5,891
Acquisition of property, plant and equipment	(4,613)	(1,901)	-	(6,514)
Retirement of bonds, notes and revenue bonds	(3,145)	(407)	-	(3,552)
Interest paid	(529)	(156)	-	(685)
Other	553	(1,062)	-	(509)
Net Cash Used for Capital and Related Financing Activities	<u>(3,583)</u>	<u>(1,786)</u>	<u>-</u>	<u>(5,369)</u>
Net Decrease in Cash and Cash Equivalents	(4,404)	2	-	(4,402)
Cash and Cash Equivalents - Beginning	<u>7,482</u>	<u>78</u>	<u>-</u>	<u>7,560</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,078</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 3,158</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 10,388	\$ 1,912	\$ (2,359)	\$ 9,941
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,419	1,097	-	3,516
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	112	(88)	176	200
Due from other funds	(1,573)	(400)	896	(1,077)
Accounts payable	772	30	(230)	572
Accrued liabilities	36	6	1	43
Compensated absences	38	(7)	-	31
Net other postemployment benefits obligation	162	36	-	198
Net pension liability.....	3,847	946	-	4,793
Due to other funds	-	(1,275)	1,516	241
Deferred pension outflows	(4,166)	651	-	(3,515)
Deferred pension inflows	(2)	(80)	-	(82)
Deferred OPEB outflows	-	(430)	-	(430)
Deferred OPEB inflows	-	53	-	53
Net Cash Provided by Operating Activities	<u>\$ 12,033</u>	<u>\$ 2,451</u>	<u>\$ -</u>	<u>\$ 14,484</u>

See accompanying independent auditors' report.

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Agency Funds

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

CITY OF MILWAUKEE
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit H-1

	Balance 01/01/19	Additions	Deductions	Balance 12/31/19
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and investments.....	\$ 110,651	\$ 1,578,297	\$ 1,571,671	\$ 117,277
Taxes receivable	-	250,390	250,390	-
Total Assets	<u>\$ 110,651</u>	<u>\$ 1,828,687</u>	<u>\$ 1,822,061</u>	<u>\$ 117,277</u>
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	<u>\$ 110,651</u>	<u>\$ 1,578,297</u>	<u>\$ 1,571,671</u>	<u>\$ 117,277</u>
PROPERTY TAX FUND				
ASSETS				
Cash and investments.....	\$ 89,466	\$ 103,006	\$ 104,169	\$ 88,303
Taxes Receivable	-	122,998	122,998	-
Total Assets	<u>\$ 89,466</u>	<u>\$ 226,004</u>	<u>\$ 227,167</u>	<u>\$ 88,303</u>
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	\$ 399	\$ 68	\$ 467	\$ -
Milwaukee County	55,888	64,047	64,489	55,446
Washington County	-	3	2	1
Milwaukee Area District Board of Vocational Technical & Adult Education	13,872	16,728	16,885	13,715
Waukesha County	-	12	2	10
Menomonee Falls School District	-	65	13	52
Milwaukee Metropolitan Sewerage District	19,307	22,083	22,311	19,079
Total Liabilities	<u>\$ 89,466</u>	<u>\$ 103,006</u>	<u>\$ 104,169</u>	<u>\$ 88,303</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and investments.....	<u>\$ 278</u>	<u>\$ 1,666</u>	<u>\$ 1,678</u>	<u>\$ 266</u>
LIABILITIES				
Accounts payable	<u>\$ 278</u>	<u>\$ 1,666</u>	<u>\$ 1,678</u>	<u>\$ 266</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit H-1 (Continued)

	Balance 01/01/19	Additions	Deductions	Balance 12/31/19
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and investments.....	\$ 105	\$ 2,511	\$ 2,616	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ 5	\$ 5	\$ -
Due to Other Governmental Agencies:				
State of Wisconsin	210	2,248	2,458	-
Milwaukee County	(105)	257	152	-
Total Liabilities	\$ 105	\$ 2,510	\$ 2,615	\$ -
OTHER				
ASSETS				
Cash and investments.....	\$ 2,374	\$ 18,587	\$ 19,114	\$ 1,847
LIABILITIES				
Accounts payable	\$ 2,374	\$ 18,587	\$ 19,114	\$ 1,847
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments.....	\$ 202,874	\$ 1,704,067	\$ 1,699,248	\$ 207,693
Receivables:				
Taxes	-	373,388	373,388	-
Total Assets	\$ 202,874	\$ 2,077,455	\$ 2,072,636	\$ 207,693
LIABILITIES				
Accounts payable	\$ 2,652	\$ 20,258	\$ 20,797	\$ 2,113
Due to other governmental agencies	200,222	1,683,808	1,678,450	205,580
Total Liabilities	\$ 202,874	\$ 1,704,066	\$ 1,699,247	\$ 207,693
<i>See accompanying independent auditors' report.</i>				

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-1

Year Levied	Real Estate	Personal Property	Total
2007-2008	\$ 546	\$ -	\$ 546
2009	580	-	580
2010	559	-	559
2011	662	-	662
2012	986	-	986
2013	1,516	185	1,701
2014	2,256	174	2,430
2015	3,273	194	3,467
2016	4,494	234	4,728
2017	6,869	238	7,107
2018	<u>17,963</u>	<u>296</u>	<u>18,259</u>
Delinquent Taxes Receivable	<u>\$ 39,704</u>	<u>\$ 1,321</u>	41,025
Add: Property taxes receivable on foreclosed property (A)			<u>47,096</u>
Total Delinquent Taxes Receivable			88,121
Less: Estimated uncollectible taxes			<u>(41,696)</u>
Net Delinquent Taxes Receivable			<u>\$ 46,425</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, 2019
 (Thousands of Dollars)

Cash and Cash Equivalents:	
Cash	\$ 56,291
Local Government Pooled - Investment Fund ...	359,423
Institutional Money Market Fund	16,299
Cash with Fiscal Agent	<u>33,627</u>
 Total Cash and Cash Equivalents	 \$ 465,640
Investments:	
Municipal Bonds.....	29,729
Certificates of Deposit	675
Investment Portfolio	67,977
Other	<u>2,059</u>
 Total Investments	 <u>100,440</u>
 Total Cash and Cash Equivalents and Investments	 <u>\$ 566,080</u>

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	\$ 75,682	\$ -	\$ -	\$ 75,682
General Obligation Debt Service	51,141	-	23,899	75,040
Public Debt Amortization	80	31,789	-	31,869
Economic Development	86,151	-	-	86,151
Capital Projects	34,721	-	-	34,721
Nonmajor Governmental Funds	1,939	-	-	1,939
Water Works	26,521	-	1,907	28,428
Sewer Maintenance	7,769	-	8,043	15,812
Nonmajor Proprietary Funds	3,158	-	-	3,158
Other Employee Benefit Trusts	1,501	-	-	1,501
Private-Purpose Trusts	4,086	-	-	4,086
Agency Funds	<u>207,693</u>	<u>-</u>	<u>-</u>	<u>207,693</u>
 Total Cash and Cash Equivalents and Investments - Fund	 <u>\$ 500,442</u>	 <u>\$ 31,789</u>	 <u>\$ 33,849</u>	 <u>\$ 566,080</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
 GENERAL OBLIGATION BONDS AND NOTES**
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4,808	\$ 1,889	\$13,800	\$ 2,549	\$ 1,880	\$ 681
2021	4,848	1,714	9,145	1,999	2,441	605
2022	4,281	1,450	7,672	1,593	1,641	511
2023	4,227	1,246	6,522	1,242	1,414	438
2024	4,227	1,049	6,418	919	1,415	372
2025	4,448	853	3,880	662	1,547	304
2026	3,663	668	3,879	468	1,547	235
2027	3,387	512	3,879	274	1,245	177
2028	3,107	380	1,769	133	1,159	131
2029	2,535	268	1,769	44	1,146	87
2030	1,946	175	-	-	716	53
2031	1,368	107	-	-	495	30
2032	1,043	62	-	-	319	16
2033	934	26	-	-	194	7
2034	274	4	-	-	136	2
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
Totals	45,096	10,403	58,733	9,883	17,295	3,649
Total Requirements	<u>\$55,499</u>		<u>\$68,616</u>		<u>\$20,944</u>	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 526	\$ 192	\$ 2,544	\$ 1,010	\$ 597	\$ 131
525	171	6,179	948	597	107
492	150	2,432	774	597	84
487	130	2,408	674	597	60
484	111	2,340	570	596	36
487	92	2,285	466	597	12
450	73	2,131	367	-	-
413	57	1,714	288	-	-
346	44	1,666	227	-	-
327	33	1,604	168	-	-
225	23	1,538	110	-	-
210	15	1,170	60	-	-
157	8	530	30	-	-
109	4	456	11	-	-
55	1	85	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,293</u>	<u>1,104</u>	<u>29,082</u>	<u>5,703</u>	<u>3,581</u>	<u>430</u>
<u>\$6,397</u>		<u>\$34,785</u>		<u>\$4,011</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,415	\$ 3,936	\$ 580	\$ 137	\$ 3,996	\$ 1,766
2021	24,465	3,738	400	114	7,308	1,622
2022	1,414	3,450	390	97	3,729	1,367
2023	62,540	1,856	390	80	3,675	1,192
2024	1,415	261	353	64	3,675	1,021
2025	1,415	195	329	49	3,665	851
2026	1,415	130	282	35	3,369	688
2027	967	72	182	26	3,034	544
2028	748	29	121	21	2,781	422
2029	199	5	121	16	2,528	315
2030	-	-	120	12	2,314	217
2031	-	-	120	7	1,905	135
2032	-	-	62	4	1,503	74
2033	-	-	53	2	938	35
2034	-	-	44	1	640	10
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
Totals	95,993	13,672	3,547	665	45,060	10,259
Total Requirements	<u>\$109,665</u>		<u>\$4,212</u>		<u>\$55,319</u>	

See accompanying independent auditors' report.

Public Buildings		Schools		Sewer Maintenance	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 21,058	\$ 5,455	\$ 4,239	\$ 2,431	\$ 404	\$ 1,119
30,682	4,716	1,123	2,313	34,800	842
13,082	3,713	1,208	2,259	800	140
12,568	3,113	1,243	2,205	800	100
11,116	2,560	1,057	2,155	800	60
9,224	2,093	12,830	2,116	800	20
8,996	1,681	-	1,959	-	-
8,822	1,296	37,300	979	-	-
7,444	963	-	-	-	-
6,575	680	-	-	-	-
5,447	437	-	-	-	-
3,813	254	-	-	-	-
2,225	143	-	-	-	-
2,075	68	-	-	-	-
1,075	17	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>144,202</u>	<u>27,189</u>	<u>59,000</u>	<u>16,417</u>	<u>38,404</u>	<u>2,281</u>
<u>\$171,391</u>		<u>\$75,417</u>		<u>\$40,685</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Sewers		Streets		Tax Incremental Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 611	\$ 15	\$ 24,075	\$ 9,999	\$ 23,331	\$ 7,936
2021	-	-	28,063	8,926	23,402	6,881
2022	-	-	22,287	7,708	21,802	5,872
2023	-	-	22,584	6,642	20,706	4,917
2024	-	-	22,486	5,586	20,324	4,006
2025	-	-	21,559	4,567	18,155	3,156
2026	-	-	20,371	3,599	15,477	2,422
2027	-	-	17,760	2,758	15,548	1,768
2028	-	-	14,565	2,102	13,073	1,181
2029	-	-	13,288	1,554	6,812	812
2030	-	-	11,013	1,062	5,751	611
2031	-	-	9,334	658	5,421	432
2032	-	-	6,481	367	5,601	254
2033	-	-	5,375	155	3,985	105
2034	-	-	1,871	28	735	34
2035	-	-	-	-	100	20
2036	-	-	-	-	105	16
2037	-	-	-	-	110	11
2038	-	-	-	-	110	7
2039	-	-	-	-	115	2
Totals	611	15	241,112	55,711	200,663	40,443
Total Requirements	<u>\$626</u>		<u>\$296,823</u>		<u>\$241,106</u>	

See accompanying independent auditors' report.

Transportation		Urban Renewal		Water	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,312	\$ 429	\$ 5,949	\$ 1,461	\$ 820	\$ 308
3,228	437	5,769	1,251	5,820	319
1,216	311	5,362	1,059	820	182
1,119	256	4,814	887	821	141
1,043	205	4,786	722	820	100
926	162	4,698	556	820	59
756	124	2,824	422	775	19
626	93	1,598	343	-	-
529	71	1,587	286	-	-
447	50	1,534	231	-	-
340	34	1,470	175	-	-
265	21	1,434	117	-	-
199	13	1,435	64	-	-
184	6	802	26	-	-
91	1	429	6	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,281</u>	<u>2,213</u>	<u>44,491</u>	<u>7,606</u>	<u>10,696</u>	<u>1,128</u>
<u>\$14,494</u>		<u>\$52,097</u>		<u>\$11,824</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
 GENERAL OBLIGATION BONDS AND NOTES**
 DECEMBER 31, 2019
(Thousands of Dollars)

Exhibit I-3

Year	Total Requirements	
	Principal	Interest
2020	\$ 111,945	\$41,444
2021	188,795	36,703
2022	89,225	30,720
2023	146,915	25,179
2024	83,355	19,797
2025	87,665	16,213
2026	65,935	12,890
2027	96,475	9,187
2028	48,895	5,990
2029	38,885	4,263
2030	30,880	2,909
2031	25,535	1,836
2032	19,555	1,035
2033	15,105	445
2034	5,435	104
2035	100	20
2036	105	16
2037	110	11
2038	110	7
2039	<u>115</u>	<u>2</u>
Totals	<u>1,055,140</u>	<u>208,771</u>
Total Requirements	<u>\$1,263,911</u>	

See accompanying independent auditors' report.

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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
2020	\$ 445	\$ 334	\$ 2,544	\$ 891	\$ 2,989	\$ 1,225
2021	450	323	2,590	866	3,040	1,189
2022	455	311	2,637	819	3,092	1,130
2023	460	293	2,684	770	3,144	1,063
2024	465	270	2,733	721	3,198	991
2025	475	246	2,783	671	3,258	917
2026	480	222	2,833	620	3,313	842
2027	490	203	2,884	568	3,374	771
2028	500	187	2,937	516	3,437	703
2029	510	168	2,990	462	3,500	630
2030	520	148	3,044	407	3,564	555
2031	535	127	3,100	351	3,635	478
2032	550	105	3,156	294	3,706	399
2033	565	83	3,213	236	3,778	319
2034	580	60	2,892	181	3,472	241
2035	595	36	2,431	134	3,026	170
2036	610	12	2,474	90	3,084	102
2037	-	-	1,619	53	1,619	53
2038	-	-	1,291	25	1,291	25
2039	-	-	617	6	617	6
	<u>\$ 8,685</u>	<u>\$ 3,128</u>	<u>\$ 51,452</u>	<u>\$ 8,681</u>	<u>\$ 60,137</u>	<u>\$11,809</u>

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2019 consisted of gross revenues plus interest income in the amount of \$99,170, less operating expenses (excluding depreciation and the payment in lieu of taxes) of \$50,809. As a result, the net revenue available for debt service was \$48,361. Debt service requirements consists of \$4,214 for 2019. At the end of the year, bond coverage computes to 11.48.

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
2020	\$ 8,650	\$ 5,690	\$ 8,869	\$ 2,856	\$ 17,519	\$ 8,546
2021	9,075	5,246	9,073	2,652	18,148	7,898
2022	9,115	4,791	9,282	2,441	18,397	7,232
2023	9,560	4,324	9,495	2,225	19,055	6,549
2024	7,450	3,898	9,714	2,004	17,164	5,902
2025	7,825	3,525	9,938	1,778	17,763	5,303
2026	8,220	3,139	10,166	1,546	18,386	4,685
2027	8,615	2,760	10,401	1,309	19,016	4,069
2028	9,000	2,397	9,717	1,078	18,717	3,475
2029	9,400	2,017	7,653	880	17,053	2,897
2030	9,805	1,633	6,713	720	16,518	2,353
2031	10,200	1,260	5,455	589	15,655	1,849
2032	7,860	941	5,573	470	13,433	1,411
2033	8,145	677	5,693	348	13,838	1,025
2034	5,845	454	4,276	244	10,121	698
2035	6,020	277	4,362	158	10,382	435
2036	6,205	93	3,170	84	9,375	177
2037	-	-	2,001	36	2,001	36
2038	-	-	863	9	863	9
	<u>\$ 140,990</u>	<u>\$ 43,122</u>	<u>\$ 132,414</u>	<u>\$ 21,427</u>	<u>\$ 273,404</u>	<u>\$ 64,549</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$68,400 less operating expenses (excluding depreciation) of \$13,450. As a result, the net revenue available for debt service was \$54,950. Debt service requirements consisted of \$26,065 for 2019. At the end of the year, bond coverage computes to 2.11.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$ 429	\$ 868	\$ -	\$ 368	\$ 1,522
Receivables (net):					
Taxes	-	67	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	119	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$ 548</u>	<u>\$ 935</u>	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 1,522</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$2,338	\$ 56	\$ 422	\$1,182	\$ 85
Accrued expenses	27	1	-	5	17
Due to other funds	-	-	609	-	-
Due to component units	-	-	-	-	-
Due to other governmental agencies	8	-	-	-	-
Unearned revenue.....	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>2,373</u>	<u>57</u>	<u>1,031</u>	<u>1,187</u>	<u>102</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>72</u>	<u>116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	762	-	-	1,420
Unassigned.....	<u>(1,897)</u>	<u>-</u>	<u>(1,031)</u>	<u>(819)</u>	<u>-</u>
Total Fund Balances	<u>(1,897)</u>	<u>762</u>	<u>(1,031)</u>	<u>(819)</u>	<u>1,420</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 548</u>	<u>\$ 935</u>	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 1,522</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ -	\$ 8,128	\$ 1,295	\$ 11,734	\$ -	\$ 10,377	\$ -	\$ 34,721
-	174	-	87	-	4,072	-	4,400
-	-	-	-	297	-	-	297
-	-	-	-	-	-	7,285	7,285
-	-	-	14	-	-	-	14
-	-	-	-	6,872	-	-	6,991
-	-	-	-	109	285	-	394
<u>\$ -</u>	<u>\$ 8,302</u>	<u>\$ 1,295</u>	<u>\$ 11,835</u>	<u>\$ 7,278</u>	<u>\$ 14,734</u>	<u>\$ 7,285</u>	<u>\$ 54,102</u>
\$ 468	\$ 3,709	\$ 2	\$ 847	\$ 4,814	\$ 3,349	\$ 62	\$ 17,334
2	18	-	10	340	7	-	427
3,381	-	-	-	3,387	-	-	7,377
-	-	-	-	-	-	-	-
-	-	-	-	32	-	-	40
-	-	-	-	232	-	-	232
-	-	-	-	-	-	6,510	6,510
<u>3,851</u>	<u>3,727</u>	<u>2</u>	<u>857</u>	<u>8,805</u>	<u>3,356</u>	<u>6,572</u>	<u>31,920</u>
-	300	-	150	5,733	6,996	6,622	19,989
-	-	-	-	109	285	-	394
-	-	-	-	-	11,948	-	11,948
-	4,275	1,293	10,828	-	-	-	18,578
<u>(3,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,369)</u>	<u>(7,851)</u>	<u>(5,909)</u>	<u>(28,727)</u>
<u>(3,851)</u>	<u>4,275</u>	<u>1,293</u>	<u>10,828</u>	<u>(7,260)</u>	<u>4,382</u>	<u>(5,909)</u>	<u>2,193</u>
<u>\$ -</u>	<u>\$ 8,302</u>	<u>\$ 1,295</u>	<u>\$ 11,835</u>	<u>\$ 7,278</u>	<u>\$ 14,734</u>	<u>\$ 7,285</u>	<u>\$ 54,102</u>

CITY OF MILWAUKEE
**SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS BY PURPOSE**
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 114	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	174	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835</u>
Total Revenues	<u>174</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>2,835</u>
Expenditures:					
Capital outlay	<u>8,674</u>	<u>162</u>	<u>2,686</u>	<u>5,531</u>	<u>3,343</u>
Excess (deficiency) of Revenues over Expenditures	<u>(8,500)</u>	<u>(48)</u>	<u>(2,686)</u>	<u>(5,531)</u>	<u>(508)</u>
Other Financing Sources (Uses):					
General obligation bonds and notes issued	2,138	-	1,780	4,313	432
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>2,138</u>	<u>-</u>	<u>1,780</u>	<u>4,313</u>	<u>432</u>
Net Change in Fund Balance	(6,362)	(48)	(906)	(1,218)	(76)
Fund Balance (Deficit) - Beginning	<u>4,465</u>	<u>810</u>	<u>(125)</u>	<u>399</u>	<u>1,496</u>
Fund Balance (Deficit) - Ending	<u>\$ (1,897)</u>	<u>\$ 762</u>	<u>\$ (1,031)</u>	<u>\$ (819)</u>	<u>\$ 1,420</u>

See accompanying independent auditors' report.

	Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$	-	\$ 850	\$ -	\$ 150	\$ -	\$ 7,241	\$ -	\$ 8,355
	-	-	-	-	-	-	2,449	2,449
	-	-	-	15	19,703	1,215	-	21,107
	-	360	-	296	-	1,647	-	5,138
	-	1,210	-	461	19,703	10,103	2,449	37,049
	8,039	22,240	-	6,473	44,639	21,704	2,297	125,788
	(8,039)	(21,030)	-	(6,012)	(24,936)	(11,601)	152	(88,739)
	6,830	23,797	-	5,385	21,107	5,870	-	71,652
	-	510	-	99	175	451	-	1,235
	-	-	-	-	-	(99)	-	(99)
	6,830	24,307	-	5,484	21,282	6,222	-	72,788
	(1,209)	3,277	-	(528)	(3,654)	(5,379)	152	(15,951)
	(2,642)	998	1,293	11,356	(3,606)	9,761	(6,061)	18,144
\$	(3,851)	\$ 4,275	\$ 1,293	\$ 10,828	\$ (7,260)	\$ 4,382	\$ (5,909)	\$ 2,193

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 124,750	\$ 118,167	\$ (6,583)
Provision for Employees' Retirement	86,619	86,619	-
Total Property Taxes	<u>211,369</u>	<u>204,786</u>	<u>(6,583)</u>
Other Taxes:			
Payment in lieu of taxes	1,090	1,355	265
Interest on city tax certificates and other taxes	2,139	2,466	327
Total Other Taxes	<u>3,229</u>	<u>3,821</u>	<u>592</u>
Licenses and Permits:			
Licenses:			
Business and occupational	5,085	5,197	112
Other	89	101	12
Permits:			
Building	9,557	11,863	2,306
Zoning	365	330	(35)
Other	1,030	1,011	(19)
Total Licenses and Permits	<u>16,126</u>	<u>18,502</u>	<u>2,376</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	230,049	230,215	166
Local street aids	28,830	28,651	(179)
Payment for municipal services	2,100	3,923	1,823
Other	9,102	7,786	(1,316)
Total Intergovernmental	<u>270,081</u>	<u>270,575</u>	<u>494</u>
Charges for Services:			
General government	9,079	8,998	(81)
Public safety	23,248	21,898	(1,350)
Public works	89,543	91,842	2,299
Health	1,218	1,992	774
Culture and recreation	1,026	989	(37)
Conservation and development	10	9	(1)
Total Charges for Services	<u>124,124</u>	<u>125,728</u>	<u>1,604</u>
Fines and Forfeits:			
Court and contract forfeitures	3,251	2,620	(631)
Other	-	13	13
Total Fines and Forfeits	<u>3,251</u>	<u>2,633</u>	<u>(618)</u>
Other:			
Interest on temporary investments	2,260	5,154	2,894
Miscellaneous	15,993	18,817	2,824
Total Other	<u>18,253</u>	<u>23,971</u>	<u>5,718</u>
Total	<u>\$ 646,433</u>	<u>\$ 650,016</u>	<u>\$ 3,583</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Thousands of Dollars)

Exhibit I-9

	Final Budget	2019 Actual			Total	Variance - Favorable (Unfavorable)
		Salaries and Wages	Other Operating Costs	Equipment		
General Government:						
Administration	\$ 10,901	\$ 6,130	\$ 4,518	\$ 127	\$ 10,775	\$ 126
Assessor's Office	3,281	2,922	359	-	3,281	-
City Attorney	20,056	5,013	14,798	54	19,865	191
City Treasurer	67,175	1,637	65,533	5	67,175	-
Common Council - City Clerk	7,391	5,847	1,521	23	7,391	-
Comptroller	22,447	3,081	19,363	3	22,447	-
Election Commission	975	734	212	-	946	29
Employee Relations	126,549	2,588	123,959	2	126,549	-
Employee's Retirement	2,951	-	2,951	-	2,951	-
Interest Expense	9,570	-	9,570	-	9,570	-
Mayor	955	917	38	-	955	-
Municipal Court	3,045	1,651	1,240	6	2,897	148
Zoning Appeals	257	194	22	-	216	41
Total General Government	275,553	30,714	244,084	220	275,018	535
Public Safety:						
Fire and Police Commission	2,204	1,043	656	5	1,704	500
Fire Department	82,592	75,648	6,027	768	82,443	149
Neighborhood Services	15,244	11,402	3,842	-	15,244	-
Police Department	219,957	202,475	17,317	165	219,957	-
Total Public Safety	319,997	290,568	27,842	938	319,348	649
Public Works:						
General Office	2,398	2,100	298	-	2,398	-
Infrastructure	31,631	17,177	13,927	191	31,295	336
Operations	73,440	37,477	34,387	1,576	73,440	-
Total Public Works	107,469	56,754	48,612	1,767	107,133	336
Health	12,025	7,697	4,116	5	11,818	207
Culture and Recreation:						
Public Library	18,078	12,887	3,297	1,894	18,078	-
Conservation and Development:						
Department of City Development	4,621	3,206	1,300	-	4,506	115
Total	\$ 737,743	\$ 401,826	\$ 329,251	\$ 4,824	\$ 735,901	\$ 1,842

See accompanying independent auditors' report.

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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				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets.....	\$ 625,372	\$ 645,761	\$ 686,492	\$ 706,111	\$ 748,374
Restricted	210,066	206,053	211,440	216,314	211,316
Unrestricted	<u>(562,424)</u>	<u>(614,761)</u>	<u>(616,111)</u>	<u>(723,716)</u>	<u>(745,740)</u>
Total governmental activities net position .	<u>273,014</u>	<u>237,053</u>	<u>281,821</u>	<u>198,709</u>	<u>213,950</u>
Business-type activities					
Net investment in capital assets.....	619,758	618,625	623,909	648,594	669,428
Restricted	11,422	15,034	-	770	930
Unrestricted	<u>45,625</u>	<u>58,195</u>	<u>87,435</u>	<u>74,764</u>	<u>57,112</u>
Total business-type activities net position .	<u>676,805</u>	<u>691,854</u>	<u>711,344</u>	<u>724,128</u>	<u>727,470</u>
Primary government					
Net investment in capital assets.....	1,245,130	1,264,386	1,310,401	1,354,705	1,417,802
Restricted	221,488	221,087	211,440	217,084	212,246
Unrestricted	<u>(516,799)</u>	<u>(556,566)</u>	<u>(528,676)</u>	<u>(648,952)</u>	<u>(688,628)</u>
Total primary government net position	<u>\$ 949,819</u>	<u>\$ 928,907</u>	<u>\$ 993,165</u>	<u>\$ 922,837</u>	<u>\$ 941,420</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets.....	\$ 769,340	\$ 816,916	\$ 836,422	\$ 812,090	\$ 841,714
Restricted	209,116	176,923	161,592	202,334	196,639
Unrestricted	<u>(739,204)</u>	<u>(856,449)</u>	<u>(1,076,694)</u>	<u>(1,884,385)</u>	<u>(2,231,744)</u>
Total governmental activities net position .	<u>239,252</u>	<u>137,390</u>	<u>(78,680)</u>	<u>(869,961)</u>	<u>(1,193,391)</u>
Business-type activities					
Net investment in capital assets.....	675,510	684,085	734,161	801,685	820,749
Restricted	1,174	1,229	2,209	10,461	9,773
Unrestricted	<u>68,134</u>	<u>74,720</u>	<u>59,824</u>	<u>(34,102)</u>	<u>(29,585)</u>
Total business-type activities net position .	<u>744,818</u>	<u>760,034</u>	<u>796,194</u>	<u>778,044</u>	<u>800,937</u>
Primary government					
Net investment in capital assets.....	1,444,850	1,501,001	1,570,583	1,613,775	1,662,463
Restricted	210,290	178,152	163,801	212,795	206,412
Unrestricted	<u>(671,070)</u>	<u>(781,729)</u>	<u>(1,016,870)</u>	<u>(1,918,487)</u>	<u>(2,261,329)</u>
Total primary government net position	<u>\$ 984,070</u>	<u>\$ 897,424</u>	<u>\$ 717,514</u>	<u>\$ (91,917)</u>	<u>\$ (392,454)</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			
	2010	2011	2012	2013
Expenses				
Governmental Activities				
General government	\$ 259,420	\$ 245,191	\$ 221,740	\$ 305,744
Public safety	326,366	326,879	328,677	320,317
Public works	168,699	166,787	158,527	169,250
Health	23,360	21,137	22,020	19,743
Culture and recreation	21,075	19,864	20,512	20,348
Conservation and development	66,758	67,171	56,872	45,605
Capital contribution to Milwaukee Public				
Schools	91,161	4,386	4,853	278
Contributions	23,321	23,382	22,803	22,331
Interest on long-term debt	26,467	28,047	31,105	28,275
Total Governmental Activities Expenses.....	<u>1,006,627</u>	<u>902,844</u>	<u>867,109</u>	<u>931,891</u>
Business-type Activities				
Water	67,966	69,196	66,571	68,728
Sewer Maintenance	41,188	40,813	41,430	44,795
Transportation	25,450	25,267	26,101	24,248
Other activities	51,761	46,780	47,744	47,592
Total Business-type Activities	<u>186,365</u>	<u>182,056</u>	<u>181,846</u>	<u>185,363</u>
Total Primary Government Expenses	<u>1,192,992</u>	<u>1,084,900</u>	<u>1,048,955</u>	<u>1,117,254</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	9,931	10,148	10,428	10,131
Public safety	16,202	19,049	20,785	23,759
Public works	68,135	71,348	74,168	75,968
Health	1,071	1,297	1,101	877
Culture and recreation	1,504	1,239	1,239	1,137
Conservation and development	303	412	469	9
Grants and contributions	152,757	105,422	118,869	77,283
Total Governmental Activities				
Program Revenues.....	<u>249,903</u>	<u>208,915</u>	<u>227,059</u>	<u>189,164</u>
Business-type Activities				
Charges for services				
Water	73,473	84,394	88,122	85,034
Sewer Maintenance	52,046	51,788	54,956	57,270
Transportation	47,477	44,148	42,730	43,256
Other activities	53,143	52,796	54,288	48,920
Capital grants and contributions	3,094	4,393	5,133	3,852
Total Business-type Activities				
Program Revenues.....	<u>229,233</u>	<u>237,519</u>	<u>245,229</u>	<u>238,332</u>
Total Primary Government				
Program Revenues	<u>479,136</u>	<u>446,434</u>	<u>472,288</u>	<u>427,496</u>
Net (Expense)/Revenue				
Governmental Activities	(756,724)	(693,929)	(640,050)	(742,727)
Business-type Activities	42,868	55,463	63,383	52,969
Total primary government net expense	<u>\$ (713,856)</u>	<u>\$ (638,466)</u>	<u>\$ (576,667)</u>	<u>\$ (689,758)</u>

See accompanying independent auditors' report.

Table 2 (continued)

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
\$ 251,538	\$ 204,691	\$ 255,177	\$ 274,652	\$ 309,828	\$ 363,272	
315,952	399,620	423,903	485,016	437,746	557,403	
170,054	182,340	174,470	206,205	192,613	206,475	
18,852	20,249	21,594	23,655	21,789	24,313	
21,503	25,315	24,375	28,193	26,866	30,023	
57,617	88,252	77,670	65,175	47,904	47,529	
-	-	-	-	-	-	
24,001	-	-	-	-	-	
<u>23,105</u>	<u>24,749</u>	<u>25,109</u>	<u>22,097</u>	<u>21,451</u>	<u>23,710</u>	
<u>882,622</u>	<u>945,216</u>	<u>1,002,298</u>	<u>1,104,993</u>	<u>1,058,197</u>	<u>1,252,725</u>	
72,540	72,141	73,620	70,219	78,310	74,954	
46,840	49,661	53,002	59,823	58,550	55,747	
24,053	25,233	25,005	25,287	25,031	27,931	
<u>48,382</u>	<u>50,855</u>	<u>52,577</u>	<u>54,423</u>	<u>58,612</u>	<u>58,025</u>	
<u>191,815</u>	<u>197,890</u>	<u>204,204</u>	<u>209,752</u>	<u>220,503</u>	<u>216,657</u>	
<u>1,074,437</u>	<u>1,143,106</u>	<u>1,206,502</u>	<u>1,314,745</u>	<u>1,278,700</u>	<u>1,469,382</u>	
10,344	31,100	27,733	27,180	27,538	37,984	
23,833	26,711	25,438	23,382	19,862	21,898	
78,520	81,325	80,352	83,344	87,817	91,842	
923	1,081	1,164	1,267	1,332	1,992	
1,114	1,092	1,057	1,024	1,023	989	
9	9	10	19	8	9,853	
<u>104,073</u>	<u>70,122</u>	<u>89,457</u>	<u>44,568</u>	<u>66,114</u>	<u>46,006</u>	
<u>218,816</u>	<u>211,440</u>	<u>225,211</u>	<u>180,784</u>	<u>203,694</u>	<u>210,564</u>	
88,013	96,687	97,850	97,833	100,661	99,015	
59,121	60,695	62,954	65,141	66,585	68,058	
41,411	42,532	38,286	37,557	39,045	37,793	
47,457	51,129	53,541	55,958	57,518	57,100	
<u>799</u>	<u>2,740</u>	<u>4,965</u>	<u>26,066</u>	<u>41,788</u>	<u>8,907</u>	
<u>236,801</u>	<u>253,783</u>	<u>257,596</u>	<u>282,555</u>	<u>305,597</u>	<u>270,873</u>	
<u>455,617</u>	<u>465,223</u>	<u>482,807</u>	<u>463,339</u>	<u>509,291</u>	<u>481,437</u>	
(663,806)	(733,776)	(777,087)	(924,209)	(854,503)	(1,042,161)	
44,986	55,893	53,392	72,803	85,094	54,216	
<u>\$ (618,820)</u>	<u>\$ (677,883)</u>	<u>\$ (723,695)</u>	<u>\$ (851,406)</u>	<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	

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

Table 2 (continued)

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 283,442	\$ 276,168	\$ 279,588	\$ 276,193
State aids for General Fund	270,939	273,240	260,141	259,735
Miscellaneous	179,057	64,214	81,153	82,059
Transfers	48,177	44,346	44,643	41,628
Total Governmental Activities	<u>781,615</u>	<u>657,968</u>	<u>665,525</u>	<u>659,615</u>
Business-type Activities				
Miscellaneous	1,085	3,932	750	1,443
Transfers	(48,177)	(44,346)	(44,643)	(41,628)
Total Business-type Activities	<u>(47,092)</u>	<u>(40,414)</u>	<u>(43,893)</u>	<u>(40,185)</u>
Total Primary Government	<u>734,523</u>	<u>617,554</u>	<u>621,632</u>	<u>619,430</u>
Change in Net Position				
Governmental Activities	87,686	(35,961)	25,475	(83,112)
Business-type Activities	8,371	15,049	19,490	12,784
Total Primary Government	<u>\$ 96,057</u>	<u>\$ (20,912)</u>	<u>\$ 44,965</u>	<u>\$ (70,328)</u>

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 284,664	\$ 287,602	\$ 286,513	\$ 307,828	\$ 316,655	\$ 329,601
260,886	263,350	265,191	265,700	268,792	270,575
88,718	89,487	83,919	97,757	115,735	84,084
<u>43,115</u>	<u>43,038</u>	<u>39,602</u>	<u>36,854</u>	<u>37,801</u>	<u>34,471</u>
<u>677,383</u>	<u>683,477</u>	<u>675,225</u>	<u>708,139</u>	<u>738,983</u>	<u>718,731</u>
1,471	1,709	1,426	211	1,638	3,148
<u>(43,115)</u>	<u>(43,038)</u>	<u>(39,602)</u>	<u>(36,854)</u>	<u>(37,801)</u>	<u>(34,471)</u>
<u>(41,644)</u>	<u>(41,329)</u>	<u>(38,176)</u>	<u>(36,643)</u>	<u>(36,163)</u>	<u>(31,323)</u>
<u>635,739</u>	<u>642,148</u>	<u>637,049</u>	<u>671,496</u>	<u>702,820</u>	<u>687,408</u>
15,241	(50,299)	(101,862)	(216,070)	(115,520)	(323,430)
<u>3,342</u>	<u>14,564</u>	<u>15,216</u>	<u>36,160</u>	<u>48,931</u>	<u>22,893</u>
<u>\$ 18,583</u>	<u>\$ (35,735)</u>	<u>\$ (86,646)</u>	<u>\$ (179,910)</u>	<u>\$ (66,589)</u>	<u>\$ (300,537)</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			
	2010	2011	2012	2013
Revenues:				
Property taxes	\$ 247,956	\$ 242,631	\$ 244,038	\$ 245,254
Other taxes	34,109	30,706	34,172	31,156
Special assessments	3,421	3,163	2,344	1,986
Licenses and permits	12,948	13,289	14,410	15,030
Intergovernmental	344,929	360,287	346,116	329,892
Charges for services	200,461	188,312	115,901	116,813
Fines and forfeits	5,422	5,076	5,042	4,492
Contributions received	23,005	24,021	21,826	21,871
Other	49,541	38,483	43,575	38,577
Total Revenues	<u>921,792</u>	<u>905,968</u>	<u>827,424</u>	<u>805,071</u>
Expenditures:				
Current:				
General government	281,978	259,089	235,936	322,431
Public safety	287,815	283,282	291,787	287,330
Public works	101,681	103,585	96,991	102,657
Health	22,343	20,129	20,963	18,821
Culture and recreation	18,046	18,124	18,565	18,560
Conservation and development	35,468	41,459	42,366	30,616
Capital outlay	240,480	96,870	87,429	98,913
Debt Service:				
Principal retirement	333,780	331,960	417,107	531,243
Interest	33,305	37,184	37,992	36,887
Bond issuance costs	1,314	1,040	933	755
Total Expenditures	<u>1,356,210</u>	<u>1,192,722</u>	<u>1,250,069</u>	<u>1,448,213</u>
Excess (deficiency) of Revenues over Expenditures	(434,418)	(286,754)	(422,645)	(643,142)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	415,291	231,652	301,084	410,945
Refunding bonds issued	94,420	80,648	189,590	182,341
Payment to escrow agent on advance refundings ..	-	-	(63,884)	-
Payment - current refunding	(106,500)	(41,949)	(34,134)	-
Loans receivable activities	(293)	(8,783)	2,317	635
Issuance premium	21,632	17,079	21,038	14,345
Transfers in	253,412	195,101	198,576	230,452
Transfers out	(205,235)	(150,755)	(153,933)	(188,824)
Total Other Financing Sources and Uses.....	<u>472,727</u>	<u>322,993</u>	<u>460,654</u>	<u>649,894</u>
Net Change in Fund Balances	<u>\$ 38,309</u>	<u>\$ 36,239</u>	<u>\$ 38,009</u>	<u>\$ 6,752</u>
Debt service as a percentage of noncapital expenditures	<u>29.5%</u>	<u>32.7%</u>	<u>38.7%</u>	<u>41.0%</u>

See accompanying independent auditors' report.

Table 3 (Continued)

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 250,036	\$ 253,815	\$ 252,986	\$ 299,552	\$ 310,933	\$ 325,039	
34,475	32,861	34,921	6,699	5,093	6,208	
1,945	4,666	1,945	2,019	1,724	2,449	
16,063	16,629	16,767	15,597	17,232	18,502	
317,987	322,763	323,161	338,615	332,632	331,473	
131,147	154,402	147,480	156,785	159,473	164,558	
4,587	4,110	3,534	3,357	3,297	2,633	
23,752	2,588	2,378	3,022	3,205	2,719	
52,464	42,188	43,477	36,054	46,274	43,190	
<u>832,456</u>	<u>834,022</u>	<u>826,649</u>	<u>861,700</u>	<u>879,863</u>	<u>896,771</u>	
268,263	254,168	248,581	253,638	297,229	296,385	
283,599	307,185	334,411	326,962	330,227	332,900	
106,779	103,512	107,649	103,324	106,636	110,131	
18,088	18,014	19,688	20,182	19,698	21,078	
19,330	20,190	21,128	21,168	21,774	23,159	
32,583	29,178	28,565	28,717	27,708	26,023	
139,898	155,227	139,236	172,270	165,877	125,788	
385,884	414,499	442,671	259,911	271,569	321,761	
37,322	36,606	36,889	40,366	40,619	44,144	
447	1,180	1,305	329	245	133	
<u>1,292,193</u>	<u>1,339,759</u>	<u>1,380,123</u>	<u>1,226,867</u>	<u>1,281,582</u>	<u>1,301,502</u>	
(459,737)	(505,737)	(553,474)	(365,167)	(401,719)	(404,731)	
332,444	380,522	266,452	176,997	266,889	229,888	
41,216	106,316	196,659	76,243	57,273	85,416	
-	-	-	-	-	-	
-	-	-	-	-	-	
(2,506)	(4,972)	(1,587)	(1,876)	(1,772)	(2,205)	
12,783	12,645	15,956	23,601	31,626	18,527	
235,824	214,406	138,397	229,508	198,721	119,457	
<u>(192,709)</u>	<u>(171,368)</u>	<u>(98,795)</u>	<u>(192,654)</u>	<u>(160,920)</u>	<u>(84,986)</u>	
<u>427,052</u>	<u>537,549</u>	<u>517,082</u>	<u>311,819</u>	<u>391,817</u>	<u>366,097</u>	
<u>\$ (32,685)</u>	<u>\$ 31,812</u>	<u>\$ (36,392)</u>	<u>\$ (53,348)</u>	<u>\$ (9,902)</u>	<u>\$ (38,634)</u>	
<u>36.9%</u>	<u>36.9%</u>	<u>38.7%</u>	<u>27.3%</u>	<u>28.0%</u>	<u>31.1%</u>	

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

Table 4

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 59,626				
All Other Governmental Funds					
Reserved	\$ 232,790				
Unreserved, reported in:					
Capital projects funds	(27,931)				
Nonmajor governmental funds	-				
Total all other governmental funds	<u>\$ 204,859</u>				
General Fund					
Nonspendable		\$ 15,044	\$ 15,721	\$ 15,389	\$ 17,301
Restricted.....		-	-	-	-
Committed.....		2,995	1,835	1,741	1,587
Assigned		26,778	35,915	43,172	44,150
Unassigned.....		27,169	52,319	43,232	50,006
Total General Fund.....		<u>\$ 71,986</u>	<u>\$ 105,790</u>	<u>\$ 103,534</u>	<u>\$ 113,044</u>
All Other Governmental Funds					
Nonspendable		\$ 886	\$ 565	\$ 254	\$ -
Restricted.....		5,855	9,774	230,642	214,932
Committed.....		223,000	227,769	21,249	8,489
Assigned		-	-	-	-
Unassigned.....		(1,003)	(5,165)	(10,194)	(23,665)
Total all other governmental funds		<u>\$ 228,738</u>	<u>\$ 232,943</u>	<u>\$ 241,951</u>	<u>\$ 199,756</u>
	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	\$ 17,094	\$ 16,127	\$ 18,401	\$ 19,476	\$ 21,621
Restricted.....	-	-	-	-	-
Committed.....	2,035	2,266	3,444	3,066	2,949
Assigned	46,404	38,802	37,281	26,450	20,580
Unassigned.....	61,715	50,737	38,350	18,002	7,339
Total General Fund.....	<u>\$ 127,248</u>	<u>\$ 107,932</u>	<u>\$ 97,476</u>	<u>\$ 66,994</u>	<u>\$ 52,489</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ 7	\$ 3,684	\$ 1,160	\$ 397
Restricted.....	227,376	215,480	188,578	211,324	206,314
Committed.....	5,264	-	-	20,817	18,578
Assigned	-	-	-	-	-
Unassigned.....	(15,276)	(15,199)	(34,866)	(55,325)	(71,442)
Total all other governmental funds	<u>\$ 217,364</u>	<u>\$ 200,288</u>	<u>\$ 157,396</u>	<u>\$ 177,976</u>	<u>\$ 153,847</u>

Note: The City began to implement GASB Statement No. 54 in 2011 which changes the Fund Balance classifications .

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
2008	\$ 18,753,915	\$ 8,950,205	\$ 726,692	\$ 220,073	\$ 578,674	\$ 144,790
2009	\$ 19,173,233	\$ 9,483,547	\$ 772,960	\$ 219,741	\$ 631,263	\$ 150,908
2010	\$ 17,743,825	\$ 9,485,580	\$ 732,008	\$ 211,075	\$ 632,652	\$ 139,433
2011	\$ 17,156,627	\$ 9,202,213	\$ 732,280	\$ 219,340	\$ 605,115	\$ 132,890
2012	\$ 17,069,535	\$ 9,191,349	\$ 746,955	\$ 214,901	\$ 571,664	\$ 123,239
2013	\$ 14,750,295	\$ 8,992,762	\$ 707,124	\$ 214,694	\$ 538,278	\$ 118,947
2014	\$ 14,265,491	\$ 9,195,174	\$ 709,328	\$ 216,866	\$ 525,387	\$ 121,913
2015	\$ 14,198,159	\$ 9,178,216	\$ 707,901	\$ 293,288	\$ 424,803	\$ 222,175
2016	\$ 14,254,964	\$ 9,430,293	\$ 726,810	\$ 215,006	\$ 430,290	\$ 205,599
2017	\$ 14,438,034	\$ 9,964,809	\$ 765,075	\$ 209,206	\$ 427,626	\$ 205,720
2018	\$ 14,854,224	\$ 10,496,051	\$ 765,075	\$ 212,186	\$ 423,911	\$ 185,913
2019	\$ 15,647,626	\$ 11,255,216	\$ 763,523	\$ 74,475	\$ 431,067	\$ 176,661
Budget Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value		
2008	\$ 29,374,373	\$8.00	\$ 31,887,192	92.1%		
2009	\$ 30,431,675	\$8.09	\$ 32,257,525	94.4%		
2010	\$ 28,944,573	\$8.89	\$ 31,266,329	92.6%		
2011	\$ 28,048,464	\$9.12	\$ 29,520,783	95.0%		
2012	\$ 27,917,642	\$9.25	\$ 27,954,670	99.9%		
2013	\$ 25,322,101	\$10.25	\$ 26,421,932	95.8%		
2014	\$ 25,034,158	\$10.58	\$ 26,089,611	60.0%		
2015	\$ 25,024,542	\$10.71	\$ 26,138,108	95.7%		
2016	\$ 25,262,963	\$10.61	\$ 25,980,470	97.2%		
2017	\$ 25,974,258	\$10.75	\$ 27,042,047	96.1%		
2018	\$ 26,937,359	\$10.76	\$ 26,903,885	100.0%		
2019	\$ 28,348,568	\$10.59	\$ 28,340,401	100.0%		

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

	Budget Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Direct Rates (A)										
City of Milwaukee	\$ 8.42	\$ 8.67	\$ 8.86	\$ 9.87	\$ 10.23	\$ 10.42	\$ 10.29	\$ 10.47	\$ 10.57	\$ 10.45
Allocation of Debt Service incurred for Schools	<u>0.47</u>	<u>0.45</u>	<u>0.39</u>	<u>0.38</u>	<u>0.35</u>	<u>0.29</u>	<u>0.32</u>	<u>0.28</u>	<u>0.18</u>	<u>0.14</u>
Total Direct Rate	8.89	9.12	9.25	10.25	10.58	10.71	10.61	10.75	10.75	10.59
Overlapping Rates (B)										
Milwaukee School Board	9.41	9.49	9.69	10.73	10.86	10.93	10.52	9.61	8.34	7.61
Less: allocation of Debt Service in City rate	<u>(0.47)</u>	<u>(0.45)</u>	<u>(0.39)</u>	<u>(0.38)</u>	<u>(0.35)</u>	<u>(0.29)</u>	<u>(0.32)</u>	<u>(0.28)</u>	<u>(0.18)</u>	<u>(0.14)</u>
Total School Rate	8.94	9.04	9.30	10.35	10.51	10.64	10.20	9.33	8.16	7.47
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.06	2.02	1.95	2.21	2.22	1.33	1.29	1.31	1.26	1.23
County of Milwaukee	4.48	4.69	4.72	5.26	5.35	5.33	5.28	5.31	5.05	4.90
State of Wisconsin	0.18	0.18	0.17	0.18	0.18	0.17	0.18	0.18	-	-
Milwaukee Metropolitan Sewerage District	<u>1.43</u>	<u>1.52</u>	<u>1.51</u>	<u>1.70</u>	<u>1.78</u>	<u>1.79</u>	<u>1.79</u>	<u>1.82</u>	<u>1.72</u>	<u>1.69</u>
Total Tax Rate (C)	<u>\$ 25.98</u>	<u>\$ 26.57</u>	<u>\$ 26.90</u>	<u>\$ 29.95</u>	<u>\$ 30.62</u>	<u>\$ 29.97</u>	<u>\$ 29.35</u>	<u>\$ 28.70</u>	<u>\$ 26.94</u>	<u>\$ 25.88</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	2019		2010	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Northwestern Mutual Life Insurance Company	Insurance	\$ 515,018	1.75 %	\$ 166,879	.94 %
Mandel Group	Real Estate	333,439	1.13		
U. S. Bank	Banking	231,293	.78	197,383	1.12
Irgens Katz Properties	Real Estate	159,283	.54		
Katz Properties	Real Estate	139,528	.47		
Weidner Investments	Real Estate	138,158	.47		
Aurora Health	Health	134,119	.46		
Metropolitan Associates	Real Estate	131,137	.44	63,592	.36
Forest County Potawatomi Community	Real Estate	128,935	.44		
Middleton Milwaukee Investors LLC	Real Estate	120,760	.41		
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurant			75,214	.43
Teachers Insurance & Annuity Assoc of America	Real Estate			103,316	.58
Towne Realty	Real Estate			82,697	.47
Great Lake, REIT LP	Real Estate			68,095	.38
Miller Brewing	Brewery			65,832	.37
Allen Bradley	Electronic Components			56,649	.32
100 E Wisconsin Ave Joint Venture	Real Estate			55,166	.31
		<u>\$ 2,031,670</u>	<u>6.89 %</u>	<u>\$ 934,823</u>	<u>5.28 %</u>

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

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

Table 8

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Levy Year (B)		Collections		Total Collections to Date	
				Current Tax Collections	Percent Original Levy Collected	Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2010	\$ 291,943	\$ 35,972	\$ 327,915	\$ 281,196	96.32	\$ 16,482	\$ 29,658	\$ 327,335	99.82
2011	295,967	28,089	324,056	284,691	96.19	16,049	22,756	323,496	99.83
2012	301,051	24,651	325,702	288,749	95.91	13,596	22,965	325,041	99.80
2013	304,700	24,239	328,939	293,489	96.32	16,237	18,226	327,953	99.70
2014	307,246	22,062	329,308	296,107	96.37	13,875	17,624	327,606	99.48
2015	312,216	18,452	330,668	302,084	96.76	12,471	13,634	328,189	99.25
2016	312,091	18,650	330,741	302,628	96.97	10,907	13,787	327,322	98.97
2017	318,867	24,049	342,916	309,345	97.01	15,266	13,577	338,188	98.62
2018	325,152	16,906	342,058	316,357	97.30	11,728	11,051	334,951	97.92
2019	333,909	19,979	353,888	325,692	97.54	9,938	-	335,630	94.84

(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.

(D) 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

Year	Governmental Activities			Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Total			
2010	\$ 812,183	\$ 63,116	\$ 749,067	\$ 31,266,329	2.40%	\$ 1,259.29
2011	825,574	67,264	758,310	29,520,783	2.57%	1,272.33
2012	785,867	67,971	717,896	27,954,670	2.57%	1,206.55
2013	822,046	178,068	643,978	26,421,932	2.44%	1,081.41
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28
2016	949,001	143,918	805,083	25,980,470	3.10%	1,353.99
2017	942,330	138,682	803,648	27,042,047	2.97%	1,359.58
2018	994,923	112,631	882,292	26,903,885	3.28%	1,481.60
2019	988,466	153,782	834,684	28,340,401	2.95%	1,413.52

Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
	General Obligation Bonds and Notes	Revenue Bonds	State Loans (Revenue Bonds)			
2010	\$ 82,002	\$ 53,737	\$ 80,724	\$ 965,530	2.69%	\$ 1,622.74
2011	88,956	74,815	80,513	1,002,594	2.71%	1,622.74
2012	43,318	65,579	77,083	903,876	2.33%	1,519.12
2013	39,334	98,871	82,736	864,919	2.21%	1,446.90
2014	35,247	94,624	92,100	861,628	2.17%	1,525.16
2015	31,822	95,459	107,533	908,234	2.20%	1,928.37
2016	52,139	190,086	101,612	1,148,920	2.78%	1,932.26
2017	38,875	200,156	114,308	1,156,987	2.69%	1,957.35
2018	34,172	158,360	166,243	1,241,067	2.75%	2,084.08
2019	66,674	149,675	183,866	1,234,899	Not Available	2,091.28

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				
	2010	2011	2012	2013	2014
Debt limit	\$ 2,188,643	\$ 2,066,455	\$ 1,956,827	\$ 1,849,535	\$ 1,826,273
Total net debt applicable to limit	<u>805,660</u>	<u>789,308</u>	<u>695,488</u>	<u>683,312</u>	<u>696,614</u>
Legal debt margin	<u>\$ 1,382,983</u>	<u>\$ 1,277,147</u>	<u>\$ 1,261,339</u>	<u>\$ 1,166,223</u>	<u>\$ 1,129,659</u>
Total net debt applicable to the limit as a percentage of debt limit ...	36.81%	38.20%	35.54%	36.95%	38.14%
	Fiscal Year				
	2015	2016	2017	2018	2019
Debt limit	\$ 1,829,668	\$ 1,818,633	\$ 1,892,943	\$ 1,883,272	\$ 1,983,828
Total net debt applicable to limit	<u>622,044</u>	<u>857,223</u>	<u>905,647</u>	<u>876,597</u>	<u>901,358</u>
Legal debt margin	<u>\$ 1,207,624</u>	<u>\$ 961,410</u>	<u>\$ 987,296</u>	<u>\$ 1,006,675</u>	<u>\$ 1,082,470</u>
Total net debt applicable to the limit as a percentage of debt limit ...	34.00%	47.14%	47.84%	46.55%	45.44%

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

Table 10 (continued)

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value		\$ 28,348,568
Equalized Value		<u>28,340,401</u>
Debt Limit 7% of Equalized Value		1,983,828
Amount of Debt Applicable to Debt Limit:		
General Obligation bonds	357,897	
General Obligation notes	630,569	
Parking bonds and notes	12,281	
Harbor bonds and notes	5,293	
Water Works bonds	10,696	
Sewer Maintenance bonds and notes.....	<u>38,404</u>	
Total Debt		1,055,140
Deduct:		
Assets in Debt Service Funds		<u>153,782</u>
Total Amount of Debt Applicable to Debt Limit		<u>901,358</u>
Legal Debt Margin		<u><u>\$ 1,082,470</u></u>

(A) *The Water Revenue Bonds, Sewer Revenue Bonds and clean water loans are payable only from the income and revenues derived from the operations of the water system and sewer system, respectively. These bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision.*

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. The legal debt margin as of December 31, 2019 was \$566,808 for school purposes and \$515,662 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 December 31, 2019
(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)	\$ 901,358	100%	\$ 901,358
Overlapping Debt:			
Milwaukee Area Technical College District	101,964	35%	35,687
County of Milwaukee	532,466	44%	235,659
Milwaukee Metropolitan Sewerage Area (B)	748,499	45%	<u>335,477</u>
Total Direct and Overlapping Debt			<u>\$ 1,508,181</u>
<i>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.</i>			
<i>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.</i>			
(A)	<i>Excludes \$60,577 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.</i>		
(B)	<i>Includes \$486,104 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.</i>		
(C)	<i>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.</i>		
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		
2009	\$ 73,157	\$ 63,019	\$ 10,138	\$ 915	\$ 260	\$ 1,175	8.63
2010	73,488	66,765	6,723	915	260	1,175	5.72
2011	84,406	65,213	19,193	964	211	1,175	16.33
2012	88,136	65,547	22,589	989	185	1,174	19.24
2013	85,043	65,661	19,382	1,015	158	1,173	16.52
2014	88,013	67,166	20,847	1,264	216	1,480	14.09
2015	96,711	67,396	29,315	1,335	225	1,560	18.79
2016	97,881	55,229	42,652	2,205	672	2,877	14.83
2017	97,910	51,676	46,234	3,126	938	4,064	11.38
2018	100,876	59,548	41,328	2,411	1,047	3,458	11.95
2019	99,170	50,809	48,361	2,988	1,226	4,214	11.48

Sewer Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
2009	\$ 48,231	\$ 16,438	\$ 31,793	\$ 4,901	\$ 3,399	\$ 8,300	3.83
2010	52,063	16,696	35,367	6,454	4,038	10,492	3.37
2011	54,667	14,691	39,976	6,792	4,616	11,408	3.50
2012	54,140	15,440	38,700	7,032	4,400	11,432	3.39
2013	57,300	15,873	41,427	8,603	5,726	14,329	2.89
2014	59,125	16,443	42,682	9,398	5,889	15,287	2.79
2015	60,713	17,256	43,457	10,471	6,085	16,556	2.62
2016	63,050	17,879	45,171	13,575	9,263	22,838	1.98
2017	65,275	20,207	45,068	14,893	9,123	24,016	1.88
2018	66,838	17,021	49,817	16,274	8,874	25,148	1.98
2019	68,400	13,450	54,950	17,519	8,546	26,065	2.11

Note: Water Revenue Bonds issued in 1998, 2013, 2014, 2017 and 2018. Sewer Revenue bonds issued in 2011, 2013 and 2016. 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

<u>County of Milwaukee</u>						
Year	Population (A)	Personal Income <i>(Thousands of Dollars)</i> (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2010	580,500	\$ 35,776,970	\$ 37,727	30.3	81,372	11.9%
2011	595,525	\$ 37,568,920	\$ 39,494	30.3	80,098	10.9%
2012	595,425	\$ 39,413,180	\$ 41,287	33.7	78,461	10.1%
2013	596,500	\$ 38,994,026	\$ 40,724	33.7	78,502	8.7%
2014	595,993	\$ 40,371,667	\$ 42,118	33.8	77,391	7.2%
2015	595,787	\$ 41,639,116	\$ 43,435	34.0	75,568	6.7%
2016	594,667	\$ 41,763,657	\$ 43,729	34.2	76,856	5.8%
2017	591,076	\$ 43,098,050	\$ 45,338	34.3	77,215	4.6%
2018	595,555	\$ 45,123,754	\$ 47,589	34.6	75,081	3.6%
2019	590,547	Not available	Not available	35.1	74,633	4.5%
<p>(A) <i>The December 31, 2010 through 2019 populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)</i></p> <p>(B) <i>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.</i></p> <p>(C) <i>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.</i></p> <p>(D) <i>Prior to 2012, Median age of the population was determined only during a census. These figures represent the data collected by the American Community Survey.</i></p> <p>(E) <i>Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.</i></p> <p>(F) <i>Unemployment Rate is the annual average from the Wisconsin's Workforce, Wisconsin Worknet and Labor Market Information System.</i></p>						
<p><i>See accompanying independent auditors' report.</i></p>						

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 14

Employer	2019 Estimates (1)			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	28,539	1	6.37	21,570	1	5.03
Froedtert and Community Health	12,647	2	2.82	6,090	9	1.42
Ascension Wisconsin	10,600	3	2.36			
Roundy's Supermarkets Inc.	8,601	4	1.92	6,800	7	1.59
Medical College of Wisconsin	6,400	5	1.43			
Children's Hospital	5,322	6	1.19			
Northwestern Mutual Life	5,000	7	1.12			
Rockwell Automation Inc	4,000	8	0.89			
U.S. Bank NA	3,700	9	0.83			
Goodwill Industries of SE Wisconsin, Inc.	3,419	10	0.76			
U.S. Government (Includes Zablocki V.A. Medical Center)				10,800	2	2.62
Milwaukee Public Schools				9,958	3	2.58
Wheaton Franciscan Healthcare				8,377	4	2.21
Wal-Mart Store				7,360	5	1.81
City of Milwaukee				7,297	6	1.73
Kohl's Corp				6,384	8	1.61
Quad Graphics				5,600	10	1.56
	<u>88,228</u>		<u>19.69</u>	<u>90,236</u>		<u>22.16</u>

(1) Reflects full-time equivalent employees of businesses and industrial firms.

Note: Data includes all of Milwaukee County and areas contiguous to Milwaukee County..

Source: The 2019 Business Journal of Greater Milwaukee as of August 16, 2019.

The 2010 data was from the 2011 Business Journal Book of Lists.

Total employment data (2010 = 428,859) (2019 = 448,251) 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	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	720	700	719	707	728	736	750	741	766	786
Temporary - Election Commission	98	8	2,145	819	2,389	823	2,473	820	2,250	1,505
Public Safety										
Fire										
Fire Fighting Force	949	951	911	911	900	875	876	810	765	736
Civilians	77	76	105	116	112	118	131	133	133	135
Police										
Law Enforcement	2,042	2,034	2,034	2,013	1,978	1,942	1,979	1,989	1,955	1,954
Civilian	614	619	619	608	618	625	619	598	636	633
School Crossing Guards	251	251	251	251	252	242	241	241	241	241
Neighborhood Services	240	247	251	269	272	283	293	289	280	292
Public Works										
Administrative Services	66	64	58	46	47	48	49	43	45	46
Infrastructure Services	807	804	803	802	810	801	790	805	815	822
Operations	1,398	1,381	1,438	1,438	1,433	1,436	1,437	1,443	1,440	1,435
Winter relief	66	66	-	-	-	-	-	-	-	-
Health	274	272	268	254	252	251	252	252	254	280
Culture and recreation	368	378	376	372	370	371	358	364	375	377
Conservation and development	176	179	163	142	134	135	133	121	127	125
Youth initiative positions	25	25	-	-	-	-	-	-	-	-
Water	404	382	367	369	369	371	381	395	406	430
Sewer Maintenance	164	164	164	146	146	146	146	145	144	147
Parking	130	131	122	120	120	121	121	118	118	126
Port of Milwaukee	37	35	36	37	37	37	37	37	35	35
Subtotal	8,906	8,767	10,830	9,420	10,967	9,361	11,066	9,344	10,785	10,105
Less Temporary Positions	(98)	(8)	(2,145)	(819)	(2,631)	(1,055)	(2,703)	(1,050)	(2,491)	(1,746)
Total Budgeted Positions	<u>8,808</u>	<u>8,759</u>	<u>8,685</u>	<u>8,601</u>	<u>8,336</u>	<u>8,306</u>	<u>8,363</u>	<u>8,294</u>	<u>8,294</u>	<u>8,359</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Investment portfolio return	0.32%	0.21%	0.22%	0.22%	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%
Courtroom cases	119,779	121,234	104,170	119,761	93,577	80,821	84,464	74,120	80,870	61,284
Public safety										
Police										
Dispatched assignments	246,365	238,657	248,678	241,423	247,552	260,860	284,893	249,855	255,599	264,969
Traffic citations	104,001	103,311	94,442	73,325	53,744	55,592	46,969	71,655	69,048	50,072
Homicide clearance rates	75%	72%	70%	64%	60%	58%	67%	70%	76%	77%
Fire										
Number of medical emergency assists	53,629	56,085	59,487	60,499	62,766	70,504	78,484	76,793	71,323	70,461
Number of fires extinguished	2,201	2,643	2,841	2,444	2,419	2,351	2,198	2,017	1,749	1,580
Civilian fire deaths	3	10	8	2	10	10	5	7	9	7
Building Inspection										
Complaints reported	37,146	35,910	35,404	37,212	36,567	34,933	36,548	36,938	38,788	41,699
Orders issued	67,043	71,356	68,613	67,457	58,217	60,106	43,499	25,949	25,821	36,825
Public Works										
Major streets paving (miles)	11.28	1.05	5.7	17.12	24.60	33.5	35.4	34.0	29.0	28.0
Asphalt patching/pot holes (tons)	10,500	18,952	16,010	15,845	17,025	18,816	18,857	22,257	19,019	17,460
Refuse tonnage	274,651	262,265	252,987	256,411	253,997	243,478	248,083	256,599	259,450	268,162
Recycling tonnage	21,389	22,837	24,147	25,052	25,273	25,105	25,232	25,325	25,505	24,258
Health										
Food inspections	5,208	4,615	7,637	8,735	8,556	9,236	10,087	8,208	9,775	9,525
Immunizations	27,994	21,953	18,882	16,417	10,912	10,561	8,360	8,271	5,921	6,859
Culture and Recreation										
Library hours of operation	25,996	27,844	31,092	30,914	30,846	30,866	32,282	32,282	33,440	31,546
Collections size	2,577,805	2,587,412	2,441,757	2,364,905	2,306,138	2,308,825	2,323,743	2,293,455	2,571,761	2,703,907
Public computers	480	725	757	754	723	752	682	600	655	681
Conservation and Development										
Jobs created	498	534	324	2,198	834	2,337	2,063	1,140	1,327	606
Jobs retained	1,644	1,382	1,965	2,800	1,626	2,535	1,960	1,355	2,715	641
New housing units	810	503	687	402	331	2,340	2,081	1,265	1,720	1,271
Water										
Millions gallons sold	32,500	32,246	32,909	30,560	29,894	29,657	29,440	28,761	28,730	27,708
Population served	861,000	861,249	862,524	864,715	864,653	865,109	864,144	868,882	866,933	863,921
Sewer Maintenance										
Sewer service backups	33	24	23	25	31	22	23	26	33	30
Street flooding complaints	2,770	3,293	4,775	3,092	3,023	3,096	1,808	2,523	3,350	2,448
Parking										
Citations issued	874,690	823,999	778,288	770,430	743,038	705,850	626,333	594,360	636,117	572,070
Vehicle tows	28,295	25,762	26,910	32,631	33,416	34,892	32,185	31,204	29,291	25,268
Port										
Metric tonnage total	2,324,566	2,808,801	1,915,419	2,618,312	3,022,657	2,711,347	2,441,072	2,573,475	2,393,877	2,668,624

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	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Stations	8	8	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	536	556	501	537	521	504	505	505	418	426
Patrol motorcycles	57	55	55	56	55	55	56	56	56	56
Fire Stations	36	36	36	36	36	36	36	36	30	30
Public Works										
Streets - paved	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
Streets - unpaved	15	15	15	15	15	15	15	15	15	15
Alleys	415	414	414	414	414	414	414	414	414	414
Street lights	67,949	68,073	68,540	68,698	68,698	68,856	69,111	69,111	69,195	69,235
Alley lights	8,616	8,810	8,820	8,815	8,815	8,786	8,797	8,797	9,014	9,014
Garbage/snow trucks	182	181	180	180	180	180	192	183	177	180
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	276	276	276	130	138	138	138	138	138	138
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,956	1,960	1,961	1,962	1,963	1,962	1,962	1,961	1,961	1,961
Hydrants	19,847	19,867	19,869	19,870	19,870	19,846	19,862	19,861	19,865	19,876
Million gallons pumped	37,443	36,992	37,920	36,490	37,460	35,872	35,447	34,456	35,506	33,839
Million gallons consumed	32,452	32,246	32,909	30,560	29,894	29,657	29,440	28,760	28,967	27,905
Miles of Sewers										
Storm	961	962	964	965	965	966	967	967	968	968
Sanitary	941	941	943	943	943	944	945	945	945	945
Combined	547	547	547	547	547	551	551	551	551	551
Parking										
Parking lots	45	45	44	45	45	44	44	45	42	42
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	6	6	7	7	7	7	7	7	7	7
Rental warehouses and buildings	5	5	10	10	10	11	11	10	11	11
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	10	10	11	11	11	11	11	11	11	9
Vessel berths	14	14	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.