



Annual Comprehensive Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2021

Office of the Comptroller

**Aycha Sawa
Comptroller**

CITY OF MILWAUKEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

**Exhibit
or Table
Number Page
Number**

INTRODUCTORY SECTION

Comptroller's Letter of Transmittal		5
Organization Chart		11
Names of Principal Officials		12

FINANCIAL SECTION

Independent Auditor Report		15
Management's Discussion and Analysis (Required Supplementary Information).....		18

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Position	1	38
Statement of Activities	2	40

Fund Financial Statements:

Balance Sheet - Governmental Funds	A-1	44
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-2	47
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	A-3	48
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-4	51
Statement of Fund Net Position - Proprietary Funds	B-1	52
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	B-2	55
Statement of Cash Flows - Proprietary Funds	B-3	56
Statement of Fiduciary Net Position - Fiduciary Funds	C-1	58
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	C-2	59
Combining Statement of Net Position - Component Units	D-1	60
Combining Statement of Activities - Component Units.....	D-2	62

Notes to the Financial Statements		66
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REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) - General Fund	E-1	114
Budgetary Comparison Schedule - Economic Development Fund.....	E-2	115
Budgetary Comparison Schedule - Grant and Aid Projects.....	E-3	116
Schedules of Funding Progress.....	E-4	117

Notes to Required Supplementary Information.....		119
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CITY OF MILWAUKEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Exhibit or Table Number	Page Number
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:		
Combining Balance Sheet - Nonmajor Governmental Funds	F-1	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	F-2	125
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Community Development Block Grant	F-3	126
Combining Statement of Fund Net Position - Nonmajor Proprietary Funds.....	G-1	128
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Proprietary Funds..	G-2	130
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	G-3	131
Combining Statement of Fiduciary Net Position - Custodial Funds	H-1	134
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	H-2	135
MISCELLANEOUS FINANCIAL DATA:		
Combined Schedule of Delinquent Taxes Receivable	I-1	138
Combined Schedule of Cash and Cash Equivalents and Investments - Primary Government.....	I-2	139
Debt Service Requirements to Maturity - General Obligation Bonds and Notes	I-3	140
Debt Service Requirements to Maturity - Water Revenue and Disclosure of Bond Coverage	I-4	146
Debt Service Requirements to Maturity - Sewerage System Revenue and Disclosure of Bond Coverage	I-5	147
Schedule of Account Balances - Capital Projects by Purpose	I-6	148
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects by Purpose.....	I-7	150
General Fund - Schedule of Revenues - Budget and Actual	I-8	152
General Fund - Schedule of Expenditures - Budget and Actual	I-9	153
STATISTICAL SECTION (Unaudited)		
Net Position by Component	1	159
Changes in Net Position	2	160
Changes in Fund Balances, Governmental Funds	3	164
Fund Balances, Governmental Funds	4	166
Assessed and Estimated Actual Value of Taxable Property	5	167
Direct and Overlapping Property Tax Rates	6	168
Principal Property Taxpayers	7	169
Property Tax Levies and Collections	8	170
Ratios of Outstanding Debt by Type	9	171
Legal Debt Margin Information	10	172
Computation of Direct and Overlapping Debt	11	174
Pledged Revenue Coverage	12	175
Demographic and Economic Statistics	13	176
Principal Employers	14	177
City Government Employees by Function/Program - Adopted Budget Positions	15	178
Operating Indicators by Function/Program	16	179
Capital Asset Statistics by Function/Program	17	180

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Aycha Sawa, CPA, CIA

Comptroller

Joshua Benson

Deputy Comptroller

Toni Biscobing

Special Deputy Comptroller

Richard Bare, CPA

Special Deputy Comptroller

July 15, 2022

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

Dear Mayor, Council Members, and Citizens:

I am pleased to present the Annual Comprehensive Financial Report of the City of Milwaukee (the "City") for the fiscal year ended December 31, 2021. This report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee. The report was prepared by the Office of the Comptroller in conformity with accounting principles generally accepted in the United States of America ("GAAP") as set forth by the Governmental Accounting Standards Board ("GASB") and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units separately. The Annual Comprehensive Financial Report reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's annual budget.

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

An independent firm of licensed certified public accountants, Baker Tilly US, LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2021, 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, 2021, are fairly presented in conformity with GAAP.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

The City of Milwaukee provides a full range of municipal services, including police and fire protection, sanitation, health, culture and recreation, public works, conservation and development and administrative support services. Also included in this report are the proprietary operations of the Metropolitan Sewerage District User Charge, Port, Sewer Maintenance, Transportation, and Water Works. These activities are under the direct oversight responsibility of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability or for which the nature and significance of their relationship with the City would cause these financial statements to be misleading or incomplete, known as component units, are a part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units for fiscal year 2021: Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation.

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

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, WI. It is the 31st largest city in the United States with a 2021 Wisconsin Department of Administration estimated population of 587,976. Milwaukee is the largest city, by population, and the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 2.05 million for the Milwaukee-Racine-Waukesha metropolitan area.

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

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

Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth and economic development.

Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In the past few decades, major new additions to the City include the Milwaukee Riverwalk, the Wisconsin Center, American Family Field, Fiserv Forum, the Calatrava (an internationally renowned addition to the Milwaukee Art Museum) and Pier Wisconsin, as well as major renovations to the University of Wisconsin – Milwaukee Panther Arena. Many new 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 2.3 million metric tons of cargo in 2021. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. In 2021, the Port and the DeLong Company broke ground on a new \$35 million agricultural export facility on Jones Island. 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, 2021 the City managed 30 active Business Improvement Districts, 9 Neighborhood Improvement Districts, 60 Tax Incremental Districts and various development projects promoting urban renewal throughout the City. The City of Milwaukee collaborates with surrounding governmental jurisdictions to promote economic development. The long term benefit of these efforts is to create economic growth and expand the tax base in the City. Future tax abatement payments related to these programs total \$143 million as depicted in Note 14.

The City of Milwaukee continues an amazing revitalization including a downtown building boom. BMO Harris Bank completed a new 25 story office tower directly across from City Hall on Wells Street. Northwestern Mutual changed the City's skyline with the construction of a 32-story office tower, and completed a 33-story upscale apartment tower. The office tower, at one million square feet, is the largest office structure in the state of Wisconsin.

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, broke ground in 2021 along Milwaukee's lakefront. The project will include a 44-story, \$188 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. The development is expected to be completed in 2023.

Michels continues construction of their \$100 million development on the Kinnickinnic River. Phase one consists of an eight-story office building to house their infrastructure division headquarters which is now open. The remaining construction includes an apartment building, hotel, and two additional office buildings along with a number of first-floor and riverwalk commercial spaces.

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

Construction continues on the Ascent, a 25 story apartment tower which will be the tallest building of its kind in the world when it is complete. The structure of the building is unique in that the entire building above the parking garage will be supported entirely by mass timber. The Ascent is expected to be completed in 2022.

The Wisconsin Center District broke ground on Phase Three of their expansion and renovation in 2021. This phase is expected to double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Construction is expected to be completed in 2024.

A newly announced mixed-use development known as the Iron District is scheduled to break ground by fall of 2022. The development will include a new concert venue, hotel, and professional soccer stadium. The project will also include apartments, restaurant, and retail space. The outdoor soccer stadium will seat 8,000 with the intent of attracting a professional soccer team to Milwaukee. The stadium and entertainment venue are expected to open in 2024.

In addition to new construction projects, several underutilized buildings continue to see reinvestment. Major redevelopment projects recently announced or completed include the Huron Building, Grand Avenue Mall, the Historic Warner Grand Theater, and the Milwaukee Tool building.

The City continues to progress in its Strong Neighborhoods plan. In 2021, City resources contributed to the creation of 278 new housing units, improvements to 279 existing housing units, and the assistance of 213 individuals in home buying.

The City's Commercial Corridor team provided 76 revitalization grants totaling more than \$1 million to business and commercial property throughout the City in 2021. These investments helped launch 26 new businesses, expand 20 businesses, and improve 12 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. COVID-19 caused the cancellation of many of these festivals in 2020 and 2021 but Summerfest resumed a modified schedule in 2021 and most are on set to resume in 2022.

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 2021, the City's unemployment rate averaged approximately 6.5% (see Table 13 in Statistical Section); compared to the State of Wisconsin average of 3.8% and the United States average of 5.3% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate decreased from 9.3% in 2020 due in large part to the recovery from the COVID-19 pandemic.

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain investment grade ratings of AA- from Fitch and A from S&P Global, for the City's most recent 2022 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-/A 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 strong liquidity, rapid debt repayment, manageable capital needs, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City ever issued any new debt for the purpose of paying the principal or interest on current debt, in an effort to prevent default.

The 2021 property tax rate for 2022 purposes increased to \$10.16 from \$10.09 compared to the prior year's per \$1,000 of assessed value. The 2022 budgetary City property tax levy of approximately \$305 million represents a \$6 million increase compared to the \$299 million in 2021. The estimated assessed value used for 2022 budget purposes increased to approximately \$30.0 billion from \$29.7 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2021 was 32.3% compared to 32.3% for 2020 as depicted in Exhibit E-1.

Property tax increases are limited by state legislation. The 2022 budget estimates intergovernmental revenues of \$273.5 million which is an increase of \$469 thousand from 2021. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be \$219 million in 2022, which is the same as 2021. The state transportation aids (the second largest category) total \$30.1 million for 2022, a \$133 thousand decrease from 2021. 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 \$10.6 million for 2022. 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 2022 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of \$46.7 million and the stormwater management charges for services to the sewer fund of \$24.4 million. The snow and ice fee is estimated in 2022 to generate a total of \$10.3 million. The street lighting fee is estimated to generate \$9.3 million in 2022. Total Charges for Services are estimated to increase by \$1.4 million to \$144.7 million in 2022.

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 2021, this reserve has a year-end balance of \$27 million compared to \$30 million for 2020. The 2022 budget includes a withdrawal of \$4 million, leaving the portion of the Reserve for Tax Stabilization available for future years at \$18 million.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. The pandemic affected the entire world, and the City was no different. However, the majority of the City's revenue sources are fairly stable, and not materially affected by economic activity, which lessened the impact to the City on a financial basis. In addition, the City has received or been allocated \$171.4 million through the Coronavirus Aid, Relief, and Economic Security Act and \$394.2 million through the American Rescue Plan Act in assistance to cover costs associated with combating the virus and the associated economic losses. The extent of the ongoing 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 2022 capital budget includes funds for various infrastructure and building projects. For 2022, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals \$136.7 million, a decrease of 1% or \$1.8 million from the 2021 budget of \$138.5 million. Funding of \$36.5 million for various tax incremental districts and development projects comprises 27% of the total capital budget for 2022. The Department of Public Works budget for bridges (\$5.2 million), street/paving construction (\$46.5 million), various building, equipment and forestry projects (\$15.2 million) and City Hall Foundation (\$10.0 million), with a total of \$76.9 million or approximately 56% of the total 2022 capital budget. Police projects (\$7.2 million), Fire projects (\$1.8 million), and Library projects (\$664 thousand) in the aggregate total \$9.7 million or 7% 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 2022 include improving the useful life of 22 miles of streets and 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 0.06% in 2021 compared to 0.56% in 2020. 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 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 2.11% on about \$33.7 million in investments.

During 2021, 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 did not require the issuance of revenue anticipation notes in 2021 for either the City or for Milwaukee Public Schools. This was made possible by increased liquidity resulting from federal COVID-19 relief dollars and the conversion of the City's annual Revenue Anticipation Notes to general obligation notes in 2020. By comparison, the City issued a total of \$300 million in anticipation of State Shared and State Equalization Aid Revenues during 2020.

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 \$22.1 million were obtained during 2021, compared to \$16.3 million in 2020 for sewer projects. Safe Drinking Water loans of \$30.0 million were obtained during 2021 compared to \$20.0 million in 2020 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 2021 with \$28.6 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 US, LLP, as well as the accounting personnel of our component units. Special commendation and appreciation should be accorded to the dedicated staff of the Comptroller's Office in the preparation of this Annual Comprehensive Financial Report. In addition, I convey my appreciation to you and members of your respective staffs for your interest and support in planning and conducting the fiscal affairs of the City throughout the past year. The City will continue to remain fiscally sound through our cooperative efforts.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller

CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
 DECEMBER 31, 2021

ELECTED

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

COMMON COUNCIL

President	Cavalier Johnson
-----------------	------------------

Aldermanic District

First
Second
Third
Fourth
Fifth
Sixth
Seventh
Eighth
Ninth
Tenth
Eleventh
Twelfth
Thirteenth
Fourteenth
Fifteenth

Alderman

Ashanti T. Hamilton
Cavalier Johnson
Nicholas Kovac
Robert J. Bauman
Nikiya Dodd
Milele A. Coggs
Khalif J. Rainey
JoCasta Zamarripa
Chantia Lewis
Michael J. Murphy
Mark A. Borkowski
Jose G. Perez
Scott Spiker
Marina Dimitrijevic
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	David Henke

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Independent Auditors' Report

To the Honorable Members of the
Common Council

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Milwaukee, Wisconsin (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Milwaukee, Wisconsin
July 15, 2022

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (the "City") Annual Comprehensive Financial Report provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. The MD&A is an integral portion of the Annual Comprehensive Financial Report and information reported herein should be read in conjunction with the information presented in the letter of transmittal and the accompanying financial statements and disclosures, which follow this section. This section focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

Statement of Net Position

- Total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) at the close of fiscal year 2021 was (\$975) million, a 42% decrease compared to the previous year's total of (\$688) million. This decrease was caused mainly by the decrease in deferred outflows for the pension and other post employment benefits and the increase in unearned revenue for receipt of American Rescue Plan Act (ARPA) funds not yet expended. Of the (\$975) million net position, a \$1.792 billion deficit was related to governmental activities and \$817 million was related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled (\$2.941) 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: \$1.764 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations: \$230 million.
 - Unrestricted net deficit: (\$2.969) billion.
- The 2021 year-end, net pension liability is \$928 million compared to the 2020 total of \$851 million. This \$77 million increase is due to an increase in the actuarial liability, offset by a realized 2020 net investment return of 18.51% compared to the actuarial assumption of 7.5%. The 2021 liability is based on an actuarial valuation performed on January 1, 2020, rolled forward to December 31, 2020. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.
- Total 2021 long-term liabilities were \$4.395 billion of which \$159 million was short-term compared to the 2020 total of \$4.262 billion of which \$163 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>2021</u>	<u>2020</u>
Outstanding debt.....	\$ 1,651	\$ 1,626
OPEB.....	1,681	1,690
Pension.....	928	851
Compensated absences.....	48	51
Claims and judgments.....	87	44
Total.....	<u>\$ 4,395</u>	<u>\$ 4,262</u>

Statement of Activities

- Governmental expenses were \$1.341 billion while combined program revenues were \$293 million, a difference of \$1.048 billion. However, general revenues and transfers were \$746 million, resulting in a \$303 million decrease to net position for the year. Business-type activity expenses were \$239 million while combined program and general revenues were \$286 million plus \$2 million of miscellaneous revenue, resulting in a surplus of \$49 million. Transfers out reduced this excess by \$33 million, resulting in a net increase in net position of \$16 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

- Governmental revenues and transfers of \$1.039 billion, which supported 78% of the total 2021 governmental expenses of \$1.341 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.....	\$ 293	28%	22%
Property and other taxes.....	370	36%	28%
State aids for the general fund.....	273	26%	20%
Miscellaneous revenues and transfers.....	103	10%	8%
Total.....	\$ 1,039	100%	78%

- Business-type activity program revenue of \$286 million, which supported 119% of the total 2021 business-type expenses of \$239 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.....	\$ 100	35%	42%
Sewer.....	77	27%	32%
Transportation.....	37	13%	15%
Port.....	14	5%	6%
MMSD sewer user charges.....	58	20%	24%
Total.....	\$ 286	100%	119%

Fund Financial Statements

- Total governmental fund, year-end 2021 fund balance was \$352 million, compared to the 2020 ending fund balance of \$339 million, an increase of \$13 million or 4%.
- The 2021 General Fund, year-end fund balance totaled \$176 million, a \$12 million decrease compared to the 2020 balance of \$188 million. The 2021 ending Fund Balance is approximately 24% of the \$733 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were \$1.137 billion at year-end 2021, a decrease of \$51 million compared to the 2020 total of \$1.188 billion. In addition, revenue bonds of \$166 million and state loans of \$245 million were outstanding at year-end. Total outstanding debt at the end of 2021, including unamortized premium, totaled \$1.652 billion, a \$26 million increase over the 2020 total of \$1.626 billion.

Required Supplementary Information

- General Fund operating revenues were \$12.7 million lower than budgeted while operating expenditures were \$10.9 million less than budgeted in 2021. Property taxes were \$66 thousand higher than budget while revenues other than property taxes were \$7.9 million lower than budget. Other revenue was under budget \$4.9 million, with the primary cause being the reduction of and suspension of revenue sources due to COVID-19, this was an improvement from 2020. Operating expenditures were under budget in all categories, including general government \$6.8 million, public safety \$2.7 million and public works \$726 thousand. The primary reason for the general government category being under budget is unfilled budgeted positions due to the difficult hiring environment.
- Total OPEB liability decreased approximately \$10 million to \$1.68 billion as of December 31, 2021, compared to \$1.69 billion as of December 31, 2020.

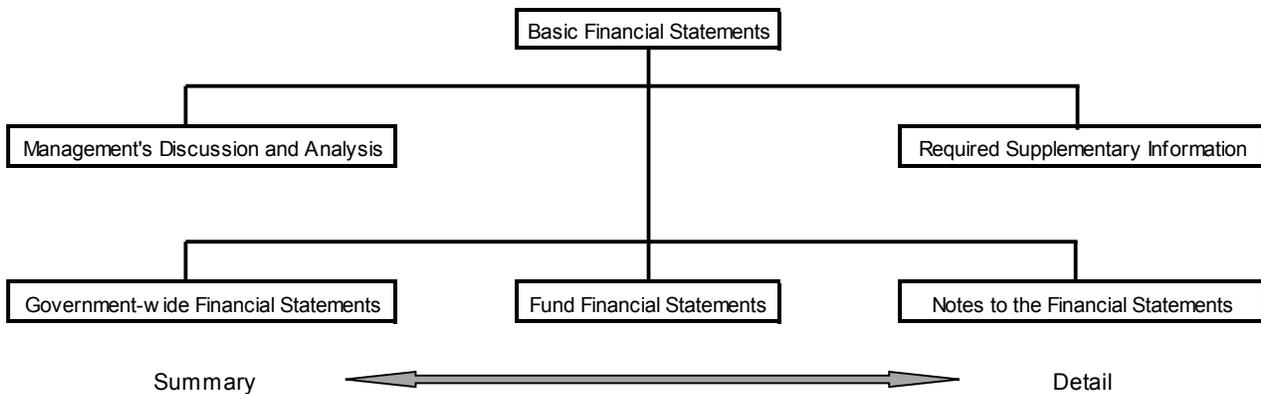
CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

- Due to an increase in the actuarial determined liability, the 2021 pension liability increased \$77 million to \$928 million compared to the 2020 pension liability of \$851 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.

Figure A-1
Components of the Financial Section



The basic financial statements include two kinds of statements.

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

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (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 two other entities in its report: The Redevelopment Authority of the City of Milwaukee, and The Neighborhood Improvement Development Corporation. Although legally independent entities, these organizations are closely related to the City of Milwaukee in terms of their respective financial and public policy responsibilities.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)

Fund Financial Statements

The City's major funds begin with Exhibit A-1. The fund financial statements provide detailed information about the most significant financial components of the municipality as opposed to the City as a whole. These individual funds are established for the purpose of executing specific activities and objectives in accordance with Federal, State and local laws and regulations. The accounts of the City are organized on the basis of funds. Each fund is a separate fiscal and accounting entity with a self-balancing set of accounts including assets, liabilities, equities, revenues and expenditures or expenses.

The City reports financial activity and status according to three fund types: governmental, proprietary and fiduciary funds.

- **Governmental funds:** Most of the City's basic services are reported in governmental funds, applying modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine if more or fewer financial resources are available to be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in the reconciliations in Exhibits A-2 and A-4.
- **Proprietary funds:** Operations which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control and other purposes. Proprietary funds utilize full accrual accounting. The City's proprietary funds focus on the business-type activities reported in the government-wide statements, providing additional detail including cash flows.
- **Fiduciary funds:** The City is the trustee, or fiduciary, for its pension and other employee benefit trusts and various miscellaneous private purpose trusts. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position in Exhibits C-1 and C-2. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes, which follow the Government-wide and Fund financial statements (Exhibits 1 through D-2), provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted. This required supplementary information is presented in Exhibits E-1. A *Schedule of Funding Progress* relating to retiree health and life insurance and pension is depicted in Exhibit E-2.

Combining Schedules, Individual Fund Statements and Schedules of Miscellaneous Financial Data

Combining schedules provide detail in connection with non-major governmental funds and non-major proprietary funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each non-major special revenue fund. Capital Projects are also presented in detail by major category (i.e., streets, sewers) within the Miscellaneous Financial Data Section. See Exhibits F-1 through I-9.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Summary of Statement of Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. The net position and net expenses of governmental and business-type activities of the City are presented in Table 1a. Table 1a focuses on the net position and Table 2a focuses on the changes in net position.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,090,658	\$ 1,103,146	\$ 181,080	\$ 147,887	\$ 1,271,738	\$ 1,251,033
Capital assets	1,353,454	1,358,424	1,285,968	1,262,517	2,639,422	2,620,941
Total assets	<u>2,444,112</u>	<u>2,461,570</u>	<u>1,467,048</u>	<u>1,410,404</u>	<u>3,911,160</u>	<u>3,871,974</u>
Deferred Outflows of Resources:						
Deferred outflows for pensions.....	261,548	420,800	9,008	13,562	270,556	434,362
Deferred outflows for OPEB.....	257,676	308,506	14,187	16,520	271,863	325,026
Total deferred outflows.....	<u>519,224</u>	<u>729,306</u>	<u>23,195</u>	<u>30,082</u>	<u>542,419</u>	<u>759,388</u>
Long-term obligations	3,821,191	3,721,941	574,276	539,980	4,395,467	4,261,921
Other liabilities	283,276	280,644	82,640	88,680	365,916	369,324
Total liabilities	<u>4,104,467</u>	<u>4,002,585</u>	<u>656,916</u>	<u>628,660</u>	<u>4,761,383</u>	<u>4,631,245</u>
Deferred Inflows of Resources:						
Gain on Refunding.....	2,352	1,176	1,194	-	3,546	1,176
Deferred inflows for grants.....	-	-	-	42	-	42
Subsequent years property taxes.....	361,606	362,345	-	-	361,606	362,345
Pension and OPEB related.....	287,022	314,246	15,076	10,766	302,098	325,012
Total deferred inflows.....	<u>650,980</u>	<u>677,767</u>	<u>16,270</u>	<u>10,808</u>	<u>667,250</u>	<u>688,575</u>
Net position:						
Net investment in capital assets.....	939,647	877,376	824,814	839,337	1,764,461	1,716,713
Restricted	209,636	206,060	20,657	23,136	230,293	229,196
Unrestricted	<u>(2,941,394)</u>	<u>(2,572,912)</u>	<u>(28,414)</u>	<u>(61,455)</u>	<u>(2,969,808)</u>	<u>(2,634,367)</u>
Total net position	<u>\$ (1,792,111)</u>	<u>\$ (1,489,476)</u>	<u>\$ 817,057</u>	<u>\$ 801,018</u>	<u>\$ (975,054)</u>	<u>\$ (688,458)</u>

Net position of the City's governmental activities decreased to (\$1.79) billion for 2021. The portion of net position restricted as to use totaled \$210 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$940 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 \$2.94 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 \$817 million in 2021. 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 2021 long-term obligations for governmental activities were \$3.82 billion, an increase of 3% over the 2020 amount of \$3.72 billion. Most of this increase is attributable to the increases in pension liability and claims & judgments. Year-end long-term obligations related to business-type activities were \$574 million, an increase of 6% over the 2020 amount of \$540 million. This \$34 million increase is due mainly to an increase in loans from the State and Revenue Bonds.

Total 2021 primary government assets, including capital assets, were \$3.91 billion, an increase of \$39 million or 1% from the 2020 amount of \$3.87 billion. At year-end 2021, Water Works and Sewer Maintenance Fund net capital assets comprised 91% of the City's total net capital assets for business-type activities. These two funds are the City's largest proprietary (business-type) funds. The Water Works capital assets consist primarily of water mains and related water facilities and plants; and the Sewer Maintenance Fund includes local sewer mains and connections.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2021 totaled \$1.006 billion. The composition of this revenue, by category, is reported on Table 2a while the percentage of each revenue category to the total is shown on Chart 4.

Governmental Activity expenses include a wide range of services. Governmental Activity 2021 expenditures were \$1.341 billion. The composition of these expenditures, by category, is reported on Table 2a while the percentage of each expense category to the total is shown on Chart 3.

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

Governmental Activity revenue for 2021 were \$335 million below expenditures, \$302 million below after a \$33 million transfer from business-type activities. Business-type activity revenues exceeded expenditures and transfers during 2021 by \$16 million. Chart 1 presents *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict the comparison of revenues vs. expenditures, by major function. Table 2a and the narrative that follows, report the operations of governmental and business-type activities separately.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>Primary Government</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 167,975	\$ 157,196	\$ 267,477	\$ 251,028	\$ 435,452	\$ 408,224
Operating grants and contributions	122,845	165,929	-	-	122,845	165,929
Capital grants and contributions	1,701	3,827	18,786	9,722	20,487	13,549
General revenues:						
Property taxes and other taxes	369,565	352,910	-	-	369,565	352,910
State aids for General Fund	273,422	273,422	-	-	273,422	273,422
Miscellaneous	70,004	72,875	2,054	1,717	72,058	74,592
Total revenues	<u>1,005,512</u>	<u>1,026,159</u>	<u>288,317</u>	<u>262,467</u>	<u>1,293,829</u>	<u>1,288,626</u>
Expenses						
General government	290,849	249,456	-	-	290,849	249,456
Public safety	624,406	710,794	-	-	624,406	710,794
Public Works	234,986	233,775	-	-	234,986	233,775
Health	50,530	38,265	-	-	50,530	38,265
Culture and recreation	35,827	31,054	-	-	35,827	31,054
Conservation and development	78,832	67,345	-	-	78,832	67,345
Interest on long-term debt	25,627	25,542	-	-	25,627	25,542
Water	-	-	85,287	84,198	85,287	84,198
Sewer Maintenance	-	-	61,147	56,563	61,147	56,563
Transportation	-	-	28,375	28,772	28,375	28,772
Port of Milwaukee	-	-	10,184	4,900	10,184	4,900
Metropolitan Sewerage District User Charges.....	-	-	54,375	53,966	54,375	53,966
Total expenses	<u>1,341,057</u>	<u>1,356,231</u>	<u>239,368</u>	<u>228,399</u>	<u>1,580,425</u>	<u>1,584,630</u>
Increase (Decrease) in net position before transfers.....	(335,545)	(330,072)	48,949	34,068	(286,596)	(296,004)
Transfers	32,910	33,987	(32,910)	(33,987)	-	-
Increase (decrease) in net position	(302,635)	(296,085)	16,039	81	(286,596)	(296,004)
Net position – Beginning.....	(1,489,476)	(1,193,391)	801,018	800,937	(688,458)	(392,454)
Net position – Ending	<u>\$ (1,792,111)</u>	<u>\$ (1,489,476)</u>	<u>\$ 817,057</u>	<u>\$ 801,018</u>	<u>\$ (975,054)</u>	<u>\$ (688,458)</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

Governmental Activities

Revenues for the City's governmental activities totaled \$1.006 billion, while total expenses totaled \$1.341 billion for 2021, resulting in a deficit of \$335 million. Total revenues, excluding transfers, supported 75% of total expenses; 77% including transfers. Comparable data for 2020 indicates total revenues, excluding transfers supported 76% of expenses; 78% including transfers.

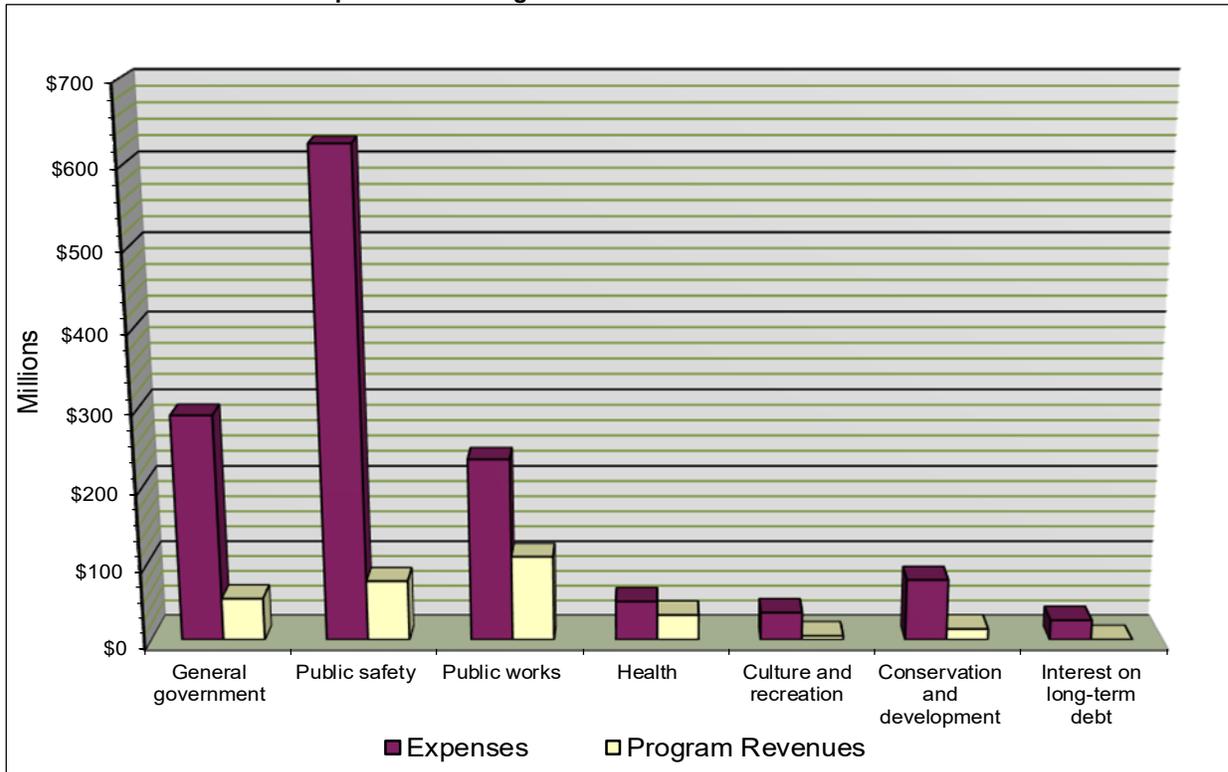
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

<u>Category</u>	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property taxes.....	\$ 369,565	37%	\$ 352,910	34%
State aids.....	273,422	27%	273,422	27%
Charges for services.....	167,975	17%	157,196	15%
Grants and contributions.....	124,546	12%	169,756	17%
Miscellaneous.....	70,004	7%	72,875	7%
Total.....	\$ 1,005,512	100%	\$ 1,026,159	100%

Total 2021 governmental activity expenditures decreased \$15 million or 1% compared to 2020. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2021 Expenses and Program Revenues – Governmental Activities



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

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 2021 to \$1.049 billion from \$1.029 billion in 2020, a 2% increase.

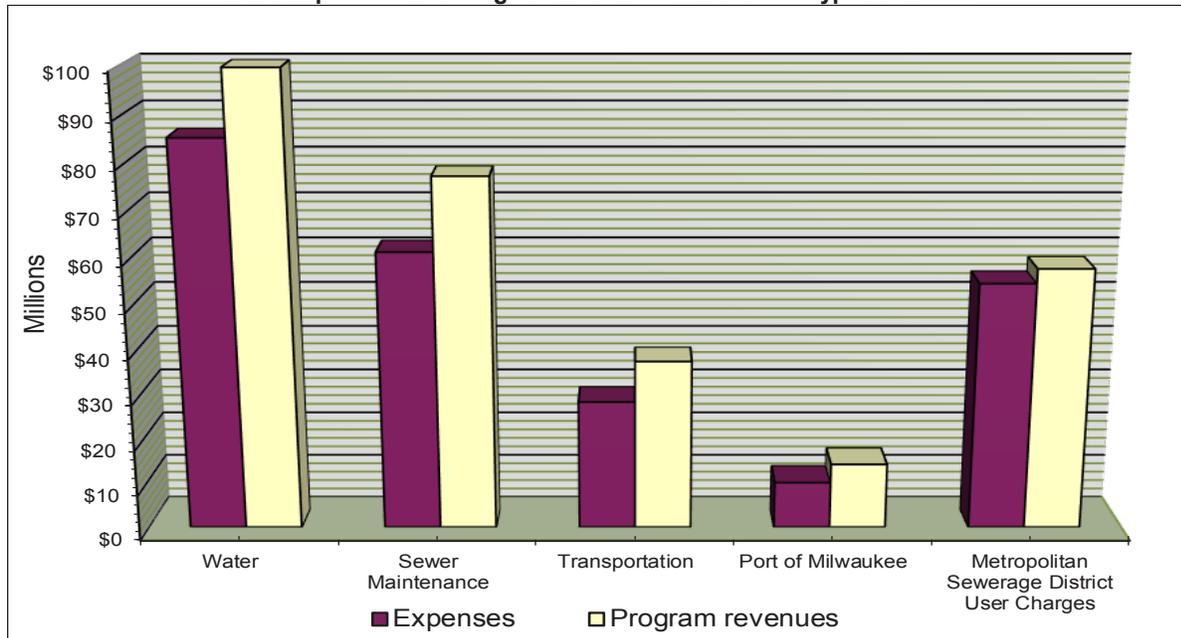
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>	<u>2021</u>	<u>2020</u>
General government	\$ 290,849	21%	\$ 249,456	18%	\$ 236,637	\$ 211,994
Public safety	624,406	46%	710,794	53%	547,157	596,284
Public works	234,986	18%	233,775	17%	125,705	129,236
Health	50,530	4%	38,265	3%	17,835	13,296
Culture and recreation	35,827	3%	31,054	2%	30,846	26,323
Conservation and development ...	78,832	6%	67,345	5%	64,729	26,604
Interest on long-term debt	25,627	2%	25,542	2%	25,627	25,542
Total Governmental Activities . . .	\$ 1,341,057	100%	\$ 1,356,231	100%	\$ 1,048,536	\$ 1,029,279

Business-type Activities

Revenues for the City's business-type activities totaled \$288 million, while expenses and transfers out also totaled \$272 million for 2021, resulting in an increase to net position (see Table 3b). Total revenues supported 120% of total expenses excluding transfers out and 106% including transfers out. Comparable data for 2020 indicates total revenues supported 115% of expenses excluding transfers out; 100% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2021 Expenses and Program Revenues – Business-type Activities



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

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

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

	<u>Water</u>	<u>Sewer</u>
	<u>Works</u>	<u>Maintenance</u>
Revenues.....	\$ 99,730	\$ 70,970
Expenses.....	\$ 83,448	\$ 26,183
Net operating income.....	<u>\$ 16,282</u>	<u>\$ 44,787</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>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues.....	\$ 288,317	\$ 262,467	\$ 25,850	10%
Expenses/Transfers.....	\$ 272,278	\$ 262,386	\$ 9,892	4%
Net position.....	\$ 817,057	\$ 801,018	\$ 16,039	2%

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 2021, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$352 million, an increase of \$13 million or 4% from the 2020 balance of \$339 million. The factors impacting the change in fund balance are mainly due to issuance of bonds, notes and debt refunding to take advantage of low interest rates available during 2021. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

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

	<u>General</u>			<u>Grant and</u>			<u>Capital</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Obligation</u>	<u>Public Debt</u>	<u>Economic</u>	<u>Aid</u>	<u>Projects</u>			
2021 ending balance.....	\$ 176,405	\$ 28,922	\$ 43,131	\$ 113,038	\$ (4,615)	\$ 2,001	\$ (6,838)	\$ 352,044	
2020 ending balance.....	188,392	30,283	44,656	104,709	(20,509)	16,913	(25,460)	338,984	
Increase (decrease).....	\$ (11,987)	\$ (1,361)	\$ (1,525)	\$ 8,329	\$ 15,894	\$ (14,912)	\$ 18,622	\$ 13,060	
% increase/(decrease).....	-6%	-4%	-3%	8%	-77%	-88%	-73%	4%	

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects has occurred. This practice minimizes City borrowing costs and complies with Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled \$94 million in 2021 compared to \$60 million in 2020.

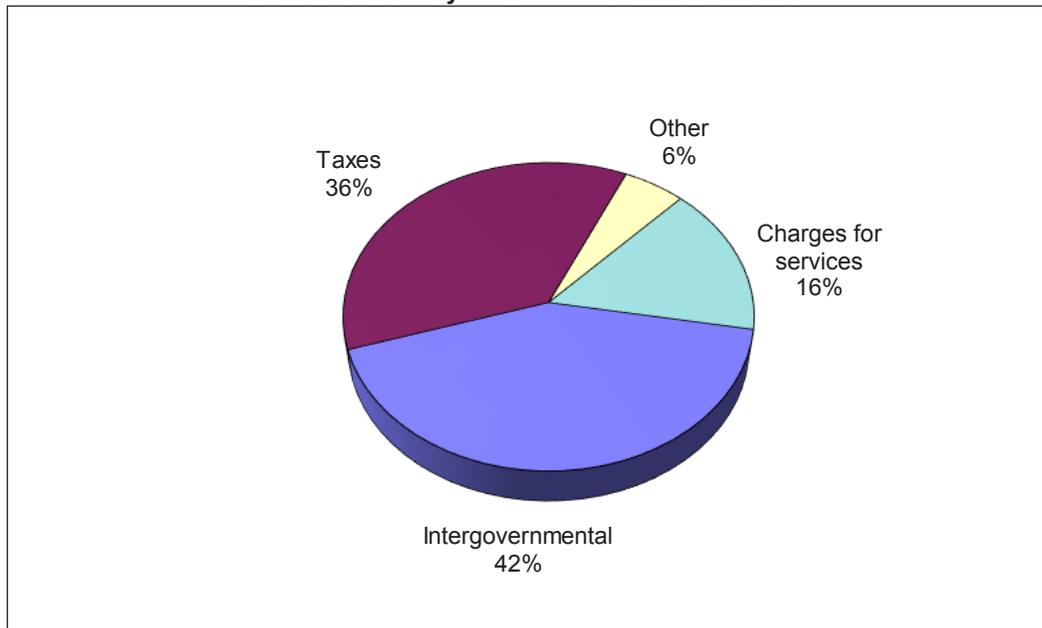
Revenues for governmental functions overall totaled \$1,015 million in the fiscal year ended December 31, 2021, an increase of \$42 million compared to the 2020 total of \$973 million. Other financing sources were \$327 million, a \$342 million decrease from the 2020 total of \$669 million. Other financing 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		Public Debt	Economic	Grant and	Capital	Nonmajor	Total
	General	Obligation Debt Service	Amortization	Development	Aid Projects	Projects		
Intergovernmental.....	\$ 275,702	\$ -	\$ -	\$ -	\$ 109,076	\$ 11,611	\$ 33,643	\$ 430,032
Taxes.....	221,281	83,446	2,773	55,803	-	8,177	-	371,480
Charges for services.....	147,310	12,017	-	-	-	-	-	159,327
Other/(Loss).....	36,658	(794)	708	-	-	7,139	10,461	54,172
Total revenues.....	680,951	94,669	3,481	55,803	109,076	26,927	44,104	1,015,011
Other sources.....	39,821	162,953	-	2,073	-	102,951	18,930	326,728
Total revenues & sources.....	\$ 720,772	\$ 257,622	\$ 3,481	\$ 57,876	\$ 109,076	\$ 129,878	\$ 63,034	\$ 1,341,739

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

Chart 3
2021 Revenues by Source – Governmental Funds



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

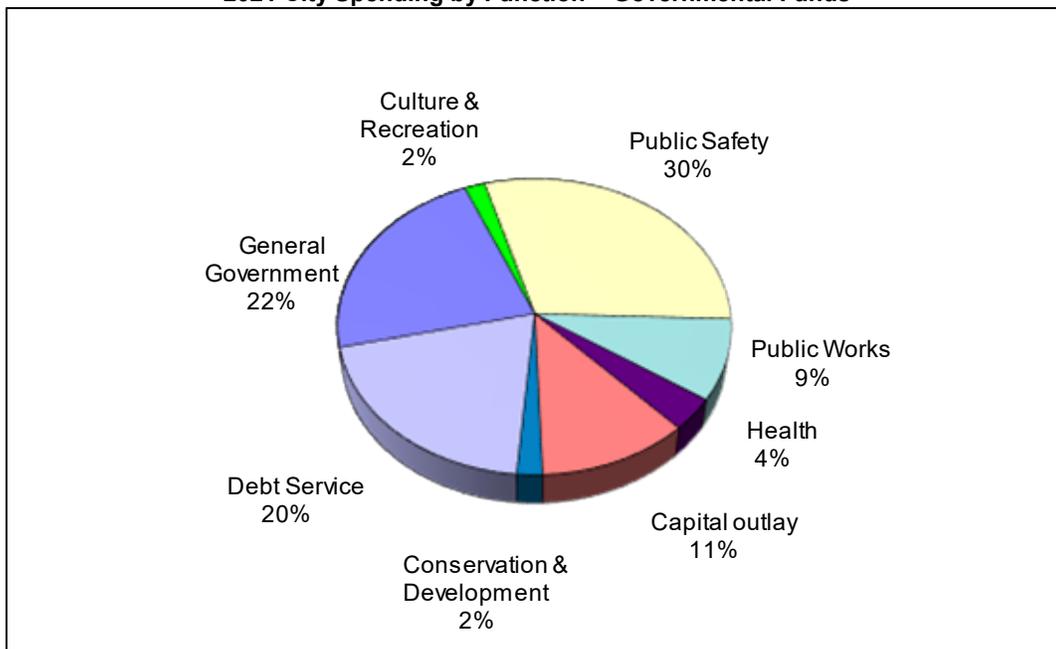
Expenditures for governmental funds totaled \$1.246 billion. Other financing uses totaled \$82 million, a \$118 million decrease compared to the 2020 total of \$200 million. Expenditures exceeded revenues in 2021, creating a gap of \$231 million. The excess of other financing sources over other financing uses of \$244 million offset the gap. The net change in fund balances was an increase of \$13 million for the year compared to an increase of \$133 million in 2020. Governmental expenditures, by function, are shown on Table 4c below.

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

	General	Obligation	Public Debt	Economic	Grant and	Capital	Nonmajor	Total
	General	Debt Service	Amortization	Development	Aid	Projects	Projects	Total
General government.....	\$ 273,787	\$ 763	\$ 6	\$ -	\$ -	\$ -	\$ 3,771	\$ 278,327
Public safety.....	312,937	-	-	-	49,370	-	11,767	374,074
Public works.....	107,360	-	-	-	3,123	-	-	110,483
Health.....	12,687	-	-	-	31,577	-	-	44,264
Culture & recreation.....	19,203	-	-	-	1,405	-	1,897	22,505
Conservation & development...	4,676	-	-	5,396	7,474	-	6,518	24,064
Capital outlay.....	-	-	-	-	-	142,717	-	142,717
Debt service.....	-	249,804	-	-	-	-	-	249,804
Total expenditures.....	730,650	250,567	6	5,396	92,949	142,717	23,953	1,246,238
Other uses.....	2,109	8,416	5,000	44,151	233	2,073	20,459	82,441
Total expenditures & uses.....	\$ 732,759	\$ 258,983	\$ 5,006	\$ 49,547	\$ 93,182	\$ 144,790	\$ 44,412	\$ 1,328,679

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

Chart 4
2021 City Spending by Function – Governmental Funds



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund decreased \$12 million or 6%. Revenues and other financing sources totaled approximately \$721 million and expenditures and other financing uses totaled approximately \$733 million - detailed in Table 5 below. General Fund revenues increased \$22 million due to recovery of revenues from reduced levels in 2020 due to the COVID-19 pandemic.

Expenditures increased \$40 million to \$731 million, compared to the 2020 total of \$691 million. This \$40 million included increases in public safety, public works and health expenditures of \$8 million, \$10 million and \$4 million, respectively. The increase in expenditures is due mainly to an overall increase in employment costs due to wage inflation caused by hiring shortages. Total expenditures exceeded total revenues by \$50 million or 7%.

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 \$38 million not including the \$6.5 million transfer out of fund balance to fund expenditures. This \$6.5 million fund balance withdrawal was \$3.5 million less than the 2020 transfer out of \$10 million.

Total General Fund revenues for 2021 were \$681 million. The largest revenue category is intergovernmental at \$276 million, representing 40% of the total. The second largest revenue source is Property Taxes with \$221 million or 32%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 22% or \$147 million. These three categories comprise 94% of the total 2021 revenues.

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

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

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
Revenues:	2021	2020	Percent Change	Expenditures:	2021	2020	Percent Change
Property taxes	\$ 216,995	\$ 216,940	0.0%	General government.....	\$ 273,787	\$ 260,956	4.9%
Other taxes	4,286	3,508	22.2%	Public safety.....	312,937	304,765	2.7%
Licenses and permits	17,197	13,978	23.0%	Public works.....	107,360	96,939	10.8%
Intergovernmental	275,702	273,422	0.8%	Health.....	12,687	8,575	48.0%
Charges for services	147,310	135,582	8.7%	Culture and recreation	19,203	15,484	24.0%
Fines and forfeits	2,578	2,008	28.4%	Conservation and development	4,676	4,111	13.7%
Contributions received	2,235	3,159	-29.2%	Other	-	-	
Other	14,648	9,975	46.8%	Total Expenditures	730,650	690,830	5.8%
Total Revenues	680,951	658,572	3.4%	Other Financing Uses			
Excess of Revenues over Expenditures	(49,699)	(32,258)	-54.1%	Transfers out	2,109	2,109	0.0%
Other Financing Sources				Total Expenditures			
Debt proceeds	900	19,234	-95.3%	Other Financing Uses	\$ 732,759	\$ 692,939	5.7%
Transfers in	38,921	151,036	-74.2%	Net Change in Fund Balance	\$ (11,987)	\$ 135,903	108.8%
Total Revenues and Other Financing Sources	720,772	828,842	-13.0%				

During 2021, the City did not issue any Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues as the cash received from the Federal Government for COVID-19 relief relieved the need for interim borrowing. During 2021 \$180 million of RANS were repaid for 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 2021 fund balance of the General Obligation Debt Service Fund decreased \$1 million to \$29 million compared to the 2020 balance of \$30 million (see Table 4a).

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)

Total revenues of the General Obligation Debt Service Fund increased \$7.4 million to \$94.7 million in 2021 from \$87.3 million in 2020. Revenues combined with Other Financing Sources totaled \$257.6 million (see table 4b) while expenditures combined with Other Financing Uses totaled \$258.9 million (see Table 4c); resulting in a decrease in Fund Balance for year-end 2021 of \$1.4 million (see Table 4a) mainly due to less premium being generated on bond issues than budgeted.

The Public Debt Amortization Fund (PDAF) is governed by State Statutes Section 67.101 whereby accumulated funds can be used for the retirement of the public debt. The 2021 PDAF fund balance was \$43.1 million, a \$1.5 million decrease from the 2020 balance of \$44.7 million (see Table 4a) primarily due to the book loss to adjust valuation of securities held to market value.

The Economic Development Fund is used to record Tax Incremental District (TID) non-capital transactions (i.e. receipt of taxes and other revenues, payment of debt service, 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 2021 fund balance of the Economic Development fund increased \$8.3 million to \$113.0 million from the 2020 total of \$104.7 million.

The Grant and Aid Projects fund had revenue of \$109 million in 2021, a decrease of \$18 million over the 2020 level. The decrease is due to deferred recognition of the federal government ARPA funding received in 2021 to be expended in future years. Total expenditures were \$93 million, a decrease of \$55 million below 2020. The decrease is related to COVID-19 expenditures in 2020 and the expectation to use ARPA funds in future years. The fund had a beginning fund balance of (\$20.5) million, and with a surplus of \$15.9 million, Grant and Aid Projects ended 2021 with a net position of (\$4.6) million.

The Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. In 2021, total debt proceeds amounted to \$94 million as compared to \$113 million in 2020, a 17% decrease. Total revenues increased \$1 million to \$27 million in 2021 from \$26 million in 2020; expenditures increased \$18 million, to \$143 million in 2021 compared to \$125 million in 2020. The current year's revenues, transfers in and issuance of bonds and notes were exceeded by expenditures and transfers out during 2021 for capital purposes resulting in a fund balance of \$2 million, a \$15 million decrease compared to the 2020 fund balance of \$17 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 \$817 million, an increase of \$16 million from the 2020 balance of \$801 million. Changes in the individual components are, an increase of \$1.5 million in Water Works, \$16 million increase in the Sewer Maintenance fund, and a decrease of \$1.4 million in the Nonmajor Proprietary funds. The Nonmajor Proprietary funds decrease of \$1.4 million is a combination of a decrease of \$7.8 million in Transportation offset by increases of \$3.2 million in both the Port of Milwaukee and the Metropolitan Sewerage District User Charge (see Table 6b for detail).

In 2021, operating revenues of the proprietary funds totaled \$267 million, a 6% increase, while total operating expenses increased \$13 million to \$201 million. The Water Works is the largest proprietary activity of the City, comprising approximately 37% of the total operating revenues. The Sewer Maintenance Fund comprises 27% of the total operating revenues. Both funds primarily bill customers based on water consumption.

For 2021, Water Works operating revenues were up marginally at \$100 million as net water sales were unchanged. Sewer Maintenance operating revenues were up \$2 million to \$71 million or 3%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6a, detail presented in Table 6b) increased \$13.1 million or 15% compared to 2020. This revenue increase is the result of an increase of \$10.2 million in Transportation primarily attributable to a partial recovery in parking revenue from the depressed COVID-19 levels of 2020, along with an increase of \$4 million from the Sewerage District User Charge, and a decrease of \$1.2 million at Port of Milwaukee.

The Water Works incurred total operating expenses of \$83.4 million for 2021, an increase of \$3.5 million compared to the 2020 total of \$79.9 million. This increase was mostly caused by an increase in the operating expenses of transmission, distribution and pumping. Sewer Maintenance operating expenses totaled \$26 million in 2021, up from the 2020 amount of \$22 million due mainly to an increase in employee service expenses.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

The 2021 combined operating expenses of all other proprietary funds increased \$5.3 million or 6% from the 2020 total of \$86.4 million. This \$5.3 million expense increase is the net result of a decrease of \$0.5 million for Transportation, an increase for Port of \$5.4 million and a \$0.4 million increase for Sewerage District User Charge funds. The Port increase was caused by nonrecurring operating expenditures not capitalized. Table 6b below presents a summary of revenues and expenditures and changes in net position of the nonmajor proprietary funds.

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

	Water Works	Sewer Maintenance	Nonmajor Funds	Total
Operating revenues.....	\$ 99,730	\$ 70,970	\$ 96,777	\$ 267,477
Operating expenses.....	83,448	26,183	91,703	201,334
Operating income.....	16,282	44,787	5,074	66,143
Nonoperating revenues (expenses).....	(1,408)	(28,796)	12,961	(17,243)
Income before contributions & transfers.....	14,874	15,991	18,035	48,900
Capital contributions and transfers.....	(13,410)	-	(19,451)	(32,861)
Increase (decrease) in net position.....	1,464	15,991	(1,416)	16,039
Net position 2020.....	465,490	303,832	31,696	801,018
Net position 2021.....	<u>\$ 466,954</u>	<u>\$ 319,823</u>	<u>\$ 30,280</u>	<u>\$ 817,057</u>

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

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total
Operating revenues.....	\$ 32,838	\$ 6,392	\$ 57,547	\$ 96,777
Operating expenses.....	27,697	9,631	54,375	91,703
Operating income (loss).....	5,141	(3,239)	3,172	5,074
Nonoperating revenues (expenses).....	5,587	7,374	-	12,961
Income before transfers.....	10,728	4,135	3,172	18,035
Transfers.....	(18,489)	(962)	-	(19,451)
Increase (decrease) in net position.....	(7,761)	3,173	3,172	(1,416)
Net position 2020.....	17,975	19,077	(5,356)	31,696
Net position 2021.....	<u>\$ 10,214</u>	<u>\$ 22,250</u>	<u>\$ (2,184)</u>	<u>\$ 30,280</u>

General Fund Budgetary Highlights

For the year ended December 31, 2021, the General Fund budgetary-basis actual revenues were \$12.7 million lower than budgeted revenues. Property and Other taxes exceed the budget, while Intergovernmental and Fines & Forfeitures were in line with budget, and Licenses and Charges for Services were under budget. Amounts over budget are: Property taxes \$66 thousand, Other taxes \$861 thousand, Intergovernmental \$42 thousand and fines & forfeitures \$78 thousand. Amounts under budget are: licenses & permits \$117 thousand, charges for services \$8.8 million and other \$4.9 million. Actual total revenues increased \$23.3 million to \$662.7 million in 2021 from \$639.4 million in 2020. Charges for services recovered partially from the 2020 COVID-19 levels, at \$131.3 million in 2021 up \$11.6 million from \$119.6 in 2020. Intergovernmental revenues increased \$2.3 million to \$275.7 million from \$273.4 million in 2020. The intergovernmental category includes financing from the State for shared taxes, local street aids, and payment for municipal services.

Operating expenditures were \$10.9 million less than budgeted. This favorable variance is due mainly to savings in the general government and public safety categories.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

Final budget other financing sources and uses were \$44.4 million, an increase of \$21.4 million compared to the original budget of \$23 million. This change was due to a transfer in from ARPA funds and the issuance of general obligation notes to finance the fiscal requirements of the City.

The original 2021 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2020 less the encumbrances carried over to 2022. The final budget includes the original budget, as defined above, plus appropriations authorized for carryover from 2020 by the Common Council less those appropriations authorized for carryover to 2022. 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 2021 General Fund expenditure budget of \$728 million and the final budget of \$723 million, which is a 3% increase compared to the final 2020 budget of \$703 million. The final revenue budget of \$675 million is a 2% increase compared to the final 2020 revenue budget of \$662 million. Table 7 below presents a summary of 2021 General Fund budget to actual revenues, expenses and changes in fund balance.

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

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Budgetary</u> <u>Basis</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Operating revenues.....	\$ 675,366	\$ 675,366	\$ 662,657	\$ (12,709)
Operating expenses.....	<u>728,321</u>	<u>723,460</u>	<u>712,524</u>	<u>10,936</u>
Deficiency of revenues over expenditures.....	(52,955)	(48,094)	(49,867)	(1,773)
Other financing sources (uses).....	<u>22,986</u>	<u>41,858</u>	<u>44,380</u>	<u>2,522</u>
Net change in fund balance.....	(29,969)	(6,236)	(5,487)	749
Fund balance 2020.....	<u>181,892</u>	<u>181,892</u>	<u>181,892</u>	<u>-</u>
Fund balance 2021.....	<u>\$ 151,923</u>	<u>\$ 175,656</u>	<u>\$ 176,405</u>	<u>\$ 749</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 \$188.4 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 \$181.9 million, reported in the Budgetary Comparison Schedule (Exhibit E-1,) by the \$6.5 million withdrawal from the Fund Balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2021 total \$2.64 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 \$18 million. Governmental activities' capital assets decreased \$5 million from 2020. Business-type activity capital assets increased \$23 million at the end of 2021. A schedule comparing the assets by type for 2021 and 2020 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 2021 additions were \$66 million and deletions were \$42 million for governmental activities. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund. The Sewer Maintenance Fund had a net increase in capital assets of \$13 million. Of the Sewer Maintenance Fund's net assets at year-end, 99% relate to the sewer mains infrastructure. Infrastructure net assets of the Water Works Fund comprise 74% of its total capital assets with 22% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$6 million. The net investment in capital assets represents the net book value of capital assets less associated obligations. The net investment as of December 31, 2021 was \$1.764 billion, an increase of \$47 million from the December 31, 2020 net investment of \$1.717 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

Table 8
Net Capital Assets
(Thousands of Dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
					<u>Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capital assets not being depreciated:						
Land	\$ 166,495	\$ 166,651	\$ 19,252	\$ 19,252	\$ 185,747	\$ 185,903
Construction in progress	153,549	139,532	27,376	33,966	180,925	173,498
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:.....						
Buildings	388,959	387,655	135,086	133,703	524,045	521,358
Infrastructure.....	1,877,214	1,871,580	1,382,337	1,336,856	3,259,551	3,208,436
Improvements other than buildings....	11,966	12,175	15,112	11,419	27,078	23,594
Machinery and equipment	262,980	259,353	321,008	312,581	583,988	571,934
Intangible software.....	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,918	3,918	3,918	3,918
Accumulated depreciation	(1,523,773)	(1,494,586)	(618,121)	(589,178)	(2,141,894)	(2,083,764)
Total	\$ 1,353,454	\$ 1,358,424	\$ 1,285,968	\$ 1,262,517	\$ 2,639,422	\$ 2,620,941
Net investment in capital assets.....	\$ 939,647	\$ 877,376	\$ 824,814	\$ 839,337	1,764,461	1,716,713

Debt

At year-end, the City owed \$1.137 billion in general obligation bonds and notes, \$245 million in State loans, and \$166 million in revenue bonds outstanding. Debt totals, excluding unamortized premium, are itemized in Table 9. Please refer to Footnote 7 – Long Term Liabilities for additional details.

During 2021, \$197 million of general obligation bonds and notes, \$56 million of revenue bonds and \$50 million of State loans were issued. Of the \$197 million of new general obligation bonds and notes issuances, \$188 million related to governmental activities and \$9 million was for business-type activities. All 2021 revenue bonds and State loan issuances were for business-type activities.

The City continues to maintain investment grade ratings from the two major rating agencies. A rating of “A” 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 2021, \$18.9 million of notes were issued to fund delinquent taxes. Delinquent tax collections, along with related interest and penalties, are used to pay the debt service requirements of the notes.

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</u>	
					<u>Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds and notes (backed by the City)	\$ 1,109,251	\$ 1,122,936	\$ 27,834	\$ 64,868	\$ 1,137,085	\$ 1,187,804
State loans	-	-	245,242	208,722	245,242	208,722
Revenue bonds (backed by specific fee revenues)	-	-	166,190	140,580	166,190	140,580
Total	\$ 1,109,251	\$ 1,122,936	\$ 439,266	\$ 414,170	\$ 1,548,517	\$ 1,537,106

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

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 has impacted investment valuations, revenues, accounts receivables, and increased costs related to City operations. The majority of the City's revenue sources are fairly stable, as State law does not allow a local sales tax, which lessened the impact to the City on a financial basis. The City has received or been allocated \$171.4 million through the Coronavirus Aid, Relief, and Economic Security Act and \$394.2 million through the American Rescue Plan Act in assistance to cover costs associated with combating the virus and the associated economic losses.

The average unemployment rate within the City of Milwaukee for 2021 was 6.5%, compared to 9.1% for 2020. The City of Milwaukee per capita income for 2020 (the most recent fiscal year available) was \$51,002, compared to \$49,098 for 2019. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2022 adopted City Budget totals \$1.76 billion with a General Fund budget of \$764 million. The General Fund budget increased \$5 million from the 2021 budget of \$759 million. In 2022, the City expects to spend \$119 million for health insurance and related costs compared to \$116 million budgeted for 2021, a \$3 million increase.

The Public Works portion of the 2022 budget includes \$4 million to provide eligible home owners with financial assistance to replace lead service lines. In 2022 Milwaukee Water Works will replace 1,100 lead water service lines. In addition, funding of \$32.6 million to replace and line 20 miles of water main replacements. The Public Safety budget includes funding for an average of 1,657 sworn officers with the hiring of 195 new police officers in three recruit classes and the hiring of 30 new police officer recruits funded by a COPS grant at no cost to the City. In 2022, MHD will continue to improve the Lead Program. It is critical to ensure that Milwaukee has a strong and effective lead poisoning prevention and remediation program. Procedures and management are in place to ensure the program is effective. Several new positions were added in 2021 and 2022 to improve intake of new cases, assist families if they must temporarily or permanently vacate a property, and comply with program requirements.

The City of Milwaukee's share of the Tax Rate increased to \$10.16 (per \$1,000 of Assessed Value) from the 2021 rate of \$10.09. The total City 2021 property tax levy increased \$5.9 million to \$305.1 million, compared to \$299.2 million in 2020, while the assessed valuation of all property within the City increased \$2 billion to approximately \$30 billion.

The 2021 property tax levy (which funds the 2022 budget) is shown in Table 10 below along with a comparison to the 2020 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	<u>Levy Year *</u>		<u>Increase (decrease)</u>
	<u>2021</u>	<u>2020</u>	
General city purposes.....	\$ 85,039	\$ 112,786	\$ (27,747)
Employee retirement.....	129,315	97,348	31,967
Capital improvements.....	315	620	(305)
Debt.....	85,435	83,447	1,988
Contingent fund.....	5,000	5,000	-
Total levy.....	<u>\$ 305,104</u>	<u>\$ 299,201</u>	<u>\$ 5,903</u>

*Levy year funds the next year's budget.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Unaudited)

The 2022 General City Purpose budget includes \$611 million in estimated revenue, a decrease of \$28.3 million compared to the 2021 budget. The sources of funds for the 2022 General City Purpose budget, by category, compared to the 2021 budget is shown in Table 11.

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

	Budget Year*		Increase
	<u>2022</u>	<u>2021</u>	<u>(decrease)</u>
Tax levy.....	\$ 85,039	\$ 112,786	\$ (27,747)
Taxes and PILOTS.....	18,249	20,123	(1,874)
Licenses and permits.....	16,743	17,314	(571)
Intergovernmental revenue.....	273,451	272,982	469
Charges for services.....	144,666	143,232	1,434
Transfers.....	14,000	22,500	(8,500)
Other.....	58,798	50,262	8,536
Total sources.....	<u>\$ 610,946</u>	<u>\$ 639,199</u>	<u>\$ (28,253)</u>

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
 December 31, 2021
 (Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 532,765	\$ 80,882	\$ 613,647	\$ 10,970
Restricted cash and cash equivalents	32,131	22,039	54,170	40,680
Receivables (net):				
Taxes	281,026	-	281,026	-
Accounts	27,077	44,811	71,888	197
Unbilled accounts	8,204	20,542	28,746	-
Special assessments	5,864	-	5,864	-
Notes and loans	73,112	-	73,112	9,332
Accrued interest	304	64	368	1,000
Due from component units	8,789	-	8,789	-
Due from primary government	-	-	-	67
Due from other governmental agencies	103,363	8,890	112,253	98,237
Inventory of materials and supplies	11,253	3,706	14,959	-
Inventory of property for resale	26	-	26	7,909
Prepaid items	6,744	137	6,881	88
Other assets	-	9	9	-
	<u>1,090,658</u>	<u>181,080</u>	<u>1,271,738</u>	<u>168,480</u>
Total Noncapital Assets				
Capital assets:				
Capital assets not being depreciated:				
Land	166,495	19,252	185,747	10,593
Construction in progress	153,549	27,375	180,924	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	388,959	135,086	524,045	75,621
Infrastructure	1,877,214	1,382,337	3,259,551	333
Improvements other than buildings	11,966	15,112	27,078	4,264
Machinery and equipment	262,980	321,008	583,988	6
Intangible software.....	14,722	-	14,722	565
Nonutility property	-	3,918	3,918	-
Accumulated depreciation	(1,523,773)	(618,120)	(2,141,893)	(31,589)
	<u>1,353,454</u>	<u>1,285,968</u>	<u>2,639,422</u>	<u>59,793</u>
Total Capital Assets				
Total Assets	<u>2,444,112</u>	<u>1,467,048</u>	<u>3,911,160</u>	<u>228,273</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	261,548	9,008	270,556	-
Deferred outflows for OPEB	257,676	14,187	271,863	-
	<u>519,224</u>	<u>23,195</u>	<u>542,419</u>	<u>-</u>
Total Deferred Outflows of Resources				

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
 December 31, 2021
 (Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 80,597	\$ 33,596	\$ 114,193	\$ 1,349
Accrued expenses	42,588	2,038	44,626	1,033
Accrued interest payable	11,462	1,643	13,105	-
Internal balances	(44,338)	44,338	-	-
Due to component units	67	-	67	-
Due to other governmental agencies	903	-	903	1,593
Unearned revenues.....	191,997	1,025	193,022	502
Other liabilities	-	-	-	2,357
Due to primary government:				
Due within one year	-	-	-	1,383
Due in more than one year	-	-	-	7,406
Long-term obligations:				
Due within one year	128,516	30,377	158,893	4,050
Due in more than one year	<u>3,692,675</u>	<u>543,899</u>	<u>4,236,574</u>	<u>160,017</u>
Total Liabilities	<u>4,104,467</u>	<u>656,916</u>	<u>4,761,383</u>	<u>179,690</u>
Deferred Inflows of Resources:				
Gain on refunding.....	2,352	1,194	3,546	-
Subsequent years property taxes.....	361,606	-	361,606	-
Deferred inflows for pensions	163,685	5,566	169,251	-
Deferred inflows for OPEB	<u>123,337</u>	<u>9,510</u>	<u>132,847</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>650,980</u>	<u>16,270</u>	<u>667,250</u>	<u>-</u>
NET POSITION				
Net investment in capital assets.....	939,647	824,814	1,764,461	23,061
Restricted for:				
Debt service	62,944	20,657	83,601	-
Other purposes	146,692	-	146,692	12,220
Unrestricted (Deficit)	<u>(2,941,394)</u>	<u>(28,414)</u>	<u>(2,969,808)</u>	<u>13,302</u>
Total Net Position (Deficit)	<u>\$ (1,792,111)</u>	<u>\$ 817,057</u>	<u>\$ (975,054)</u>	<u>\$ 48,583</u>

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

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (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	\$ 290,849	\$ 35,517	\$ 18,695	\$ -
Public safety	624,406	26,043	51,206	-
Public works	234,986	104,418	3,162	1,701
Health	50,530	1,054	31,641	-
Culture and recreation	35,827	835	4,146	-
Conservation and development	78,832	108	13,995	-
Interest on long-term debt	25,627	-	-	-
Total Governmental Activities	<u>1,341,057</u>	<u>167,975</u>	<u>122,845</u>	<u>1,701</u>
Business-type Activities:				
Water	85,287	99,730	-	49
Sewer Maintenance	61,147	70,970	-	6,285
Transportation	28,375	32,838	-	4,525
Port of Milwaukee	10,184	6,392	-	7,927
Metropolitan Sewerage District				
User Charges	<u>54,375</u>	<u>57,547</u>	-	-
Total Business-type Activities	<u>239,368</u>	<u>267,477</u>	<u>-</u>	<u>18,786</u>
Total Primary Government	<u>\$ 1,580,425</u>	<u>\$ 435,452</u>	<u>\$ 122,845</u>	<u>\$ 20,487</u>
Component units:				
Redevelopment Authority	\$ 11,848	\$ 5,835	\$ 701	\$ -
Neighborhood Improvement Development Corporation	<u>681</u>	<u>242</u>	<u>156</u>	-
Total Component Units	<u>\$ 12,529</u>	<u>\$ 6,077</u>	<u>\$ 857</u>	<u>\$ -</u>
General revenues:				
Property taxes and other taxes				
State aid for General Fund				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning				
Net Position (Deficit) - Ending				

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

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (236,637)		\$ (236,637)	
(547,157)		(547,157)	
(125,705)		(125,705)	
(17,835)		(17,835)	
(30,846)		(30,846)	
(64,729)		(64,729)	
(25,627)		(25,627)	
<u>(1,048,536)</u>		<u>(1,048,536)</u>	
-	\$ 14,492	14,492	
-	16,108	16,108	
-	8,988	8,988	
-	4,135	4,135	
-	<u>3,172</u>	<u>3,172</u>	
-	<u>46,895</u>	<u>46,895</u>	
<u>(1,048,536)</u>	<u>46,895</u>	<u>(1,001,641)</u>	
			\$ (5,312)
			<u>(283)</u>
			<u>(5,595)</u>
369,565	-	369,565	-
273,422	-	273,422	-
70,004	2,054	72,058	4,746
<u>32,910</u>	<u>(32,910)</u>	<u>-</u>	<u>-</u>
<u>745,901</u>	<u>(30,856)</u>	<u>715,045</u>	<u>4,746</u>
(302,635)	16,039	(286,596)	(849)
<u>(1,489,476)</u>	<u>801,018</u>	<u>(688,458)</u>	<u>49,432</u>
<u>\$ (1,792,111)</u>	<u>\$ 817,057</u>	<u>\$ (975,054)</u>	<u>\$ 48,583</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit A-1

	General	General Obligation Debt Service
ASSETS		
Assets:		
Cash and investments	\$ 136,959	\$ 39,967
Restricted cash and cash equivalents.....	-	32,131
Receivables (net):		
Taxes	159,579	48,752
Accounts	27,013	-
Unbilled accounts	8,204	-
Special assessments	-	-
Notes and loans	-	54,498
Accrued interest	120	-
Due from other funds	69,653	-
Due from component units	731	-
Due from other governmental agencies	68,286	-
Advances to other funds	5,615	-
Inventory of materials and supplies	11,253	-
Inventory of property for resale	26	-
Prepaid items	6,483	-
Total Assets	<u>\$ 493,922</u>	<u>\$ 175,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 42,151	\$ 5
Accrued expenses	41,822	-
Due to other funds	-	6,488
Due to component units	29	-
Due to other governmental agencies	49	-
Unearned revenue.....	4	-
Advances from other funds	-	-
Total Liabilities	<u>84,055</u>	<u>6,493</u>
Deferred Inflows of Resources:.....	<u>233,462</u>	<u>139,933</u>
Fund Balances:		
Nonspendable	23,377	-
Restricted.....	-	31,275
Committed.....	122,337	-
Assigned	21,610	-
Unassigned (Deficit).....	<u>9,081</u>	<u>(2,353)</u>
Total Fund Balances	<u>176,405</u>	<u>28,922</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 493,922</u>	<u>\$ 175,348</u>

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

Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
\$ 33,138	\$ 90,350	\$ 191,311	\$ 40,186	\$ 854	\$ 532,765
-	-	-	-	-	32,131
-	37,265	-	6,725	28,705	281,026
-	-	-	64	-	27,077
-	-	-	-	-	8,204
-	-	-	5,864	-	5,864
9,809	-	4,344	-	4,461	73,112
184	-	-	-	-	304
-	-	-	-	-	69,653
-	7,897	28	124	9	8,789
-	-	20,179	7,888	7,010	103,363
-	44,359	-	-	-	49,974
-	-	-	-	-	11,253
-	-	-	-	-	26
-	-	-	261	-	6,744
<u>\$ 43,131</u>	<u>\$ 179,871</u>	<u>\$ 215,862</u>	<u>\$ 61,112</u>	<u>\$ 41,039</u>	<u>\$ 1,210,285</u>
\$ -	\$ 12,124	\$ 7,243	\$ 13,889	\$ 5,185	\$ 80,597
-	-	177	332	257	42,588
-	-	12,787	-	29,848	49,123
-	-	-	38	-	67
-	-	-	-	854	903
-	-	191,311	163	519	191,997
-	-	-	22,424	3,742	26,166
-	12,124	211,518	36,846	40,405	391,441
-	54,709	8,959	22,265	7,472	466,800
-	-	-	261	-	23,638
43,131	131,860	4,344	6,061	4,427	221,098
-	-	-	31,062	-	153,399
-	-	-	-	-	21,610
-	(18,822)	(8,959)	(35,383)	(11,265)	(67,701)
43,131	113,038	(4,615)	2,001	(6,838)	352,044
<u>\$ 43,131</u>	<u>\$ 179,871</u>	<u>\$ 215,862</u>	<u>\$ 61,112</u>	<u>\$ 41,039</u>	<u>\$ 1,210,285</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 352,044

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

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

Land	166,495	
Buildings, net of \$167,178 accumulated depreciation	221,781	
Infrastructure, net of \$1,158,901 accumulated depreciation	718,313	
Improvements other than buildings, net of \$10,781 accumulated depreciation	1,185	
Machinery and equipment, net of \$176,592 accumulated depreciation	86,388	
Intangible assets net of \$10,321 accumulated depreciation	5,743	
Construction in progress	<u>153,549</u>	
		1,353,454

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

Taxes to be collected	12,584	
Receivables to be collected	71,356	
Grant revenues to be collected	15,084	
Special assessments to be collected	<u>6,170</u>	
		105,194

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	(123,337)	
Deferred outflows for Other Post Employment Benefits	257,676	
Deferred inflows for pensions	(163,685)	
Deferred outflows for pensions	<u>261,548</u>	
		232,202

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(11,462)	
Bonds and notes payable	(1,109,251)	
Gain on refunding	(2,352)	
Unamortized premiums	(82,652)	
Compensated absences	(44,376)	
Total other postemployment benefits liability	(1,600,060)	
Net pension liability	(897,466)	
Claims and judgments	<u>(87,386)</u>	
		<u>(3,835,005)</u>

Total net position of governmental activities (Exhibit 1) **\$ (1,792,111)**

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

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit A-3

	General	General Obligation Debt Service
Revenues:		
Property taxes	\$ 216,995	\$ 83,446
Other taxes	4,286	-
Special assessments	-	-
Licenses and permits	17,197	-
Intergovernmental	275,702	-
Charges for services	147,310	12,017
Fines and forfeits	2,578	-
Contributions received	2,235	-
Other (loss)	14,648	(794)
Total Revenues	<u>680,951</u>	<u>94,669</u>
Expenditures:		
Current:		
General government	273,787	763
Public safety	312,937	-
Public works	107,360	-
Health	12,687	-
Culture and recreation	19,203	-
Conservation and development	4,676	-
Capital outlay	-	-
Debt Service:		
Principal retirement	-	201,367
Interest	-	47,538
Bond issuance costs	-	899
Total Expenditures	<u>730,650</u>	<u>250,567</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(49,699)</u>	<u>(155,898)</u>
Other Financing Sources (Uses):		
General obligation bonds and notes issued	900	-
Issuance of refunding bonds	-	77,617
Loans receivable activities	-	(1,433)
Issuance premium	-	25,777
Transfers in	38,921	59,559
Transfers out	(2,109)	(6,983)
Total Other Financing Sources and Uses	<u>37,712</u>	<u>154,537</u>
Net Change in Fund Balances	(11,987)	(1,361)
Fund Balances (Deficit) - Beginning	188,392	30,283
Fund Balances (Deficit) - Ending	<u>\$ 176,405</u>	<u>\$ 28,922</u>

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

Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ 55,803	\$ -	\$ 7,963	\$ -	\$ 364,207
2,773	-	-	214	-	7,273
-	-	-	2,981	-	2,981
-	-	-	-	-	17,197
-	-	109,076	11,611	33,643	430,032
-	-	-	-	-	159,327
-	-	-	-	-	2,578
-	-	-	-	-	2,235
708	-	-	4,158	10,461	29,181
<u>3,481</u>	<u>55,803</u>	<u>109,076</u>	<u>26,927</u>	<u>44,104</u>	<u>1,015,011</u>
6	-	-	-	3,771	278,327
-	-	49,370	-	11,767	374,074
-	-	3,123	-	-	110,483
-	-	31,577	-	-	44,264
-	-	1,405	-	1,897	22,505
-	5,396	7,474	-	6,518	24,064
-	-	-	142,717	-	142,717
-	-	-	-	-	201,367
-	-	-	-	-	47,538
-	-	-	-	-	899
<u>6</u>	<u>5,396</u>	<u>92,949</u>	<u>142,717</u>	<u>23,953</u>	<u>1,246,238</u>
<u>3,475</u>	<u>50,407</u>	<u>16,127</u>	<u>(115,790)</u>	<u>20,151</u>	<u>(231,227)</u>
-	-	-	93,527	15,638	110,065
-	-	-	-	-	77,617
-	-	(233)	-	(416)	(2,082)
-	-	-	-	-	25,777
-	2,073	-	9,424	3,292	113,269
<u>(5,000)</u>	<u>(44,151)</u>	<u>-</u>	<u>(2,073)</u>	<u>(20,043)</u>	<u>(80,359)</u>
<u>(5,000)</u>	<u>(42,078)</u>	<u>(233)</u>	<u>100,878</u>	<u>(1,529)</u>	<u>244,287</u>
(1,525)	8,329	15,894	(14,912)	18,622	13,060
<u>44,656</u>	<u>104,709</u>	<u>(20,509)</u>	<u>16,913</u>	<u>(25,460)</u>	<u>338,984</u>
<u>\$ 43,131</u>	<u>\$ 113,038</u>	<u>\$ (4,615)</u>	<u>\$ 2,001</u>	<u>\$ (6,838)</u>	<u>\$ 352,044</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, 2021
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3)		\$ 13,060
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions of \$65,872 less additions from Construction-in-Progress (\$8,979) exceeded depreciation expense (\$60,618) in the current period less disposal of land (\$156) and loss on disposal of equipment (\$1,089).		(4,970)
Notes and loans receivable to repay long-term bonds and notes		(1,525)
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	(1,915)	
Accounts receivables	8,877	
Capital grants and contributions	(29,390)	
Unbilled Special assessments	<u>(2,047)</u>	
		(24,475)
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(187,682)	
Issuance premiums	(25,777)	
Gain on refunding	(1,628)	
Repayments:		
Principal retirement	201,367	
Amortization:		
Premiums	22,900	
Gain/Loss on refunding	<u>452</u>	
		9,632
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.		
Compensated absences	2,656	
Total other postemployment benefits liability	4,117	
Net pension liability	(73,659)	
Deferred inflows for Other Post Employment Benefits	(42,634)	
Deferred outflows for Other Post Employment Benefits	(50,830)	
Deferred inflows for pensions	69,858	
Deferred outflows for pensions	(159,252)	
Claims and judgments	(43,172)	
Accrued interest on bonds and notes	<u>(1,441)</u>	
		(294,357)
Changes in net position of governmental activities (Exhibit 2)		<u>\$ (302,635)</u>
<i>The notes to the financial statements are an integral part of this statement.</i>		

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 68,186	\$ 12,522	\$ 174	\$ 80,882
Restricted cash and cash equivalents	3,724	18,315	-	22,039
Receivables (net):				
Accounts	14,259	16,041	14,511	44,811
Unbilled accounts	13,900	2,690	3,952	20,542
Accrued interest	-	64	-	64
Due from other funds	-	1,954	1,684	3,638
Due from other governmental agencies	-	827	8,063	8,890
Inventory of materials and supplies	3,448	258	-	3,706
Prepaid items	137	-	-	137
Other assets	9	-	-	9
	<u>103,663</u>	<u>52,671</u>	<u>28,384</u>	<u>184,718</u>
Total Current Assets	<u>103,663</u>	<u>52,671</u>	<u>28,384</u>	<u>184,718</u>
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	17,461	19,252
Construction in progress	11,143	244	15,988	27,375
Capital assets being depreciated:				
Buildings	31,525	-	103,562	135,087
Infrastructure	540,496	820,364	21,476	1,382,336
Improvements other than buildings	-	-	15,112	15,112
Machinery and equipment	293,827	8,479	18,702	321,008
Nonutility property	3,918	-	-	3,918
Accumulated depreciation	<u>(333,419)</u>	<u>(193,041)</u>	<u>(91,660)</u>	<u>(618,120)</u>
	<u>549,281</u>	<u>636,046</u>	<u>100,641</u>	<u>1,285,968</u>
Net Capital Assets	<u>549,281</u>	<u>636,046</u>	<u>100,641</u>	<u>1,285,968</u>
Total Noncurrent Assets	<u>549,281</u>	<u>636,046</u>	<u>100,641</u>	<u>1,285,968</u>
Total Assets	<u>652,944</u>	<u>688,717</u>	<u>129,025</u>	<u>1,470,686</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	5,580	1,683	1,745	9,008
Deferred outflows for OPEB.....	<u>7,842</u>	<u>3,514</u>	<u>2,831</u>	<u>14,187</u>
Total Deferred Outflows of Resources.....	<u>13,422</u>	<u>5,197</u>	<u>4,576</u>	<u>23,195</u>

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 12,770	\$ 4,568	\$ 16,258	\$ 33,596
Accrued expenses	1,159	299	580	2,038
Accrued interest payable	322	38	223	583
Compensated absences	2,082	710	632	3,424
Due to other funds	5,030	8,810	10,328	24,168
Unearned revenue.....	-	334	691	1,025
General obligation debt payable - current	-	750	2,574	3,324
Total Current Liabilities	<u>21,363</u>	<u>15,509</u>	<u>31,286</u>	<u>68,158</u>
Current Liabilities Payable from Restricted Assets:				
Revenue bonds & State loans payable	5,163	18,466	-	23,629
Accrued interest payable	-	1,060	-	1,060
Total Current Liabilities Payable from Restricted Assets	<u>5,163</u>	<u>19,526</u>	<u>-</u>	<u>24,689</u>
Noncurrent Liabilities:				
General obligation debt payable	-	2,248	22,262	24,510
Advances from other funds	-	-	23,808	23,808
Revenue bonds & State loans payable	96,068	312,429	-	408,497
Other post employment benefits liability	48,380	15,566	16,548	80,494
Net pension liability	18,535	5,830	6,033	30,398
Total Noncurrent Liabilities	<u>162,983</u>	<u>336,073</u>	<u>68,651</u>	<u>567,707</u>
Total Liabilities	<u>189,509</u>	<u>371,108</u>	<u>99,937</u>	<u>660,554</u>
Deferred Inflows of Resources:				
Deferred inflows for gain on bond refunding	-	1,194	-	1,194
Deferred inflows for pensions	3,342	1,093	1,131	5,566
Deferred inflows for OPEB	6,561	696	2,253	9,510
Total Deferred Inflows of Resources	<u>9,903</u>	<u>2,983</u>	<u>3,384</u>	<u>16,270</u>
NET POSITION:				
Net investment in capital assets.....	448,050	300,959	75,805	824,814
Restricted for Debt Service	3,402	17,255	-	20,657
Unrestricted (Deficit).....	15,502	1,609	(45,525)	(28,414)
Total Net Position	<u>\$ 466,954</u>	<u>\$ 319,823</u>	<u>\$ 30,280</u>	<u>\$ 817,057</u>

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

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CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 80,992	\$ -	\$ -	\$ 80,992
Statutory sewer user fee	-	-	56,187	56,187
Sewer maintenance fee	-	70,970	-	70,970
Rent	-	-	11,041	11,041
Fire protection service	9,688	-	-	9,688
Parking meters	-	-	4,254	4,254
Parking permits	-	-	3,934	3,934
Vehicle towing	-	-	6,847	6,847
Parking forfeitures	-	-	13,154	13,154
Other	9,050	-	1,360	10,410
Total Operating Revenues	<u>99,730</u>	<u>70,970</u>	<u>96,777</u>	<u>267,477</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ...	-	-	49,542	49,542
Employee services	-	8,966	10,686	19,652
Administrative and general	13,937	-	-	13,937
Depreciation	21,249	9,380	3,727	34,356
Transmission and distribution	23,108	-	-	23,108
Services, supplies, and materials	-	7,837	27,748	35,585
Water treatment	12,871	-	-	12,871
Water pumping	9,142	-	-	9,142
Billing and collection	3,141	-	-	3,141
Total Operating Expenses	<u>83,448</u>	<u>26,183</u>	<u>91,703</u>	<u>201,334</u>
Operating Income (Loss).....	<u>16,282</u>	<u>44,787</u>	<u>5,074</u>	<u>66,143</u>
Nonoperating Revenues (Expenses):				
Investment income (loss)	10	(117)	-	(107)
Grant revenue	-	6,285	12,452	18,737
Interest expense	(1,839)	(7,790)	(888)	(10,517)
Other	421	(27,174)	1,397	(25,356)
Total Net Nonoperating Revenues (Expenses) ...	<u>(1,408)</u>	<u>(28,796)</u>	<u>12,961</u>	<u>(17,243)</u>
Income before Contributions and Transfers.....	14,874	15,991	18,035	48,900
Capital contributions	49	-	-	49
Transfers in	-	-	831	831
Transfers out	(13,459)	-	(20,282)	(33,741)
Change in Net Position	1,464	15,991	(1,416)	16,039
Total Net Position - Beginning.....	<u>465,490</u>	<u>303,832</u>	<u>31,696</u>	<u>801,018</u>
Total Net Position - Ending	<u>\$ 466,954</u>	<u>\$ 319,823</u>	<u>\$ 30,280</u>	<u>\$ 817,057</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, 2021
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 94,154	\$ 70,576	\$ 96,121	\$ 260,851
Receipts from interfund services provided	6,123	-	-	6,123
Payments to suppliers	(30,639)	(6,085)	(72,310)	(109,034)
Payments to employees	(21,001)	(6,854)	(8,820)	(36,675)
Payments to other funds	-	(10,744)	(8,073)	(18,817)
Payments from other funds	1,015	(1,000)	5,015	5,030
 Net Cash Provided by Operating Activities.....	 <u>49,652</u>	 <u>45,893</u>	 <u>11,933</u>	 <u>107,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	-	5,810	9,038	14,848
Other nonoperating expenses	-	(27,174)	-	(27,174)
Transfers from other funds	-	-	831	831
Transfers to other funds	(13,459)	-	(20,282)	(33,741)
 Net Cash Used by Noncapital Financing Activities	 <u>(13,459)</u>	 <u>(21,364)</u>	 <u>(10,413)</u>	 <u>(45,236)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	27,990	78,512	9,059	115,561
Acquisition of property, plant, and equipment	(27,170)	(22,408)	(8,729)	(58,307)
Retirement of bonds, notes, and revenue bonds	(8,755)	(77,442)	(4,268)	(90,465)
Interest paid	(1,833)	5,248	(842)	2,573
Other	-	96	2,014	2,110
 Net Cash Used for Capital and Related Financing Activities	 <u>(9,768)</u>	 <u>(15,994)</u>	 <u>(2,766)</u>	 <u>(28,528)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income (loss)	8	(269)	-	(261)
 Net Increase (Decrease) in Cash and Cash Equivalents	 26,433	 8,266	 (1,246)	 33,453
Cash and Cash Equivalents - Beginning	45,477	22,571	1,420	69,468
 Cash and Cash Equivalents - Ending	 <u>\$ 71,910</u>	 <u>\$ 30,837</u>	 <u>\$ 174</u>	 <u>\$ 102,921</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	\$ 68,186	\$ 12,522	\$ 174	\$ 80,882
Restricted Cash	<u>3,724</u>	<u>18,315</u>	<u>-</u>	<u>22,039</u>
	<u>\$ 71,910</u>	<u>\$ 30,837</u>	<u>\$ 174</u>	<u>\$ 102,921</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 16,282	\$ 44,787	\$ 5,074	\$ 66,143
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	21,249	9,380	3,727	34,356
Nonoperating income	422	-	-	422
Effect of changes in assets, liabilities, deferred inflows and deferred outflows:				
Receivables	115	(394)	(657)	(936)
Due from other funds	4,016	(1,000)	(2,775)	241
Inventories	(40)	104	-	64
Prepaid items	801	-	-	801
Other assets	9	-	-	9
Accounts payable	1,724	1,648	4,989	8,361
Accrued liabilities	-	79	166	245
Compensated absences	(159)	19	(27)	(167)
Net other postemployment benefits obligation	7,223	1,436	(1,801)	6,858
Net pension liability	(1,990)	631	653	(706)
Due to other funds	-	(10,744)	(283)	(11,027)
Deferred pension inflows	-	(532)	(551)	(1,083)
Deferred pension outflows	-	921	949	1,870
Deferred OPEB inflows	-	279	1,676	1,955
Deferred OPEB outflows	<u>-</u>	<u>(721)</u>	<u>793</u>	<u>72</u>
Net Cash Provided by Operating Activities	<u>\$ 49,652</u>	<u>\$ 45,893</u>	<u>\$ 11,933</u>	<u>\$ 107,478</u>

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of \$49.

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

CITY OF MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit C-1

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
ASSETS			
Cash and investments.....	\$ 1,848	\$ 2,655	\$ 97,471
Taxes receivable.....	<u>-</u>	<u>-</u>	<u>304,107</u>
Total Assets	<u>1,848</u>	<u>2,655</u>	<u>401,578</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 305	\$ 57	\$ 1,442
Due to Other Governmental agencies.....	<u>-</u>	<u>-</u>	<u>400,136</u>
Total Liabilities	<u>305</u>	<u>57</u>	<u>401,578</u>
Net Position:			
Restricted for Employees' benefits and other purposes	<u>\$ 1,543</u>	<u>\$ 2,598</u>	<u>\$ -</u>
<i>The notes to the financial statements are an integral part of this statement.</i>			

CITY OF MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
Additions			
Contributions:			
Plan members	\$ 5,060	\$ -	\$ 207
Private donations	<u>-</u>	<u>1,435</u>	<u>-</u>
Total Contributions	<u>5,060</u>	<u>1,435</u>	<u>207</u>
Property Taxes:			
Property Tax.....	<u>-</u>	<u>-</u>	<u>1,551,917</u>
Total Property Taxes	<u>-</u>	<u>-</u>	<u>1,551,917</u>
Investment earnings:			
Net appreciation in fair value of investments, dividends and interest	<u>-</u>	<u>1</u>	<u>1</u>
Total Additions	<u>5,060</u>	<u>1,436</u>	<u>1,552,125</u>
Deductions			
Benefits	5,033	-	-
Fees remitted to agency	-	1,379	1,959
Taxes remitted to other Governments	-	-	1,550,166
Other	<u>-</u>	<u>1,162</u>	<u>-</u>
Total Deductions	<u>5,033</u>	<u>2,541</u>	<u>1,552,125</u>
Change in Net Position	27	(1,105)	-
Net Position - Beginning	<u>1,516</u>	<u>3,703</u>	<u>-</u>
Net Position - Ending	<u>\$ 1,543</u>	<u>\$ 2,598</u>	<u>\$ -</u>

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
 DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
ASSETS			
Current Assets:			
Cash and investments.....	\$ 8,901	\$ 2,069	\$ 10,970
Restricted cash and investments	39,586	1,094	40,680
Receivables (net):			
Accounts	151	46	197
Notes and loans	9,286	46	9,332
Accrued interest	974	26	1,000
Due from primary government	67	-	67
Due from other governmental agencies	98,237	-	98,237
Inventory of property for resale	7,324	585	7,909
Prepaid items	88	-	88
	<u>164,614</u>	<u>3,866</u>	<u>168,480</u>
Total Noncapital Assets			
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	(31,589)	-	(31,589)
	<u>59,793</u>	<u>-</u>	<u>59,793</u>
Total Capital Assets, Net of Depreciation			
	<u>224,407</u>	<u>3,866</u>	<u>228,273</u>
Total Assets			

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
 DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 1,271	\$ 78	\$ 1,349
Accrued expenses	1,033	-	1,033
Due to other governmental agencies	1,593	-	1,593
Unearned revenue.....	252	250	502
Other liabilities	<u>1,906</u>	<u>451</u>	<u>2,357</u>
 Total Current Liabilities	 <u>6,055</u>	 <u>779</u>	 <u>6,834</u>
Due to primary government:			
Due within one year	1,218	165	1,383
Due in more than one year	<u>7,406</u>	<u>-</u>	<u>7,406</u>
 Total Due to Primary Government	 <u>8,624</u>	 <u>165</u>	 <u>8,789</u>
Long-term obligations:			
Due within one year	4,050		4,050
Due in more than one year	<u>160,017</u>	<u>-</u>	<u>160,017</u>
 Total Noncurrent Liabilities	 <u>164,067</u>	 <u>-</u>	 <u>164,067</u>
 Total Liabilities	 <u>178,746</u>	 <u>944</u>	 <u>179,690</u>
NET POSITION:			
Net investment in capital assets.....	23,061	-	23,061
Restricted	11,597	623	12,220
Unrestricted	<u>11,003</u>	<u>2,299</u>	<u>13,302</u>
 Total Net Position	 <u>\$ 45,661</u>	 <u>\$ 2,922</u>	 <u>\$ 48,583</u>

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2021
(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	\$ 11,848	\$ 5,835	\$ 701	\$ -
Neighborhood Improvement Development Corp.				
Housing improvements	681	242	156	-
Total Component Units	\$ 12,529	\$ 6,077	\$ 857	\$ -
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.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
\$ (5,312)	\$ -	\$ (5,312)
<u>-</u>	<u>(283)</u>	<u>(283)</u>
<u>(5,312)</u>	<u>(283)</u>	<u>(5,595)</u>
<u>4,489</u>	<u>257</u>	<u>4,746</u>
<u>4,489</u>	<u>257</u>	<u>4,746</u>
(823)	(26)	(849)
<u>46,484</u>	<u>2,948</u>	<u>49,432</u>
<u>\$ 45,661</u>	<u>\$ 2,922</u>	<u>\$ 48,583</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

Related Organizations

Housing Authority of the City of Milwaukee

The Housing Authority of the City of Milwaukee (HACM) is responsible for the construction and management of safe, affordable, and quality housing with services that enhance residents' self-sufficiency. HACM is governed by a seven-member Board of Commissioners who are appointed by the Mayor and confirmed by the Common Council. The City does not have the ability to remove HACM commissioners at will. HACM determines its own budget, issues debt, and establishes and revises rents or charges without the approval of the City. The City is not legally obligated for any HACM obligations or debt.

Employ Milwaukee

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

Business Improvement Districts

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

Neighborhood Improvement Districts

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

B. Basis of Presentation

Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the City, excluding fiduciary activities. Eliminations have been made to minimize the double counting of internal activities of the City. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) fines, fees, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

General Obligation Debt Service – This fund accounts for the resources accumulated and payments made for principal and interest on the City's outstanding long-term general obligation debt.

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for the financial resources segregated for the acquisition or construction of major capital expenditures other than those financed by proprietary funds.

The City reports the following major proprietary funds:

Water Works – All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer Maintenance – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.0821, permits municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Additionally, the City reports the following fiduciary fund types:

Employee Benefit Trusts – This fund accounts for resources for employee flexible spending plans.

Private Purpose Trust – These funds account for resources legally held in trust for use by various individuals, governmental entities, and nonpublic corporations. All resources of these funds, including any earnings on invested resources, may be used to support each trust's initiatives.

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

C. Basis of Accounting – Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2021 that will be collected in 2022 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 was approximately \$2,241,000. 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, 2021 were approximately \$437,000, \$226,000 and \$548,000 respectively.

H. Unbilled Services

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

I. Special Assessments

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

J. Notes and Loan Receivables

The Grant & Aid Projects Fund and the Special Revenue Fund - Community Development Block Grant hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the governmental funds are approximately \$20,500,000 as of December 31, 2021.

The City creates tax incremental districts (TID) to issue debt to fund redevelopment projects. Pursuant to a cooperation agreement between the City, the Redevelopment Authority of the City of Milwaukee (Authority), and the Milwaukee Economic Development Corporation (Corporation), the City provides the Authority and the Corporation with the funds necessary to carry out the loan to a private developer to finance the redevelopment projects. Loan repayments to the Authority and the Corporation from the private developer, including interest income as well as other project income, are transferred to the City until the City's

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 3.88 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

- 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 3.88 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.

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 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 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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2022 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, 2023 financial statements.

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*. This statement amends GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. This statement clarifies the consistency and comparability of reporting of fiduciary component units, mitigates costs associated with reporting certain benefit plans, and enhances the consistency and comparability for reporting IRC Section 457 deferred compensation plans. This statement will be effective for the year-end December 31, 2022 financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement will be effective for the year-ending December 31, 2021 financial statements.

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, the City's deposits and investments are as follows:

	Fair Value	Investment Maturities (in Years)				Credit Rating
		Less than 1	1-5	6-10	Greater than 10	
Governmental and Business-type activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 485,448	\$ 465,199	\$ 19,162	\$ 946	\$ 141	see below
Segregated Deposits and Investments						
Interest Checking	2,502	2,502	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	110,114	110,114	-	-	-	not rated
Municipal Bonds	28,806	-	9,142	19,664	-	see below
Treasuries/Money Market (Fiscal Agent)	40,947	40,947	-	-	-	not rated
	<u>\$ 667,817</u>	<u>\$ 618,762</u>	<u>\$ 28,304</u>	<u>\$ 20,610</u>	<u>\$ 141</u>	
Fiduciary activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 100,786	\$ 100,786	\$ -	\$ -	\$ -	see below
Segregated Deposits and Investments						
Wisconsin Local Government						
Investment Pool	1,188	1,188	-	-	-	not rated
	<u>\$ 101,974</u>	<u>\$ 101,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Credit Ratings

The Governmental and Business-type municipal bond holdings of \$28,806,000 were rated by Moody's as follows: A1 (3%), Aa1 (14%), Aa2 (56%), Aaa (14%) and Not Rated (13%).

Pooled Deposits and Investments

The City maintains a cash and investment pool (Pool) that is available for use by all the funds, except for Debt Service Funds, Water Works Proprietary Fund, and component entities. Each fund's share of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Position/Balance Sheet.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

As of December 31, 2021, the City had the following investments and maturities in the Pool:

	<i>(Thousands of Dollars)</i>					
	Fair Value	Less than 1	1-5	6-10	Greater than 10	Credit Rating
Pooled Deposits and Investments						
Bank Demand Deposits	\$ 89,790	\$ 89,790	\$ -	\$ -	\$ -	not rated
Other Deposits	1,686	1,686	-	-	-	not rated
Deposits and Investments			-	-		
Interest Checking	67,788	67,788	-	-	-	not rated
Wisconsin Local Government			-	-		
Investment Pool	391,482	391,482	-	-	-	not rated
U.S. Bank Investment Portfolio			-	-		
Money Market.....	12	12	-	-	-	not rated
Corporate Bond.....	22,507	13,206	9,301	-	-	see below
U.S. Government Securities						
FNMA Bond.....	141	-	-	-	141	Aaa
GNMA Bond.....	946	-	-	946	-	Aaa
FHLB Bond.....	4,945	-	4,945	-	-	not rated
Treasury Note.....	6,937	2,021	4,916	-	-	Aaa
	<u>\$ 586,234</u>	<u>\$ 565,985</u>	<u>\$ 19,162</u>	<u>\$ 946</u>	<u>\$ 141</u>	

Investment Portfolio Ratings

Corporate bond holdings of \$22,507,000 were rated by Moody's as follows: Aaa (38.2%), A1 (17.8%), Aa2 (12.7%) and Not Rated (31.3%).

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, 2021, \$129.9 million of the City's deposits and investments were subject to custodial credit risk as they were not insured or collateralized.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. The City's investment policy does not explicitly limit investment maturities. However, the City manages its exposure to interest risk based on the anticipated cash flow needs of the City and limiting the amount of pooled investments with maturities greater than one year.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021:

1. Pooled deposits and investments of:
 - a. U.S. Treasury of \$6.9 million.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2021:

1. Municipal bonds of \$28.8 million.
2. Pooled deposits and investments of:
 - a. Corporate Bonds of \$22.5 million.
 - b. FNMA bonds of \$141 thousand.
 - c. GNMA bonds of \$946 thousand.
 - d. FLHB bonds of \$4.9 million.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021:

	Investment Maturities (in Years)			Moody's Credit Rating
	Fair value	Less than 1	1-5	
Component Units:				
Bank Demand Deposits.....	\$ 13,167	\$ 13,167	\$ -	not rated
Local Government Investment Pool.....	233	233		not rated
U.S. Treasury Money Market Fund.....	1,177	1,177		AAA
U.S. Treasury Notes.....	1,947	910	1,037	AAA
U.S. Agencies.....	1,217	-	1,217	AAA
U.S. Government Mortgage	13	-	13	AAA
Municipal Bonds	2,528	1,079	1,449	AA3
Corporate Bonds	102	-	102	AA2
Certificates of Deposit.....	604	604		AA
Money Market.....	30,662	30,662		not rated
	<u>\$ 51,650</u>	<u>\$ 47,832</u>	<u>\$ 3,818</u>	

Custodial Credit Risk

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

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

As of December 31, 2021 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	<i>(Thousands of Dollars)</i>	
Redevelopment Authority.....	\$ 12,149	\$ 10,355
Neighborhood Improvement Development Corporation.....	2,938	1,977

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

As of December 31, 2021 Component Unit investment balances exposed to Custodial Credit Risk are as follows:

	Investment Balance	Uninsured and Uncollateralized	
	<i>(Thousands of Dollars)</i>		
Redevelopment Authority.....	\$ 36,148	\$ 34,858	

Fair Value Measurements

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

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

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

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

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

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

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2021:

1. U.S. Treasury notes of \$1.9 million
2. U.S. Agency bonds of \$1.2 million
3. U.S Government mortgage of \$13 thousand
4. Municipal bonds of \$2.5 million
5. Corporate bonds of \$102 thousand
6. Property Inventory of \$727 thousand

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, 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>		
2016 and prior	\$ 7,685	\$ 1,076	\$ 8,761
2017	2,482	297	2,779
2018	3,534	362	3,896
2019	6,145	664	6,809
2020	<u>14,442</u>	<u>1,937</u>	<u>16,379</u>
Total delinquent property taxes receivable	<u>\$ 34,288</u>	<u>\$ 4,336</u>	38,624
Property taxes receivable on foreclosed property			44,395
Less: Allowance for uncollectible taxes			<u>(38,402)</u>
Net delinquent property taxes receivable, including tax deeded property			<u>\$ 44,617</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 01/01/21	Additions	Deletions	Balance 12/31/21
Governmental activities	<i>(Thousands of Dollars)</i>			
<i>Capital assets not being depreciated:</i>				
Land	\$ 166,651	\$ -	\$ 156	\$ 166,495
Construction in progress	139,532	22,996	8,979	153,549
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>307,525</u>	<u>22,996</u>	<u>9,135</u>	<u>321,386</u>
<i>Capital assets being depreciated:</i>				
Buildings	387,655	2,195	891	388,959
Infrastructure.....	1,871,580	26,520	20,886	1,877,214
Improvements other than buildings	12,175	8	217	11,966
Machinery and equipment	259,353	14,153	10,526	262,980
Intangible softw are.....	<u>14,722</u>	<u>-</u>	<u>-</u>	<u>14,722</u>
Total capital assets being depreciated	<u>2,545,485</u>	<u>42,876</u>	<u>32,520</u>	<u>2,555,841</u>
Less accumulated depreciation for:				
Buildings	156,587	11,112	521	167,178
Infrastructure	1,145,127	34,661	20,887	1,158,901
Improvements other than buildings	10,743	224	186	10,781
Machinery and equipment	173,522	12,907	9,837	176,592
Intangible softw are	<u>8,607</u>	<u>1,714</u>	<u>-</u>	<u>10,321</u>
Total accumulated depreciation	<u>1,494,586</u>	<u>60,618</u>	<u>31,431</u>	<u>1,523,773</u>
Total capital assets being depreciated, net	<u>1,050,899</u>	<u>(17,742)</u>	<u>1,089</u>	<u>1,032,068</u>
Government activity capital assets, net	<u>\$ 1,358,424</u>	<u>\$ 5,254</u>	<u>\$ 10,224</u>	<u>\$ 1,353,454</u>
Depreciation expense for governmental activities was charged to functions as follows:				
General government	\$ 1,883			
Public safety	8,027			
Public works	49,048			
Health	249			
Culture and recreation	<u>1,411</u>			
Total	<u>\$ 60,618</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance 01/01/21	Additions	Deletions	Balance 12/31/21
Business-type activities	<i>(Thousands of Dollars)</i>			
Water Works				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,791	\$ -	\$ -	\$ 1,791
Construction in progress	<u>18,206</u>	<u>27,050</u>	<u>34,113</u>	<u>11,143</u>
Total capital assets not being depreciated	<u>19,997</u>	<u>27,050</u>	<u>34,113</u>	<u>12,934</u>
<i>Capital assets being depreciated:</i>				
Buildings	31,094	431	-	31,525
Infrastructure	516,854	24,737	1,095	540,496
Machinery and equipment	287,898	8,945	3,016	293,827
Nonutility property	<u>3,918</u>	<u>-</u>	<u>-</u>	<u>3,918</u>
Total capital assets being depreciated	<u>839,764</u>	<u>34,113</u>	<u>4,111</u>	<u>869,766</u>
Less accumulated depreciation for:				
Buildings	22,679	700	-	23,379
Infrastructure	129,203	7,267	1,076	135,394
Machinery and equipment	162,885	13,143	2,997	173,031
Nonutility property	<u>1,476</u>	<u>139</u>	<u>-</u>	<u>1,615</u>
Total accumulated depreciation	<u>316,243</u>	<u>21,249</u>	<u>4,073</u>	<u>333,419</u>
Total capital assets being depreciated, net	<u>523,521</u>	<u>12,864</u>	<u>38</u>	<u>536,347</u>
Water Works capital assets, net	<u>543,518</u>	<u>39,914</u>	<u>34,151</u>	<u>549,281</u>
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	<u>1,076</u>	<u>-</u>	<u>832</u>	<u>244</u>
Total capital assets not being depreciated	<u>1,076</u>	<u>-</u>	<u>832</u>	<u>244</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	798,526	21,838	-	820,364
Machinery and equipment	<u>7,762</u>	<u>1,402</u>	<u>685</u>	<u>8,479</u>
Total capital assets being depreciated	<u>806,288</u>	<u>23,240</u>	<u>685</u>	<u>828,843</u>
Less accumulated depreciation for:				
Infrastructure	179,835	8,840	-	188,675
Machinery and equipment	<u>4,511</u>	<u>540</u>	<u>685</u>	<u>4,366</u>
Total accumulated depreciation	<u>184,346</u>	<u>9,380</u>	<u>685</u>	<u>193,041</u>
Total capital assets being depreciated, net	<u>621,942</u>	<u>13,860</u>	<u>-</u>	<u>635,802</u>
Sewer Maintenance capital assets, net	<u>623,018</u>	<u>13,860</u>	<u>832</u>	<u>636,046</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance 01/01/21	Additions	Deletions	Balance 12/31/21
		<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>14,684</u>	<u>4,760</u>	<u>3,456</u>	<u>15,988</u>
Total capital assets not being depreciated	<u>32,145</u>	<u>4,760</u>	<u>3,456</u>	<u>33,449</u>
<i>Capital assets being depreciated:</i>				
Buildings	102,609	1,795	842	103,562
Infrastructure—port.....	21,476	-	-	21,476
Improvements other than buildings	11,419	3,693	-	15,112
Machinery and equipment	<u>16,921</u>	<u>1,937</u>	<u>156</u>	<u>18,702</u>
Total capital assets being depreciated	<u>152,425</u>	<u>7,425</u>	<u>998</u>	<u>158,852</u>
Less accumulated depreciation for:				
Buildings	57,132	2,247	500	58,879
Infrastructure—port.....	11,807	474	-	12,281
Improvements other than buildings	7,986	315	-	8,301
Machinery and equipment	<u>11,664</u>	<u>691</u>	<u>156</u>	<u>12,199</u>
Total accumulated depreciation	<u>88,589</u>	<u>3,727</u>	<u>656</u>	<u>91,660</u>
Total capital assets being depreciated, net	<u>63,836</u>	<u>3,698</u>	<u>342</u>	<u>67,192</u>
Other business-type activities, net	<u>95,981</u>	<u>8,458</u>	<u>3,798</u>	<u>100,641</u>
Business-type activity capital assets, net	<u>\$ 1,262,517</u>	<u>\$ 62,232</u>	<u>\$ 38,781</u>	<u>\$ 1,285,968</u>
Depreciation expense for business-type activities was charged to functions as follows:				
Water Utility				
Depreciation	\$ 21,110			
Depreciation charged to Sanitary Sewer	<u>139</u>			
	21,249			
Sewer Maintenance	9,380			
Other business-type activities	<u>3,727</u>			
Total	<u>\$ 34,356</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance 01/01/21	Additions	Deletions	Balance 12/31/21
		<i>(Thousands of Dollars)</i>		
Component Units				
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,593	\$ -	\$ -	\$ 10,593
		<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>
		<u>-</u>	<u>-</u>	
Total capital assets being depreciated	<u>80,789</u>	<u>-</u>	<u>-</u>	<u>80,789</u>
Less accumulated depreciation for:				
Buildings	26,098	1,894	-	27,992
Infrastructure	178	14	-	192
Improvements other than buildings	2,572	261	-	2,833
Machinery and equipment	6	-	-	6
Intangibles.....	<u>537</u>	<u>29</u>	<u>-</u>	<u>566</u>
		<u>2,198</u>	<u>-</u>	
Total accumulated depreciation	<u>29,391</u>	<u>2,198</u>	<u>-</u>	<u>31,589</u>
		<u>(2,198)</u>	<u>-</u>	
Total capital assets being depreciated, net	<u>51,398</u>	<u>(2,198)</u>	<u>-</u>	<u>49,200</u>
Component units capital assets, net	<u>\$ 61,991</u>	<u>\$ (2,198)</u>	<u>\$ -</u>	<u>\$ 59,793</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

5. UNEARNED AND UNAVAILABLE REVENUES

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

	General	General Obligation Debt Service	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>						
Subsequent years property taxes ..	\$ 219,354	\$ 85,435	\$ 46,813	\$ -	\$ 10,004	\$ -	\$ 361,606
Delinquent property taxes	5,146	-	-	-	-	7,438	12,584
Unavailable receivables.....	8,962	54,498	7,896	-	-	-	71,356
Unbilled special assessments	-	-	-	-	6,170	-	6,170
Unavailable grant revenue	-	-	-	8,959	6,091	34	15,084
Grants received prior to meeting all eligibility requirements.....	-	-	-	190,668	-	-	190,668
Other unearned revenue	4	-	-	643	163	519	1,329
Total	<u>\$ 233,466</u>	<u>\$ 139,933</u>	<u>\$ 54,709</u>	<u>\$ 200,270</u>	<u>\$ 22,428</u>	<u>\$ 7,991</u>	<u>\$ 658,797</u>
				Unearned revenues - deferred inflow s			\$ 361,606
				Unavailable revenues - deferred inflow s			105,194
				Unearned revenues - liabilities			191,997
							<u>\$ 658,797</u>

6. SHORT-TERM DEBT

As of December 31, 2020, the City had outstanding \$180,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. The new notes of \$180,000,000 (2020 M8) with an interest rate of 2.00% matured on July 01, 2021.

Following is a summary of the Revenue Anticipation Notes activity (in thousands) during 2021:

Balance 01/01/21	Additions	Deletions	Balance 12/31/21
<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ -</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2021 were as follows:

	Balance 01/01/21	Additions	Deductions	Balance 12/31/21	Amounts Due within One Year
		<i>(Thousands of Dollars)</i>			
Governmental activities:					
General obligation bonds and notes					
City	\$ 1,011,525	\$ 159,132	\$ 143,594	\$ 1,027,063	\$ 97,378
Milwaukee Public Schools	54,761	-	1,123	53,638	1,208
Unamortized premiums	79,775	25,777	22,900	82,652	-
Direct loans					
City	56,650	28,550	56,650	28,550	-
Compensated absences	47,032	27,177	29,833	44,376	28,505
Total other postemployment benefits liability	1,604,177	58,879	62,996	1,600,060	-
Net pension liability	823,807	502,102	428,443	897,466	-
Claims and judgments	44,214	52,961	9,789	87,386	1,425
Total governmental activities	<u>\$ 3,721,941</u>	<u>\$ 854,578</u>	<u>\$ 755,328</u>	<u>\$ 3,821,191</u>	<u>\$ 128,516</u>
Business-type activities:					
Water Works					
General obligation bonds and notes	\$ 4,650	\$ -	\$ 4,650	\$ -	\$ -
State loans (direct)	68,883	27,990	3,655	93,218	4,708
Revenue bonds	8,240	-	450	7,790	455
Unamortized premiums	250	-	27	223	-
Compensated absences	2,328	1,267	1,513	2,082	2,082
Total other postemployment benefits liability	53,700	90	5,410	48,380	-
Net pension liability	16,365	11,018	8,848	18,535	-
Total Water Works	<u>154,416</u>	<u>40,365</u>	<u>24,553</u>	<u>170,228</u>	<u>7,245</u>
Sewer Maintenance					
General obligation bonds and notes	\$ 3,748	\$ -	\$ 750	\$ 2,998	\$ 750
Direct Loans	36,425	-	36,425	-	-
State loans (direct)	139,839	22,077	9,892	152,024	11,051
Revenue bonds	132,340	56,435	30,375	158,400	7,415
Unamortized premiums	8,760	14,488	2,777	20,471	-
Compensated absences	691	440	421	710	710
Total other postemployment benefits liability	14,130	1,868	432	15,566	-
Net pension liability	5,199	3,414	2,783	5,830	-
Total Sewer Maintenance	<u>341,132</u>	<u>98,722</u>	<u>83,855</u>	<u>355,999</u>	<u>19,926</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance 01/01/21	Additions	Deductions	Balance 12/31/21	Due within One Year
<i>(Thousands of Dollars)</i>					
Other Proprietary Funds					
General obligation bonds and notes	\$ 18,695	\$ 9,059	\$ 2,918	\$ 24,836	\$ 2,574
Direct Loans	1,350	-	1,350	-	-
Compensated absences	659	415	442	632	632
Total other postemployment benefits liability	18,348	44	1,844	16,548	-
Net pension liability	5,380	3,533	2,880	6,033	-
Total Other Proprietary	<u>44,432</u>	<u>13,051</u>	<u>9,434</u>	<u>48,049</u>	<u>3,206</u>
Total business-type activities	<u>\$ 539,980</u>	<u>\$ 152,138</u>	<u>\$ 117,842</u>	<u>\$ 574,276</u>	<u>\$ 30,377</u>
Component Units					
Revenue bonds	\$ 162,848	\$ -	\$ 3,860	\$ 158,988	\$ 4,050
Unamortized premiums.....	5,018	-	572	4,446	-
Environmental remediation liability.....	513	120	-	633	-
Total component units	<u>\$ 168,379</u>	<u>\$ 120</u>	<u>\$ 4,432</u>	<u>\$ 164,067</u>	<u>\$ 4,050</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, 2021, the City general obligation bonds totaled \$362,690,000 of which \$303,215,847 is for Capital Improvements, \$49,300,000 for schools and \$10,174,153 for business-type activities. The interest rates are between 1.18% and 5.5% with a final maturity date of April 1, 2041.

During the year ended December 31, 2021, general obligation bonds totaling \$61,545,000 were issued of which \$39,658,414 was issued to finance capital improvements, \$6,766,228 for business-type activities and \$15,120,358 for refunding purposes.

Use of Public Debt Amortization Fund for retirement of the public debt is governed by the Wisconsin Statutes. The Statutes provide that when total principal and accrued interest in the Public Debt Amortization Fund is substantially equal to the outstanding general obligation bonds and notes, the resources in the fund shall be applied to make annual interest and principal payments on that debt to maturity. The Statutes provide, in part, that "The Public Debt Commission may, however, at any time, apply the fund, not to exceed in any one year 40% of the balance in said fund on the preceding December 31, to acquire for cancellation general obligation bonds or notes prior to their maturity dates at prices not to exceed principal plus accrued interest to date of maturity, but the fund shall not be decreased below \$2,000,000 as a result of such purchases and cancellations." Principal sources of revenue are one-third of all interest on general City investments and interest on Fund investments. As authorized by the Statutes, the Public Debt Amortization Fund may purchase for investment or for cancellation, notes issued by the General Fund to fund operations.

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2021, there was \$3,152,766 of debt outstanding. There is also \$53,638,016 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, 2021, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,259,023,000. These assets are excluded from the financial statements of the City.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

As of December 31, 2021, \$76,344,890 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$96,195,042. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

C. Revenue Bonds and State Loans (Direct)

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

As of December 31, 2021, the City has State loans totaling \$245,242,000 of which \$152,024,000 is for Sewer and \$93,218,000 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2041.

As of December 31, 2021, the City has Revenue Bonds totaling \$166,190,000 of which \$158,400,000 is for Sewer and \$7,790,000 is for Water. The interest rates are between 2.50% and 5.00% and the final maturity date is June 1, 2046.

During 2021, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling \$50,067,000 of which \$22,077,000 is for Sewer and \$27,990,000 is for Water.

During 2021, the City issued Revenue Bonds totaling \$56,435,000 for Sewer.

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, 2021, the City had notes totaling \$774,395,003 of which \$466,597,626 is for Capital Improvements, \$4,338,016 for schools, \$17,659,792 for business-type activities, \$71,478,533 for the purchase of delinquent taxes and \$214,321,036 for general City. The interest rates are between 2.00% and 5.00% with a final maturity date of April 1, 2031.

As of December 31, 2021, \$83,381,003 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$95,125,638.

During the year ended December 31, 2021, General Obligation notes totaling \$106,645,000 were issued, of which \$26,846,910 was issued to finance capital improvements, \$417,618 for business-type activities, \$15,638,000 to purchase 2020 delinquent taxes and \$63,742,472 for refunding purposes.

E. Direct Loans

As of December 31, 2021, the City had one outstanding revolving loan agreement (RLAs) with The Huntington National Bank. 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 RLA with Huntington Bank contains termination events which could lead to acceleration of the debt, however there are no specific provisions regarding default on the Huntington Bank RLA debt.

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

Amount	Maturity Date	Index
\$50,000,000	June 1, 2022	SOFR

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

During 2021, \$32.55 million was drawn on the Loans for the following purposes:

Loan Draws	
<i>(Thousands of Dollars)</i>	
Purpose	Amount
Capital expenditures.....	\$ 27,021
Legal settlements.....	1,529
Water.....	4,000
	<u>\$ 32,550</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 01/01/21	Additions	Deletions	Balance 12/31/21
<u>\$ 94,425</u>	<u>32,550</u>	<u>98,425</u>	<u>\$ 28,550</u>

F. Debt Service Requirements

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

Year	General Obligation Debt		General Obligation Debt - Direct Loans		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Governmental activities					
2022.....	\$ 98,586	\$ 41,439	\$ -	\$ 560	\$ 140,585
2023.....	156,189	35,451	28,550	571	220,761
2024.....	92,534	29,629	-	-	122,163
2025.....	96,997	25,610	-	-	122,607
2026.....	80,299	21,746	-	-	102,045
2027-2031.....	452,051	53,357	-	-	505,408
2032-2036.....	95,690	6,901	-	-	102,591
2037-2041.....	8,355	533	-	-	8,888
Total	<u>\$ 1,080,701</u>	<u>\$ 214,666</u>	<u>\$ 28,550</u>	<u>\$ 1,131</u>	<u>\$ 1,325,048</u>
Business-type activities					
Other Proprietary					
2022.....	\$ 2,574	\$ 886	\$ -	\$ -	\$ 3,460
2023.....	2,471	781	-	-	3,252
2024.....	2,392	683	-	-	3,075
2025.....	2,279	589	-	-	2,868
2026.....	2,081	501	-	-	2,582
2027-2031.....	8,184	1,500	-	-	9,684
2032-2036.....	4,855	323	-	-	5,178
Total	<u>\$ 24,836</u>	<u>\$ 5,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,099</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Year	General Obligation Debt		Revenue Bonds		State Loans - Direct		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
(Thousands of Dollars)							
Business-type activities (Cont'd)							
Sewer Maintenance							
2022.....	\$ 750	\$ 131	\$ 7,415	\$ 6,382	\$ 11,051	\$ 2,995	\$ 28,724
2023.....	750	94	7,875	6,000	11,292	2,770	28,781
2024.....	749	56	5,670	5,661	11,539	2,521	26,196
2025.....	749	19	5,960	5,370	11,791	2,266	26,155
2026.....	-	-	8,035	5,029	12,049	2,004	27,117
2027-2031.....	-	-	56,285	18,361	49,801	6,414	130,861
2032-2036.....	-	-	44,780	7,971	33,735	2,337	88,823
2037-2041.....	-	-	10,085	3,155	10,766	265	24,271
2042-2046.....	-	-	12,295	944	-	-	13,239
Total	<u>\$ 2,998</u>	<u>\$ 300</u>	<u>\$ 158,400</u>	<u>\$ 58,873</u>	<u>\$ 152,024</u>	<u>\$ 21,572</u>	<u>\$ 394,167</u>
Water Works							
2022.....	\$ -	\$ -	\$ 455	\$ 311	\$ 4,708	\$ 1,570	\$ 7,044
2023.....	-	-	460	293	4,790	1,487	7,030
2024.....	-	-	465	270	4,873	1,403	7,011
2025.....	-	-	475	246	4,958	1,318	6,997
2026.....	-	-	480	222	5,044	1,231	6,977
2027-2031.....	-	-	2,555	833	26,566	4,793	34,747
2032-2036.....	-	-	2,900	296	26,762	2,433	32,391
2037-2041.....	-	-	-	-	15,517	520	16,037
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,790</u>	<u>\$ 2,471</u>	<u>\$ 93,218</u>	<u>\$ 14,755</u>	<u>\$ 118,234</u>
Total Component Units							
2022.....	\$ -	\$ -	\$ 4,050	\$ 5,620	\$ -	\$ -	\$ 9,670
2023.....	-	-	5,750	5,445	-	-	11,195
2024.....	-	-	14,510	5,261	-	-	19,771
2025.....	-	-	4,760	5,067	-	-	9,827
2026.....	-	-	5,015	4,862	-	-	9,877
2027-2031.....	-	-	50,408	20,787	-	-	71,195
2032-2036.....	-	-	36,495	13,834	-	-	50,329
2037-2041.....	-	-	38,000	8,829	-	-	46,829
2042-2046.....	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,988</u>	<u>\$ 69,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,693</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, 2021, the City's legal debt margin was \$1,138,225,000. Of this amount, \$575,864,000 was for school purposes and \$562,361,000 was for City purposes.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

H. Refinancing

During 2021, the City refinanced \$132,694,122 of General Obligation Debt and with \$24,760,000 of Sewer Revenue Bonds, Series 2021 S2, \$63,742,472 of Promissory Notes, Series 2021 N3, \$3,774,786 of Corporate Purpose Bonds, Series 2021 B4, \$11,345,572 of Promissory Notes, \$4,000,000 of State loans for Water, and with \$2,477,531 of State Loans for Sewer. These issues provided long-term financing for interim debt of \$99,031,000 and reduced the interest cost of long-term debt in the principal amount of \$33,663,016 realizing a net present value savings of \$4,070,088.

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, 2021 is approximately \$248,000,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

Plan Description – The City makes contributions to the Employees' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined benefit pension plan, on behalf of all eligible City employees. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The City Charter assigns the authority to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202, or may be found by visiting ERS' website www.cmers.com, by clicking on "Library" and then "Reports".

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

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, for general City employees enrolled prior to January 1, 2014, 4% for general City employees enrolled on or after January 1, 2014, 7%, police officers, firefighters, 7% for elected officials enrolled prior to January 1, 2014, and 4% for elected officials enrolled on or after January 1, 2014. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute a percentage of their earnable compensation for pension benefits as described above. A general City employee who enrolls as a member in the Employees' Retirement System on or after January 1, 2014 has the following: a minimum service retirement age of 65 and a service retirement allowance equal to 1.6% of the members final average salary times the total number of years of all creditable service; eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service. Additionally, they are eligible for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator. All new city employees enrolled on or after January 1, 2014, are required to contribute 4% of their earnable compensation to the retirement system. Total contributions to the System for the plan year 2021 was \$74,443,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2020 and 2019 were \$82,533,000 and \$71,160,000 respectively. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020, are summarized in the following table:

Asset Allocation Policy and Expected Return		
<u>Asset Class</u>	<u>Policy</u>	<u>Long-term Expected Rate of Return</u>
Public Equity.....	43.0%	7.3%
Fixed Income & Cash.....	26.0%	3.1%
Real Estate.....	7.7%	5.6%
Real Assets.....	3.3%	4.5%
Private Equity.....	10.0%	10.6%
Absolute Return.....	10.0%	2.9%
	100.0%	

Rate of Return – For the year ended December 31, 2020, the annual money-weighted rate of return, net of investment expense was 5.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2020, and the amounts were used to roll-forward the total pension liability to the plan’s year-end December 31, 2020, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2020
Measurement Date of Net Pension Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Investment Rate of Return:	7.50% per annum, compounded annually
Discount Rate:	7.50%
Projected Salary Increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption:	2.50%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Pre-retirement mortality rates were based on the RP-2014 Healthy Non-Annuitant Mortality Table, projected generationally with Scale MP-2016. Post-retirement mortality rates were 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 were based on the RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally with Scale MP-2016.
Experience Study	The actuarial assumptions used in this valuation, other than the long-term rate of return, are based on the results of the most recent experience study covering the five-year period ending December 31, 2016. The long-term rate of return is based on analysis performed by Cavanaugh Macdonald and adopted by the Board of Trustees on April 29, 2019.

Net Pension Liability – The components of the City’s pension liability as of December 31, 2021, were as follows:

	Total
	(Thousands of Dollars)
Total pension liability	\$ 5,725,688
Plan fiduciary net position	<u>(4,797,824)</u>
Net pension liability	<u>\$ 927,864</u>
Plan fiduciary net position as a percentage of total pension liability	83.80%
Covered employee payroll	\$ 506,458
Net pension liability as a percentage of covered employee payroll	183.21%

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 7.50%, which reflects the long-term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease to Discount Rate 6.50%	Current Discount Rate 7.50%	1% Increase to Discount Rate 8.50%
	<i>(Thousands of Dollars)</i>		
City's net pension liability (asset).....	\$ 1,610,383	\$ 927,864	\$ 360,565

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 2020 actuarial employer contribution was \$76.660 million and the employer allocation percentage was 84.921% as compared to the prior year actuarial employer contribution of \$77.295 million and an employer allocation percentage of 85.625%.

Schedule of Pension Amounts – The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage. The City's proportionate share of Collective net pension liability, deferred outflows/inflows and pension expense was 84.921%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.88 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5.00 years.

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.....	\$ 81,146	\$ (19,573)	\$ 61,573
Changes in assumptions.....	101,762	-	101,762
Contributions made after the measurement date.....	80,752	-	80,752
Net differences between projected and actual earnings on pension plan investments.....	-	(139,793)	(139,793)
Changes in proportion and differences between employer contributions and proportionate share of contributions....	6,896	(9,885)	(2,989)
Total.....	\$ 270,556	\$ (169,251)	\$ 101,305

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Deferred Outflows of \$80,752 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Annual Future Deferred Inflows/Outflows Net Deferred Outflows of Resources
<i>(Thousands of Dollars)</i>	
2021	\$ 53,056
2022	39,188
2023	(71,099)
2024	(592)
Total	<u>\$ 20,553</u>

The City's pension expense was determined as follows:

Calculation of Pension Expense	Total
<i>(Thousands of Dollars)</i>	
Service Cost.....	\$ 74,913
Interest cost on total pension liability.....	409,422
Projected earnings on plan investments.....	(344,040)
Contributions - Member.....	(27,337)
Administrative Expense.....	6,268
Plan Changes.....	-
Recognition of net deferred outflow s (inflow s)	
Changes in assumptions.....	-
Differences between expected and actual liability experience.....	11,013
Difference between projected and actual earnings.....	(681)
Other changes in fiduciary net position.....	-
Prior years' deferred outflow s.....	290,269
Prior years' deferred inflow s.....	(177,763)
Other changes in fiduciary net position.....	139
Total Pension Expense.....	<u>\$ 242,203</u>

Other Postemployment Benefits

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

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

Plan Description - The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employees' Retirement System (ERS). The City provides medical and COBRA dental insurance benefits

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, the City paid approximately \$37,345,702 and \$3,940,483, respectively, toward medical and life insurance for retirees.

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

Methods and Assumptions Used to Determine OPEB Actuarial Liability and Contributions	
Actuarial Valuation Date	January 1, 2021
Measurement Date of Net OPEB Liability	December 31, 2021
Plan Fiscal Year End	December 31, 2021
Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Pay-as-you-go costs
Asset Valuation Method:	No Assets (pay-as-you-go)
Actuarial Assumptions:	
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Discount Rate	2.00% as of December 31, 2020; 1.84% as of December 31, 2021.
Projected Salary Increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Wage Inflation	2.5% for general employees and 4.0% for public safety employees.
Healthcare Cost Trend Rates	Pre-Medicare trend rates are 4.0% for 2022, 7.00% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2034. Post-Medicare trend rates are 6.00% for 2022, 8.00% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2038.
Mortality Table	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are reflected separately.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Total OPEB Liability – The changes and components of the December 31, 2021 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.....	\$	65,391
Interest.....		31,802
Differences between expected and actual experience.....		(25,071)
Changes of assumptions.....		(40,637)
Benefit payments.....		(41,286)
		<hr/>
Net change in total OPEB liability.....		(9,801)
Total OPEB liability - January 1, 2021.....		1,690,355
		<hr/>
Total OPEB liability - December 31, 2021.....	\$	<u>1,680,554</u>
Plan fiduciary net position		
Contributions - employer.....		41,286
Benefit payments.....		(41,286)
		<hr/>
Total OPEB liability - ending.....	\$	<u>1,680,554</u>
Plan fiduciary net position as a percentage of total OPEB liability.....		0.00%
Covered employee payroll.....	\$	346,833
Total OPEB liability as a percentage of covered payroll.....		484.54%
Inactive plan members or beneficiaries currently receiving benefits.....		3,117
Active plan members.....		4,873
		<hr/>
		<u>7,990</u>
Discount rate - December 31, 2020.....	2.00%	
Discount rate - December 31, 2021.....	1.84%	

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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.

Sensitivity of Total OPEB to the Single Discount Rate Assumption

	1% Decrease to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
	0.84%	1.84%	2.84%
	<i>(Thousands of Dollars)</i>		
City's Total OPEB liability.....	\$ 2,010,536	\$ 1,680,554	\$ 1,423,823

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.....	\$ 1,430,167	\$ 1,680,554	\$ 2,008,242

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	Total
<i>(Thousands of Dollars)</i>	
Service Cost.....	\$ 65,391
Interest cost on total pension liability.....	31,802
Recognition of outflow/(inflow) due to non-investment experience.....	(14,065)
Recognition of outflow/(inflow) due to assumption changes.....	51,071
Total OPEB Expense.....	\$ 134,199

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.....	\$ 1,690,355
OPEB expense.....	134,199
Employer contributions.....	(41,286)
Change in outflow/(inflow) due to non-investment experience.....	(11,006)
Change in outflow/(inflow) due to assumption changes.....	(91,708)
Total OPEB liability end of year.....	\$ 1,680,554

Deferred Inflows and Outflows of Resources – For the plan year-end December 31, 2021, the actuarial discount rate decreased to 1.84 percent from 2.00 percent. Deferred inflows increased \$49.6 million and deferred outflows decreased \$53.2 million as a result of the updated actuarial analysis of the plan. Deferred inflows and outflows are amortized into annual OPEB expense using an amortization factor unique to each major employment group outlined in the report.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Deferred inflows and outflows recognized in the current or future OPEB expense periods are shown in the following schedules:

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

	(Inflows) Recognized in Current Expense	Outflows Recognized in Current Expense
Differences between expected and actual non-investment experience.....	\$ (16,327)	\$ 2,262
Changes in assumptions.....	(16,094)	67,165
Total.....	\$ (32,421)	\$ 69,427

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience.....	\$ 14,052	\$ (68,335)
Changes in assumptions.....	257,811	(64,512)
Total.....	\$ 271,863	\$ (132,847)

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

Fiscal Year-end	
December 31, 2022	\$ 37,006
December 31, 2023	38,448
December 31, 2024	34,954
December 31, 2025	17,215
December 31, 2026	9,324
December 31, 2027	2,611
December 31, 2028	(542)
Total	\$ 139,016

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

as their terminal leave benefit. In 2021, approximately \$11,200,018 was paid for sick leave from all funds. At December 31, 2021, accumulated sick leave earned but not taken totaled approximately \$141,163,604 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 2021, terminal leave payments totaled \$3,346,750 to employees retiring during the year. As of December 31, 2021, the City has accrued \$25,623,213 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$44,375,823 with the remainder accrued vacation leave of \$17,262,087 and estimated FICA taxes of \$1,490,523.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2021 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>							
Nonspendable								
Advances.....	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,615
Inventory.....	11,253	-	-	-	-	-	-	11,253
Inventory of property for resale..	26	-	-	-	-	-	-	26
Prepaid items.....	6,483	-	-	-	-	261	-	6,744
Spendable								
Restricted for:								
Future debt payments.....	-	31,275	43,131	-	-	-	-	74,406
Business Improvement Districts..	-	-	-	113	-	-	-	113
Grants.....	-	-	-	-	4,344	-	4,427	8,771
Tax increment financing.....	-	-	-	131,747	-	6,061	-	137,808
Committed to:								
Contributions.....	3,337	-	-	-	-	-	-	3,337
Capital projects.....	-	-	-	-	-	31,062	-	31,062
Future debt payments.....	119,000	-	-	-	-	-	-	119,000
Assigned to:								
Conservation and development..	822	-	-	-	-	-	-	822
General government.....	10,318	-	-	-	-	-	-	10,318
Health.....	1,006	-	-	-	-	-	-	1,006
Culture and recreation.....	247	-	-	-	-	-	-	247
Public safety.....	2,511	-	-	-	-	-	-	2,511
Public works.....	2,706	-	-	-	-	-	-	2,706
2022 budgetary financing.....	4,000	-	-	-	-	-	-	4,000
Unassigned (deficit)	<u>9,081</u>	<u>(2,353)</u>	<u>-</u>	<u>(18,822)</u>	<u>(8,959)</u>	<u>(35,383)</u>	<u>(11,265)</u>	<u>(67,701)</u>
Total Fund Balance.....	<u>\$ 176,405</u>	<u>\$ 28,922</u>	<u>\$ 43,131</u>	<u>\$ 113,038</u>	<u>\$ (4,615)</u>	<u>\$ 2,001</u>	<u>\$ (6,838)</u>	<u>\$ 352,044</u>

Sinking Fund Deposits

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, the tax stabilization reserve was \$18,696,000. Of this amount, \$4,000,000 has been assigned to the funding of the 2022 General Fund budget and \$9,081,000 is unassigned for 2022 and subsequent years' budgets. This Reserve includes an amount for advances of \$5,615,000 from the General Fund to the Capital Projects Fund. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the reserved for tax stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council prior to budget adoption.

Deficit Balances

As of December 31, 2021, the following individual funds had a deficit balance:

Fund	Amount	Reason
	<i>(Thousands of Dollars)</i>	
Grant and Aid Projects.....	\$ (4,615)	Unavailable revenue from various grants
Delinquent Tax.....	(11,265)	Loss on sale of tax deed properties
Metropolitan Sewerage District User Charge.....	(2,184)	Expenses exceed user fees

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2021 were as follows:

		Due From			
		General Fund	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total
		<i>(Thousands of Dollars)</i>			
Due To	General Obligation Debt Service	\$ 6,488	\$ -	\$ -	\$ 6,488
	Grant and Aid Projects	12,787	-	-	12,787
	Nonmajor Governmental Funds.....	29,848	-	-	29,848
	Water Works	1,392	1,954	1,684	5,030
	Sewer Maintenance	8,810	-	-	8,810
	Nonmajor Proprietary Funds	<u>10,328</u>	<u>-</u>	<u>-</u>	<u>10,328</u>
Totals		<u>\$ 69,653</u>	<u>\$ 1,954</u>	<u>\$ 1,684</u>	<u>\$ 73,291</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, 2021, the outstanding balance was \$5,615,000.

The City of Milwaukee Economic Development Fund advanced \$3,742,000 to the Delinquent Tax Fund, \$16,809,000 to Capital Funds, \$2,184,000 to the Metro Sewer User Fund, \$17,107,000 to the Transportation Fund and \$4,517,000 to the Port Fund to finance cash flows in 2021. These advances are non-interest bearing and will be repaid from the issuance of debt, service revenues, tax-levy and sewer user rate increases.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Interfund transfers for the year ended December 31, 2021 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt Service.....	\$ 629	Interfund loans
	Economic Development.....	1	Funding for operations
	Nonmajor Governmental Funds.....	5,613	Subsidize uncollected property taxes
	Water Works.....	13,459	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,444	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	17,679	Subsidy for operations
	Nonmajor Proprietary Funds.....	<u>96</u>	Excess earnings of Port
	Subtotal General Fund.....	<u>38,921</u>	
General Obligation Debt Service	General.....	2,109	Funding for debt payments
	Economic Development.....	35,750	Funding for debt payments
	Economic Development.....	1,207	Close Tax Increments
	Public Debt Amortization.....	5,000	Funding for debt payments
	Nonmajor Governmental Funds.....	14,430	Funding for debt payments
	Nonmajor Proprietary Funds.....	<u>1,063</u>	Funding for debt payments
	Subtotal Debt Service.....	<u>59,559</u>	
Nonmajor Governmental Funds	General Obligation Debt Service.....	<u>3,292</u>	Interfund loans
	Subtotal Nonmajor Governmental Funds	<u>3,292</u>	
Economic Development	Capital Funds.....	<u>2,073</u>	Close surplus revenues
	Subtotal Economic Development.....	<u>2,073</u>	
Capital Projects	General Obligation Debt Service.....	2,231	Interfund loans
	Economic Development.....	<u>7,193</u>	Affordable housing funding
	Subtotal Capital Projects.....	<u>9,424</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	<u>831</u>	Funding for debt payments
	Subtotal Nonmajor Proprietary.....	<u>831</u>	
	Total Interfund Transfers.....	<u>\$ 114,100</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, 2021

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2021 were as follows:

Component Unit Payable	Primary Government's Receivable
	<i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	\$ 577
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	8,047
Due from NIDC for strong home loan repayments.....	<u>165</u>
Total	<u>\$ 8,789</u>
Component Unit Receivable	Primary Government's Payable
	<i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	\$ 29
Due to RACM for blight elimination	<u>38</u>
Total	<u>\$ 67</u>

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2022 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>
2022.....	\$ 4,225
2023.....	4,272
2024.....	4,002
2025.....	5,199
2026.....	3,598
2027-2031.....	16,289
2032-2036.....	4,080
2037-2041.....	<u>4,572</u>
Total.....	<u>\$ 46,237</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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:

	2021	2020
General liability claims	\$ 71,905,646	\$ 28,222,325
Workers' compensation claims	14,266,302	14,853,535
Unemployment claims	200,000	550,000
Pollution remediation obligation.....	<u>1,013,968</u>	<u>587,904</u>
Total.....	<u>\$ 87,385,916</u>	<u>\$ 44,213,764</u>

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

	2021	2020
Beginning of year liability	\$ 44,213,764	\$ 39,938,177
Current year claims and changes in estimates	45,774,112	10,835,878
Claim payments	<u>(2,601,960)</u>	<u>(6,560,291)</u>
End of year liability	<u>\$ 87,385,916</u>	<u>\$ 44,213,764</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:

	2021	2020
Beginning of year liability	\$ 9,394,895	\$ 8,578,186
Current year claims and changes in estimates	108,723,144	95,804,663
Claim payments	<u>(106,233,835)</u>	<u>(94,987,954)</u>
End of year liability	<u>\$ 11,884,204</u>	<u>\$ 9,394,895</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Environmental Liabilities

The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PCB pollution, and contaminated properties. The probability-weighted expected cash flow measurement technique is used in determining the amount of liability. This involves determining a range of probabilities or likelihoods that different probable outlays will be necessary and calculating a weighted average of these outlays. There is a potential for changes in the estimated pollution remediation obligation due to third-party contracts and City labor costs changes, amendments to regulatory requirements and rules, and previously unknown conditions. The estimated costs of \$300,000 to address 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 2021, the City's estimated liability for pollution remediation-related activities increased \$426,000. At December 31, 2021, the City has an outstanding liability of \$1,014,000 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste, with the exception of the South College Avenue site which will remain open for several more years. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City spent \$60,823 in post-closure care of solid waste landfills during 2021. 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, 2021.

Commitments

The following is a list of encumbrances by function at December 31, 2021:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Water Works</u>	<u>Total</u>
	<i>(Thousands of Dollars)</i>			
General government.....	\$ 146	\$ 131	\$ -	\$ 277
Conservation and development.....	782	7,175	-	7,957
Health.....	9	-	-	9
Culture and Recreation.....	235	807	-	1,042
Public safety.....	483	3,576	-	4,059
Public works.....	2,397	-	-	2,397
Infrastructure.....	-	29,508	9,653	39,161
Total.....	<u>\$ 4,052</u>	<u>\$ 41,197</u>	<u>\$ 9,653</u>	<u>\$ 54,902</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, 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 2021 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, 2021.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Tax Abatement Activity		2021 Taxes Refunded	2021 Remaining
	2020 Remaining	Additions		
Program 1, Developer-Financed				
		<i>(Thousands of Dollars)</i>		
TID 52.....	\$ 308	\$ 18	\$ (326)	\$ -
TID 57.....	1,549	88	(449)	1,188
TID 64.....	11,985	935	(377)	12,543
TID 78.....	43,618	1,872	(5,121)	40,369
TID 80.....	2,125	108	(285)	1,948
TID 83.....	4,326	(84)	(169)	4,073
TID 84.....	9,000	-	-	9,000
TID 86.....	1,468	73	(28)	1,513
TID 87.....	1,096	55	(89)	1,062
TID 90.....	593	30	(37)	586
TID 93.....	548	27	(51)	524
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
TID 104.....	460	-	-	460
TID 105.....	3,150	-	-	3,150
TID 107.....	-	720	-	720
TID 108.....	-	7,900	-	7,900
Total Program 1.....	<u>\$ 137,026</u>	<u>\$ 11,742</u>	<u>\$ (6,932)</u>	<u>\$ 141,836</u>
Program 2, Grant				
TID 63.....	1,351	-	(79)	1,272
Total Program 2.....	<u>\$ 1,351</u>	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ 1,272</u>
Total tax abatements.....	<u>\$ 138,377</u>	<u>\$ 11,742</u>	<u>\$ (7,011)</u>	<u>\$ 143,108</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

15. SUBSEQUENT EVENTS

On February 9, 2022, the City received \$103,904 on the Series 2018 S2 from the Clean Water Fund (CWF) program for sewer capital purposes.

On February 23, 2022, the City received \$107,881 on the Series 2019 S1 from the CWF program for sewer capital purposes.

On February 23, 2022, the City received \$153,842 on the Series 2021 S1 from the CWF program for sewer capital purposes.

On February 23, 2022, the City received \$13,228,059 on the Series 2021 S1 from the CWF program for sewer capital purposes. \$750,000 was immediately forgiven by the State. The Series 2022 S1 matures in each of the years 2022–2041.

On March 23, 2022, the City received \$4,810,771 on the Series 2022 W2 from the Safe Drinking Water Loan (SDWL) program for water capital purposes. The Series 2022 W2 matures in each of the years 2022-2041.

On May 19, 2022, the City issued \$69,940,000 of general obligation promissory notes, Series 2022 N3, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2023 through 2032.

On May 19, 2022, the City issued \$27,960,000 of general obligation corporate purpose bonds, Series 2022 B4 for capital project and refunding purposes. The bonds mature in each of the years 2033 through 2042.

On May 19, 2022, the City issued \$4,955,000 of taxable general obligation promissory notes, Series 2022 T5, for capital project and refunding purposes. The notes mature in each of the years 2023 through 2032.

On May 19, 2022, the City issued \$3,650,000 taxable corporate purpose bonds, Series 2022 T6 for capital project and refunding purposes. The bonds mature in each of the years 2033 through 2042.

On May 20, 2022, the City paid off \$26,250,000 of the 2021 N9 Revolving Loan Agreement with Huntington Bank and paid down \$2,300,000 on the 2021 T10 Revolving Loan Agreement with Huntington Bank.

On June 1, 2022, with proceeds of the Series 2022 N3 and Series 2022 T5 General Obligation Promissory Notes and cash on hand, the City paid off the \$8,455,000 Series 2012 B3 and \$3,540,000 Series 2012 T5 General Obligation Corporate Purpose Bonds.

On June 6, 2022, the City received the remaining \$197 million allocated by the American Rescue Plan Act (ARPA). The federal government passed the ARPA on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City will use the funds to combat the negative effects of the public health emergency in the local economy. The funds are to cover costs incurred by December 31, 2024.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit E-1

	<u>Budgeted Amounts</u>		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Property taxes	\$ 216,929	\$ 216,929	\$ 216,995	\$ 66
Other taxes	3,425	3,425	4,286	861
Licenses and permits	17,314	17,314	17,197	(117)
Intergovernmental	275,660	275,660	275,702	42
Charges for services	140,034	140,034	131,251	(8,783)
Fines and forfeits	2,500	2,500	2,578	78
Other	19,504	19,504	14,648	(4,856)
Total Revenues	<u>675,366</u>	<u>675,366</u>	<u>662,657</u>	<u>(12,709)</u>
Expenditures:				
Current:				
General government	282,166	264,072	257,271	6,801
Public safety	306,285	314,952	312,277	2,675
Public works	106,489	108,047	107,321	726
Health	10,531	12,983	12,623	360
Culture and recreation	18,402	18,695	18,359	336
Conservation and development	4,448	4,711	4,673	38
Total Expenditures	<u>728,321</u>	<u>723,460</u>	<u>712,524</u>	<u>10,936</u>
Deficiency of Revenues over Expenditures	<u>(52,955)</u>	<u>(48,094)</u>	<u>(49,867)</u>	<u>(1,773)</u>
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	2,729	900	(1,829)
Transfers in	16,000	32,582	38,921	6,339
Transfers out	(1,200)	(1,200)	(2,109)	(909)
Contributions received	25,955	25,955	18,295	(7,660)
Contributions used	(24,269)	(24,708)	(18,127)	6,581
Use of fund balance - reserved for tax stabilization ...	6,500	6,500	6,500	-
Total Other Financing Sources and Uses	<u>22,986</u>	<u>41,858</u>	<u>44,380</u>	<u>2,522</u>
Net Change in Fund Balance	<u>(29,969)</u>	<u>(6,236)</u>	<u>(5,487)</u>	<u>749</u>
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	<u>181,892</u>	<u>181,892</u>	<u>181,892</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 151,923</u>	<u>\$ 175,656</u>	<u>\$ 176,405</u>	<u>\$ 749</u>

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 \$6.5 million at January 1, 2021.

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 - ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit E-2

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 55,803	\$ 55,803	\$ -
Total Revenues	<u>55,803</u>	<u>55,803</u>	<u>-</u>
Expenditures:			
Current:			
Conservation and development	<u>5,300</u>	<u>5,396</u>	\$ (96)
Excess of Revenues over Expenditures	50,503	50,407	(96)
Other Financing Sources (Uses):			
Transfers in	2,073	2,073	-
Transfers out	<u>(44,088)</u>	<u>(44,151)</u>	<u>63</u>
Total Other Financing Sources and Uses	<u>(42,015)</u>	<u>(42,078)</u>	<u>63</u>
Net Change in Fund Balance	8,488	8,329	(159)
Fund Balance - Beginning	<u>104,709</u>	<u>104,709</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 113,197</u>	<u>\$ 113,038</u>	<u>\$ (159)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
BUDGETARY COMPARISON SCHEDULE - GRANT AND AID PROJECTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit E-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 339,786	\$ 109,076	\$ (230,710)
Expenditures:			
Current:			
Public safety	120,164	49,370	70,794
Public works	31,450	3,123	28,327
Health	113,662	31,577	82,085
Culture and recreation	15,084	1,405	13,679
Conservation and development	<u>59,426</u>	<u>7,474</u>	<u>51,952</u>
Total Expenditures	<u>339,786</u>	<u>92,949</u>	<u>246,837</u>
Excess of Revenues over Expenditures	-	16,127	16,127
Other Financing Sources (Uses):			
Loans receivable activities	-	(233)	(233)
Net Change in Fund Balance	-	15,894	15,894
Fund Balance (deficit) - Beginning	-	(20,509)	(20,509)
Fund Balance (deficit) - Ending	<u>\$ -</u>	<u>\$ (4,615)</u>	<u>\$ (4,615)</u>
See accompanying independent auditors' report.			

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit E-4

RETIREE HEALTH AND LIFE INSURANCE (OPEB)

PLAN FIDUCIARY NET POSITION

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer contributions.....	\$ 35,916	\$ 40,842	\$ 36,445	\$ 41,286
Active member contributions.....	-	-	-	-
Net investment income.....	-	-	-	-
Benefit payments.....	(35,916)	(40,842)	(36,445)	(41,286)
Operating expenses.....	-	-	-	-
Other.....	-	-	-	-
Net Change in Plan Fiduciary Net Position.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Discount rate at beginning of year.....	3.31%	3.71%	2.75%	2.00%
Discount rate at end of year.....	3.71%	2.75%	2.00%	1.84%

TOTAL OPEB LIABILITY

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability beginning of year.....	\$ 1,228,405	\$ 1,212,927	\$ 1,444,168	\$ 1,690,355
OPEB expense.....	80,742	107,414	145,270	134,199
Employer contributions.....	(35,916)	(40,842)	(36,445)	(41,286)
Change in outflow/(inflow) due to non-investment experience.....	(156)	-	-	-
Change in outflow/(inflow) due to assumption changes.....	(60,148)	211,954	133,199	(91,708)
Change in outflow/(inflow) due to liability experience.....	-	(47,285)	4,163	(11,006)
Total OPEB liability end of year.....	<u>\$ 1,212,927</u>	<u>\$ 1,444,168</u>	<u>\$ 1,690,355</u>	<u>\$ 1,680,554</u>

SCHEDULE OF OPEB CONTRIBUTIONS

FY ending	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency Excess	Covered-Employee Payroll	Actual	Total OPEB
					Contribution as a % of Covered Payroll	Liability as a % of Covered Payroll
<u>December 31</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Excess</u>	<u>Payroll</u>	<u>Payroll</u>	<u>Payroll</u>
2017	N/A	\$ 34,120	N/A	\$ 410,203	8.32%	299.46%
2018	N/A	\$ 35,918	N/A	\$ 422,509	8.50%	287.08%
2019	N/A	\$ 40,842	N/A	\$ 375,433	10.90%	384.67%
2020	N/A	\$ 36,445	N/A	\$ 388,040	9.39%	435.61%
2021	N/A	\$ 41,286	N/A	\$ 346,833	11.90%	484.54%

Note: Schedule is intended to report data for the last 10 fiscal years. Additional years will be displayed as they become available. There are no assets accumulated in a trust to fund future OPEB obligations.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit E-4

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Employees' Retirement System

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>
The City's proportion of the net pension liability (asset).....	83.92%	83.08%	82.85%	83.74%	85.56%
The City's proportionate share of the net pension liability (asset).....	\$ 95,224	\$ 349,915	\$ 353,030	\$ 303,583	\$ 1,145,601
The City's covered payroll.....	\$ 444,719	\$ 445,615	\$ 483,819	\$ 483,261	\$ 491,477
Plan fiduciary net position as a percentage of the total pension liability (asset).....	97.76%	91.95%	91.98%	93.70%	78.70%

	<u>12/31/20</u>	<u>12/31/21</u>
The City's proportion of the net pension liability (asset).....	85.63%	84.92%
The City's proportionate share of the net pension liability (asset).....	850,751	927,864
The City's covered payroll.....	498,051	506,458
Plan fiduciary net position as a percentage of the total pension liability (asset).....	84.83%	83.80%

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 - covered payroll.....	\$ 375,751	\$ 380,976	\$ 383,845	\$ 422,717	\$ 483,261
Contributions as a percentage of covered payroll.....	16.27%	15.75%	15.99%	15.47%	14.47%

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Legally required contributions.....	\$ 76,657	\$ 77,295	\$ 76,660
Contributions in relation to the required contributions.....	\$ 71,160	\$ 82,533	\$ 74,443
Contribution deficiency (excess).....	\$ 5,507	\$ (5,238)	\$ 2,217
City's pensionable - covered payroll.....	\$ 491,477	\$ 395,015	\$ 387,823
Contributions as a percentage of covered payroll.....	14.48%	20.89%	19.20%

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, 2021

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2020
Measurement date	December 31, 2021
Actuarial cost method	Entry age normal (level percent of salary)
Amortization method	Average of expected remaining service lives
Amortization period	6 years
Contribution policy	Pay-as-you-go
Asset valuation method	No assets
Current discount rate	1.84%
Wage inflation	2.5% for general employees and 4.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Health care inflation rate	Pre-Medicare trend rates are 4.0% for 2022, 7.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2034. Post-Medicare trend rates are 6.0% for 2022, 8.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2038.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.

Changes of assumptions: The discount rate changed from 2.0% to 1.84%.

The City implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2020
Measurement date	December 31, 2020
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on fair value.
Investment rate of return	7.50% per annum, compounded annually.
Projected salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation assumption	2.50%
Changes of assumptions	The discount rate remained unchanged at 7.5%.
Changes of benefit terms	There were no changes of benefit terms for any City of Milwaukee Employees' Retirement System participants.

Chapter 36 of the City Ordinances requires the City to contribute 100% of pension liability.

See accompanying independent auditors' report

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Budgets and Budgetary Accounting

City departments are required to submit their annual budget requests for the ensuing year to the Mayor by the second Tuesday in May. The Department of Administration, Division of Budget and Management Analysis, acting as staff for the Mayor, reviews the request in detail with the departments during June and July. After all of the requests have been reviewed, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28. The Common Council must complete its review and adopt the budget on or before November 14. Once adopted, Common Council approval is required to amend the total appropriations by a department at the object class level, the legal level of control for each budget. During the year, various amendments were made to the budget including carryovers of appropriations and encumbrances, and internal transfers.

Annual budgets are legally adopted by the Common Council for some but not all governmental funds. Annual budgets are not adopted for the Special Revenue Funds: Delinquent Tax, Public Debt Amortization and Capital Projects Funds. The General Obligation Debt Service Fund uses a non-appropriated budget. Budgets for Capital Projects Funds are prepared for the project life, rather than for the standard current fiscal year. Therefore, project appropriations for these budgets lapse at the conclusion of the project. All other appropriations lapse at the end of the current fiscal year. Governmental funds for which annual budgets have been adopted are included in the accompanying Required Supplementary Information Budgetary Comparison Schedule and in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

See accompanying independent auditors' report

**COMBINING
AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

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Nonmajor Governmental Funds

Nonmajor funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Community Development Block Grant – The Community Development Block Grant Program receives annual grants pursuant to the Federal Housing and Community Development Act of 1974. This fund also includes amounts received under the Section 108 Loan Program. The City's Department of Administration is responsible for the planning, execution and evaluation of the Program.

Delinquent Tax – This fund was established as a reserve against uncollected delinquent property taxes. Fund resources, consisting initially of bond proceeds, are used to purchase delinquent property taxes from the General Fund. Collections on these purchased receivables and related interest thereon are transferred to the General Obligation Debt Service Fund to provide for the related debt service requirements.

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit F-1

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 854	\$ -	\$ 854
Receivables (net):			
Taxes	-	28,705	28,705
Notes and loans	4,461	-	4,461
Due from component units	9	-	9
Due from other governmental agencies	<u>7,010</u>	<u>-</u>	<u>7,010</u>
Total Assets	<u>\$ 12,334</u>	<u>\$ 28,705</u>	<u>\$ 41,039</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 5,176	\$ 9	\$ 5,185
Accrued expenses	257	-	257
Advance from other funds	-	3,742	3,742
Due to other funds	1,067	28,781	29,848
Due to other governmental agencies	854	-	854
Unearned revenue.....	<u>519</u>	<u>-</u>	<u>519</u>
Total Liabilities	<u>7,873</u>	<u>32,532</u>	<u>40,405</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>34</u>	<u>7,438</u>	<u>7,472</u>
Fund Balances (Deficit):			
Restricted.....	4,427	-	4,427
Unassigned (Deficit).....	-	(11,265)	(11,265)
Total Fund Balances (Deficit).....	<u>4,427</u>	<u>(11,265)</u>	<u>(6,838)</u>
Total Liabilities, Deferred Inflows and Fund Balances ..	<u>\$ 12,334</u>	<u>\$ 28,705</u>	<u>\$ 41,039</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, 2021
(Thousands of Dollars)

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 33,643	\$ -	\$ 33,643
Other	<u>-</u>	<u>10,461</u>	<u>10,461</u>
Total Revenues	<u>33,643</u>	<u>10,461</u>	<u>44,104</u>
Expenditures:			
Current:			
General government	2,179	1,592	3,771
Public safety	11,767	-	11,767
Culture and recreation	1,897	-	1,897
Conservation and development	<u>6,518</u>	<u>-</u>	<u>6,518</u>
Total Expenditures	<u>22,361</u>	<u>1,592</u>	<u>23,953</u>
Excess of Revenues over Expenditures	<u>11,282</u>	<u>8,869</u>	<u>20,151</u>
Other Financing Sources (Uses):			
General obligation bonds and notes issued ..	-	15,638	15,638
Loans receivable activities.....	(416)	-	(416)
Transfers in	-	3,292	3,292
Transfers out	<u>-</u>	<u>(20,043)</u>	<u>(20,043)</u>
Total Other Financing Sources (Uses)	<u>(416)</u>	<u>(1,113)</u>	<u>(1,529)</u>
Net Change in Fund Balances.....	10,866	7,756	18,622
Fund Balances - Beginning (Deficit).....	<u>(6,439)</u>	<u>(19,021)</u>	<u>(25,460)</u>
Fund Balances - Ending (Deficit).....	<u>\$ 4,427</u>	<u>\$ (11,265)</u>	<u>\$ (6,838)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit F-3

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 33,643	\$ 33,643	\$ -
Expenditures:			
Current:			
General government	2,179	2,179	-
Public safety	11,767	11,767	-
Culture and recreation	1,897	1,897	-
Conservation and development	<u>6,518</u>	<u>6,518</u>	<u>-</u>
Total Expenditures	<u>22,361</u>	<u>22,361</u>	<u>-</u>
Excess of Revenues over Expenditures	11,282	11,282	-
Other Financing Sources (uses):			
Loans receivable activities	<u>(416)</u>	<u>(416)</u>	<u>-</u>
Net Change in Fund Balance	10,866	10,866	-
Fund Deficit - Beginning	<u>(6,439)</u>	<u>(6,439)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,427</u>	<u>\$ 4,427</u>	<u>\$ -</u>
See accompanying independent auditors' report.			

Nonmajor Proprietary Funds

Proprietary Funds are used to account for operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Transportation – This fund accounts for revenues derived from parking meters, parking permits, rentals and leasing of parking facilities, and other revenues attributable to parking. The revenues are used to defray administrative and operational costs related to parking operations, and to acquire landscape and construct parking lots and structures. This fund also accounts for streetcar operations and structures.

Port of Milwaukee – All activities necessary to operate and maintain the Port of Milwaukee and other related harbor activities are accounted for in this fund.

Metropolitan Sewerage District User Charge – The Metropolitan Sewerage District User Charge Fund is used to account for sewerage treatment charges by the Milwaukee Metropolitan Sewerage District to the City on a “wholesale” user charge basis and the subsequent billing by the City to customers on a “retail” basis. The City adds administrative expense to the District’s charges and includes the sewer user charges on the quarterly water bills.

CITY OF MILWAUKEE
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2021
 (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	\$ 94	\$ 80	\$ -	\$ 174
Receivables (net):				
Accounts	1,113	990	12,408	14,511
Unbilled accounts	-	-	3,952	3,952
Due from other funds	-	-	1,684	1,684
Due from other governmental agencies	1,133	6,930	-	8,063
Total Current Assets	<u>2,340</u>	<u>8,000</u>	<u>18,044</u>	<u>28,384</u>
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	14,618	1,370	-	15,988
Capital assets being depreciated:				
Buildings	89,320	14,242	-	103,562
Infrastructures	-	21,476	-	21,476
Improvements other than buildings	5,194	9,918	-	15,112
Machinery and equipment	9,540	9,162	-	18,702
Accumulated depreciation	<u>(60,814)</u>	<u>(30,846)</u>	<u>-</u>	<u>(91,660)</u>
Net Capital Assets	<u>66,865</u>	<u>33,776</u>	<u>-</u>	<u>100,641</u>
Total Assets.....	<u>69,205</u>	<u>41,776</u>	<u>18,044</u>	<u>129,025</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	1,427	318	-	1,745
Deferred outflows for other post employment benefits	<u>2,325</u>	<u>506</u>	<u>-</u>	<u>2,831</u>
Total Deferred Outflows of Resources.....	<u>3,752</u>	<u>824</u>	<u>-</u>	<u>4,576</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 2,730	\$ 5,812	\$ 7,716	\$ 16,258
Accrued expenses	519	61	-	580
Accrued interest payable	179	44	-	223
Compensated absences	508	124	-	632
Due to other funds	-	-	10,328	10,328
Unearned revenue.....	262	429	-	691
General obligation debt payable - current	2,017	557	-	2,574
Total Current Liabilities	6,215	7,027	18,044	31,286
Noncurrent Liabilities:				
General obligation debt payable	17,610	4,652	-	22,262
Advances from other funds	17,107	4,517	2,184	23,808
Other post employment benefits liability.....	13,934	2,614	-	16,548
Net pension liability	4,933	1,100	-	6,033
Total Noncurrent Liabilities	53,584	12,883	2,184	68,651
Total Liabilities	59,799	19,910	20,228	99,937
Deferred Inflows:				
Deferred inflows for pensions	925	206	-	1,131
Deferred inflows for OPEB	2,019	234	-	2,253
Total Deferred Inflows of Resources.....	2,944	440	-	3,384
NET POSITION:				
Net investment in capital assets.....	47,238	28,567	-	75,805
Unrestricted (Deficit).....	(37,024)	(6,317)	(2,184)	(45,525)
Total Net Position (Deficit)	\$ 10,214	\$ 22,250	\$ (2,184)	\$ 30,280

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, 2021
 (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	\$ -	\$ -	\$ 56,187	\$ 56,187
Rent	4,649	6,392	-	11,041
Parking meters	4,254	-	-	4,254
Parking permits	3,934	-	-	3,934
Vehicle towing	6,847	-	-	6,847
Parking forfeitures	13,154	-	-	13,154
Other	-	-	1,360	1,360
Total Operating Revenues	<u>32,838</u>	<u>6,392</u>	<u>57,547</u>	<u>96,777</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	49,542	49,542
Employee services	8,582	2,096	8	10,686
Depreciation	2,389	1,338	-	3,727
Services, supplies and materials	16,726	6,197	4,825	27,748
Total Operating Expenses	<u>27,697</u>	<u>9,631</u>	<u>54,375</u>	<u>91,703</u>
Operating Income (Loss)	<u>5,141</u>	<u>(3,239)</u>	<u>3,172</u>	<u>5,074</u>
Nonoperating Revenues (Expenses):				
Grant revenue	4,525	7,927	-	12,452
Interest expense	(678)	(210)	-	(888)
Other	1,740	(343)	-	1,397
Total Nonoperating Revenues (Expenses)	<u>5,587</u>	<u>7,374</u>	<u>-</u>	<u>12,961</u>
Income before Transfers	10,728	4,135	3,172	18,035
Transfers in	18	813	-	831
Transfers out	(18,507)	(1,775)	-	(20,282)
Change in Net Position	(7,761)	3,173	3,172	(1,416)
Total Net Position (Deficit) - Beginning.....	<u>17,975</u>	<u>19,077</u>	<u>(5,356)</u>	<u>31,696</u>
Total Net Position (Deficit) - Ending	<u>\$ 10,214</u>	<u>\$ 22,250</u>	<u>\$ (2,184)</u>	<u>\$ 30,280</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	\$ 31,923	\$ 8,153	\$56,045	\$ 96,121
Payments to suppliers	(16,627)	(806)	(54,877)	(72,310)
Payments to employees	(7,029)	(1,789)	(2)	(8,820)
Payments from(to) other funds	5,015	(6,907)	(1,166)	(3,058)
Net Cash Provided by Operating Activities	<u>13,282</u>	<u>(1,349)</u>	<u>-</u>	<u>11,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating revenues	1,111	7,927	-	9,038
Transfers from other funds	18	813	-	831
Transfers to other funds	(18,507)	(1,775)	-	(20,282)
Net Cash Used for Noncapital Financing Activities	<u>(17,378)</u>	<u>6,965</u>	<u>-</u>	<u>(10,413)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	8,704	355	-	9,059
Acquisition of property, plant and equipment	(3,391)	(5,338)	-	(8,729)
Retirement of bonds, notes and revenue bonds	(3,497)	(771)	-	(4,268)
Interest paid	(635)	(207)	-	(842)
Other	1,669	345	-	2,014
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>2,850</u>	<u>(5,616)</u>	<u>-</u>	<u>(2,766)</u>
Net Decrease in Cash and Cash Equivalents	(1,246)	-	-	(1,246)
Cash and Cash Equivalents - Beginning	1,340	80	-	1,420
Cash and Cash Equivalents - Ending	<u>\$ 94</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 174</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 5,141	\$(3,239)	\$ 3,172	\$ 5,074
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,389	1,338	-	3,727
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	(915)	1,761	(1,503)	(657)
Due from other funds	5,017	(6,852)	(940)	(2,775)
Accounts payable	99	5,391	(501)	4,989
Accrued liabilities	184	(16)	(2)	166
Compensated absences	(17)	(10)	-	(27)
Net other postemployment benefits obligation	(1,661)	(140)	-	(1,801)
Net pension liability	534	119	-	653
Due to other funds	(2)	(55)	(226)	(283)
Deferred pension inflows	(450)	(101)	-	(551)
Deferred pension outflows	776	173	-	949
Deferred OPEB inflows	1,510	166	-	1,676
Deferred OPEB outflows	677	116	-	793
Net Cash Provided by Operating Activities	<u>\$ 13,282</u>	<u>\$(1,349)</u>	<u>\$ -</u>	<u>\$ 11,933</u>

See accompanying independent auditors' report.

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Custodial Funds

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit H-2

	Board of School Directors	Property Tax	Other Custodial Funds	Total
Additions				
Contributions:				
Plan members	\$ -	\$ -	\$ 207	\$ 207
Fees, Penalties & Taxes:				
Property Tax	1,335,491	214,675	1,751	1,551,917
Investment earnings:				
Net appreciation in fair value of investments, dividends and interest	-	-	1	1
Total Additions	1,335,491	214,675	1,959	1,552,125
Deductions				
Funds remitted to agencies	-	-	1,959	1,959
Taxes remitted to other governments	1,335,491	214,675	-	1,550,166
Total Deductions	1,335,491	214,675	1,959	1,552,125
Change in Net Position	-	-	-	-
Net Position - Beginning	-	-	-	-
Net Position - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit I-1

Year Levied	Real Estate	Personal Property	Total
2009	\$ 485	\$ -	\$ 485
2010	481	-	481
2011	523	-	523
2012	679	-	679
2013	916	-	916
2014	1,333	-	1,333
2015	1,691	190	1,881
2016	2,242	221	2,463
2017	2,560	219	2,779
2018	3,652	244	3,896
2019	6,557	252	6,809
2020	<u>16,183</u>	<u>196</u>	<u>16,379</u>
Delinquent Taxes Receivable	<u>\$ 37,302</u>	<u>\$ 1,322</u>	38,624
Add: Property taxes receivable on foreclosed property (A)			<u>44,395</u>
Total Delinquent Taxes Receivable			83,019
Less: Estimated uncollectible taxes			<u>(38,402)</u>
Net Delinquent Taxes Receivable			<u>\$ 44,617</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, 2021
(Thousands of Dollars)

Cash and Cash Equivalents:	
Cash	\$ 91,881
Local Government Pooled - Investment Fund ...	502,784
Institutional Money Market Fund	69,885
Cash with Fiscal Agent	<u>40,947</u>
 Total Cash and Cash Equivalents	 \$ 705,497
Investments:	
Municipal Bonds.....	28,806
Investment Portfolio	34,579
Other	<u>909</u>
 Total Investments	 <u>64,294</u>
 Total Cash and Cash Equivalents and Investments	 <u>\$ 769,791</u>
	Cash and Investments Total
Cash and Cash Equivalents and Investments - Fund:	
General	\$ 136,959
General Obligation Debt Service	72,098
Public Debt Amortization	33,138
Economic Development	90,350
Capital Projects	40,186
Grant and Aid Projects	191,311
Nonmajor Governmental Funds	854
Water Works	71,910
Sewer Maintenance	30,837
Nonmajor Proprietary Funds	174
Fiduciary Funds	<u>101,974</u>
 Total Cash and Cash Equivalents and Investments - Fund	 <u>\$ 769,791</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 5,546	\$ 2,280	\$11,464	\$ 3,283	\$ 2,250	\$ 911
2023	5,493	2,013	10,315	2,743	2,314	809
2024	5,493	1,753	10,209	2,230	2,024	706
2025	5,713	1,494	7,671	1,783	2,158	608
2026	4,978	1,244	7,671	1,399	2,157	508
2027	4,729	1,022	7,671	1,016	1,884	419
2028	4,449	823	5,561	685	1,798	341
2029	3,877	644	5,561	407	1,785	265
2030	3,287	484	3,792	172	1,355	199
2031	2,711	349	1,564	39	1,134	144
2032	2,306	242	-	-	916	100
2033	2,197	155	-	-	791	69
2034	1,536	90	-	-	733	43
2035	1,262	42	-	-	597	20
2036	661	10	-	-	347	5
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Totals	54,238	12,645	71,479	13,757	22,243	5,147
Total Requirements	<u>\$66,883</u>		<u>\$85,236</u>		<u>\$27,390</u>	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 557	\$ 194	\$ 2,902	\$ 1,107	\$ 597	\$ 83
551	171	3,505	984	597	60
548	149	2,810	846	597	36
552	126	2,756	716	597	12
517	104	2,610	593	-	-
483	85	2,235	489	-	-
417	68	2,187	403	-	-
398	53	2,124	318	-	-
296	40	2,057	233	-	-
281	28	1,690	157	-	-
226	18	1,034	102	-	-
179	11	961	62	-	-
124	5	589	34	-	-
69	2	505	13	-	-
11	-	133	2	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,209</u>	<u>1,054</u>	<u>28,098</u>	<u>6,059</u>	<u>2,388</u>	<u>191</u>
<u>\$6,263</u>		<u>\$34,157</u>		<u>\$2,579</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 3,886	\$ 6,686	\$ 431	\$ 115	\$ 4,604	\$ 1,990
2023	66,539	4,968	431	96	7,268	1,772
2024	3,885	3,219	394	80	4,550	1,503
2025	3,885	3,029	370	63	4,540	1,290
2026	3,885	2,840	323	49	4,253	1,083
2027	3,437	2,659	232	39	3,951	893
2028	3,219	2,492	171	32	3,698	726
2029	2,670	2,345	172	26	3,445	573
2030	121,470	1,175	172	20	3,232	430
2031	1,445	36	172	14	2,822	301
2032	-	-	113	10	2,369	198
2033	-	-	104	6	1,805	124
2034	-	-	95	2	1,508	68
2035	-	-	51	1	868	28
2036	-	-	20	-	408	6
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Totals	<u>214,321</u>	<u>29,449</u>	<u>3,251</u>	<u>553</u>	<u>49,321</u>	<u>10,985</u>
Total Requirements	<u>\$243,770</u>		<u>\$3,804</u>		<u>\$60,306</u>	

See accompanying independent auditors' report.

<u>Public Buildings</u>		<u>Schools</u>		<u>Sewer Maintenance</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 16,431	\$ 5,738	\$ 1,208	\$ 2,259	\$ 750	\$ 131
21,556	4,975	1,243	2,205	750	94
14,467	4,143	1,057	2,155	749	56
12,574	3,515	12,830	2,116	749	19
12,347	2,939	-	1,958	-	-
12,180	2,388	37,300	980	-	-
10,801	1,890	-	-	-	-
9,933	1,443	-	-	-	-
8,806	1,036	-	-	-	-
6,346	707	-	-	-	-
4,596	479	-	-	-	-
4,446	312	-	-	-	-
3,446	179	-	-	-	-
2,371	80	-	-	-	-
1,343	21	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
141,643	29,845	53,638	11,673	2,998	300
<u>\$171,488</u>		<u>\$65,311</u>		<u>\$3,298</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Streets		Tax Incremental Districts		Transportation	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 26,674	\$ 10,959	\$ 17,039	\$ 5,411	\$ 2,017	\$ 692
2023	43,711	9,680	15,751	4,714	1,920	610
2024	26,876	8,069	15,194	4,075	1,844	534
2025	25,948	6,832	13,065	3,507	1,727	463
2026	24,880	5,642	14,157	2,981	1,564	397
2027	22,510	4,568	14,090	2,462	1,445	340
2028	19,312	3,677	13,236	1,978	1,349	289
2029	18,032	2,889	10,757	1,579	1,268	242
2030	15,759	2,161	9,329	1,266	1,161	198
2031	14,075	1,521	8,731	985	1,086	157
2032	10,973	1,008	7,863	719	1,009	119
2033	9,865	613	6,227	491	993	84
2034	6,361	328	2,523	355	900	52
2035	4,489	141	1,748	292	810	25
2036	2,009	30	1,661	247	534	7
2037	-	-	1,870	201	-	-
2038	-	-	1,710	152	-	-
2039	-	-	1,755	105	-	-
2040	-	-	1,675	58	-	-
2041	-	-	1,345	17	-	-
Totals	<u>271,474</u>	<u>58,118</u>	<u>159,726</u>	<u>31,595</u>	<u>19,627</u>	<u>4,209</u>
Total Requirements	<u>\$329.592</u>		<u>\$191.321</u>		<u>\$23.836</u>	

See accompanying independent auditors' report.

Exhibit I-3 (Continued)

Urban Renewal		Total Requirements	
Principal	Interest	Principal	Interest
\$ 5,554	\$ 1,177	\$ 101,910	\$ 43,016
6,016	1,003	187,960	36,897
4,978	814	95,675	30,368
4,890	645	100,025	26,218
3,038	510	82,380	22,247
1,893	424	114,040	17,784
1,882	356	68,080	13,760
1,828	292	61,850	11,076
1,764	226	172,480	7,640
1,728	159	43,785	4,597
1,725	97	33,130	3,092
1,092	50	28,660	1,977
720	21	18,535	1,177
290	6	13,060	650
33	-	7,160	328
-	-	1,870	201
-	-	1,710	152
-	-	1,755	105
-	-	1,675	58
-	-	1,345	17
37,431	5,780	1,137,085	221,360
<u>\$43,211</u>		<u>\$1,358,445</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY - WATER REVENUE
AND DISCLOSURE OF BOND COVERAGE**
(Thousands of Dollars)

Exhibit I-4

Year	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 455	\$ 311	\$ 4,708	\$ 1,570	\$ 5,163	\$ 1,881
2023	460	293	4,790	1,487	5,250	1,780
2024	465	270	4,873	1,403	5,338	1,673
2025	475	246	4,958	1,318	5,433	1,564
2026	480	222	5,044	1,231	5,524	1,453
2027	490	203	5,131	1,142	5,621	1,345
2028	500	187	5,221	1,052	5,721	1,239
2029	510	168	5,312	960	5,822	1,128
2030	520	148	5,404	867	5,924	1,015
2031	535	127	5,498	772	6,033	899
2032	550	105	5,594	676	6,144	781
2033	565	83	5,691	578	6,256	661
2034	580	60	5,410	481	5,990	541
2035	595	36	4,991	392	5,586	428
2036	610	12	5,076	306	5,686	318
2037	-	-	4,264	225	4,264	225
2038	-	-	3,979	154	3,979	154
2039	-	-	3,348	90	3,348	90
2040	-	-	2,620	41	2,620	41
2041	-	-	1,306	10	1,306	10
	<u>\$ 7,790</u>	<u>\$ 2,471</u>	<u>\$ 93,218</u>	<u>\$ 14,755</u>	<u>\$ 101,008</u>	<u>\$ 17,226</u>

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2021 consisted of gross revenues plus interest income in the amount of \$99,740, less operating expenses (excluding depreciation) of \$62,199. As a result, the net revenue available for debt service was \$37,541. Debt service requirements consists of \$7,044 for 2022. At the end of the year, bond coverage computes to 5.33.

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
2022	\$ 7,415	\$ 6,382	\$ 11,051	\$ 2,995	\$ 18,466	\$ 9,377
2023	7,875	6,000	11,292	2,770	19,167	8,770
2024	5,670	5,661	11,539	2,521	17,209	8,182
2025	5,960	5,370	11,791	2,266	17,751	7,636
2026	8,035	5,029	12,049	2,004	20,084	7,033
2027	10,230	4,613	12,312	1,738	22,542	6,351
2028	10,730	4,155	11,658	1,477	22,388	5,632
2029	11,255	3,675	9,625	1,248	20,880	4,923
2030	11,775	3,196	8,716	1,057	20,491	4,253
2031	12,295	2,722	7,490	894	19,785	3,616
2032	10,660	2,279	7,639	742	18,299	3,021
2033	11,110	1,871	7,792	589	18,902	2,460
2034	7,410	1,535	6,408	451	13,818	1,986
2035	7,665	1,277	6,527	331	14,192	1,608
2036	7,935	1,009	5,369	224	13,304	1,233
2037	1,820	828	4,234	140	6,054	968
2038	1,915	734	3,050	79	4,965	813
2039	2,010	636	2,195	36	4,205	672
2040	2,115	533	1,287	10	3,402	543
2041	2,225	424	-	-	2,225	424
2042	2,315	334	-	-	2,315	334
2043	2,385	264	-	-	2,385	264
2044	2,455	191	-	-	2,455	191
2045	2,530	116	-	-	2,530	116
2046	2,610	39	-	-	2,610	39
	<u>\$ 158,400</u>	<u>\$ 58,873</u>	<u>\$ 152,024</u>	<u>\$ 21,572</u>	<u>\$ 310,424</u>	<u>\$ 80,445</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$70,853 less operating expenses \$54,050 (excluding depreciation) of \$16,803. As a result, the net revenue available for debt service was \$54,284. Debt service requirements consisted of \$27,843 for 2022. At the end of the year, bond coverage computes to 1.94.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$5,111	\$ 826	\$ 2,087	\$ 442	\$ 1,214
Receivables (net):					
Taxes	-	66	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	364	-	-	736	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$5,475</u>	<u>\$ 892</u>	<u>\$ 2,087</u>	<u>\$1,178</u>	<u>\$ 1,214</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$1,023	\$ -	\$ 452	\$ 34	\$ 51
Accrued expenses	16	-	-	7	15
Due to component units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>1,039</u>	<u>-</u>	<u>452</u>	<u>41</u>	<u>66</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>171</u>	<u>115</u>	<u>-</u>	<u>736</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	4,265	777	1,635	401	1,148
Unassigned	-	-	-	-	-
Total Fund Balances	<u>4,265</u>	<u>777</u>	<u>1,635</u>	<u>401</u>	<u>1,148</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$5,475</u>	<u>\$ 892</u>	<u>\$ 2,087</u>	<u>\$1,178</u>	<u>\$ 1,214</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ -	\$ 8,460	\$ 12,142	\$ 9,904	\$ -	\$ -	\$ 40,186
-	-	114	-	5,528	1,017	6,725
-	-	-	64	-	-	64
-	-	-	-	-	5,864	5,864
-	-	124	-	-	-	124
-	-	-	6,788	-	-	7,888
-	-	-	73	188	-	261
<u>\$ -</u>	<u>\$ 8,460</u>	<u>\$ 12,380</u>	<u>\$ 16,829</u>	<u>\$ 5,716</u>	<u>\$ 6,881</u>	<u>\$ 61,112</u>
\$ 211	\$ 3,651	\$ 594	\$ 4,641	\$ 2,692	\$ 540	\$ 13,889
-	24	10	254	6	-	332
-	-	38	-	-	-	38
-	-	-	163	-	-	163
<u>1,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,816</u>	<u>5,615</u>	<u>22,424</u>
<u>2,204</u>	<u>3,675</u>	<u>642</u>	<u>5,058</u>	<u>17,514</u>	<u>6,155</u>	<u>36,846</u>
<u>-</u>	<u>-</u>	<u>200</u>	<u>5,185</u>	<u>9,688</u>	<u>6,170</u>	<u>22,265</u>
-	-	-	73	188	-	261
-	-	-	-	6,061	-	6,061
-	4,785	11,538	6,513	-	-	31,062
<u>(2,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,735)</u>	<u>(5,444)</u>	<u>(35,383)</u>
<u>(2,204)</u>	<u>4,785</u>	<u>11,538</u>	<u>6,586</u>	<u>(21,486)</u>	<u>(5,444)</u>	<u>2,001</u>
<u>\$ -</u>	<u>\$ 8,460</u>	<u>\$ 12,380</u>	<u>\$ 16,829</u>	<u>\$ 5,716</u>	<u>\$ 6,881</u>	<u>\$ 61,112</u>

CITY OF MILWAUKEE
**SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS BY PURPOSE**
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 114	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	498	-	-	-	-
Other	-	-	-	-	2,760
Total Revenues	<u>498</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>2,760</u>
Expenditures:					
Capital outlay	4,006	101	3,473	2,412	3,772
Excess (deficiency) of Revenues over					
Expenditures	<u>(3,508)</u>	<u>13</u>	<u>(3,473)</u>	<u>(2,412)</u>	<u>(1,012)</u>
Other Financing Sources (Uses):					
General obligation bonds and notes issued	2,674	-	5,064	2,627	300
Transfers in	132	-	69	240	4
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	<u>2,806</u>	<u>-</u>	<u>5,133</u>	<u>2,867</u>	<u>304</u>
Net Change in Fund Balance	(702)	13	1,660	455	(708)
Fund Balance (Deficit) - Beginning	<u>4,967</u>	<u>764</u>	<u>(25)</u>	<u>(54)</u>	<u>1,856</u>
Fund Balance (Deficit) - Ending	<u>\$ 4,265</u>	<u>\$ 777</u>	<u>\$ 1,635</u>	<u>\$ 401</u>	<u>\$ 1,148</u>

See accompanying independent auditors' report.

	Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Interfund Adjustments	Total to A-3
\$	-	\$ 356	\$ 150	\$ -	\$ 7,343	\$ -	\$ -	\$ 7,963
	-	-	-	-	214	-	-	214
	-	-	-	-	-	2,981	-	2,981
	-	-	60	9,981	1,072	-	-	11,611
	-	<u>370</u>	<u>637</u>	<u>(396)</u>	<u>787</u>	-	-	<u>4,158</u>
	-	<u>726</u>	<u>847</u>	<u>9,585</u>	<u>9,416</u>	<u>2,981</u>	-	<u>26,927</u>
	<u>6,699</u>	<u>22,304</u>	<u>8,035</u>	<u>45,187</u>	<u>44,823</u>	<u>1,905</u>	-	<u>142,717</u>
	<u>(6,699)</u>	<u>(21,578)</u>	<u>(7,188)</u>	<u>(35,602)</u>	<u>(35,407)</u>	<u>1,076</u>	-	<u>(115,790)</u>
	5,679	19,989	1,200	37,469	18,525	-	-	93,527
	81	1,671	6,637	399	7,321	-	(7,130)	9,424
	-	-	-	-	<u>(9,203)</u>	-	<u>7,130</u>	<u>(2,073)</u>
	<u>5,760</u>	<u>21,660</u>	<u>7,837</u>	<u>37,868</u>	<u>16,643</u>	-	-	<u>100,878</u>
	(939)	82	649	2,266	(18,764)	1,076	-	(14,912)
	<u>(1,265)</u>	<u>4,703</u>	<u>10,889</u>	<u>4,320</u>	<u>(2,722)</u>	<u>(6,520)</u>	-	<u>16,913</u>
\$	<u>(2,204)</u>	<u>\$ 4,785</u>	<u>\$ 11,538</u>	<u>\$ 6,586</u>	<u>\$ (21,486)</u>	<u>\$ (5,444)</u>	<u>\$ -</u>	<u>\$ 2,001</u>

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 119,581	\$ 119,647	\$ 66
Provision for Employees' Retirement	97,348	97,348	-
Total Property Taxes	<u>216,929</u>	<u>216,995</u>	<u>66</u>
Other Taxes:			
Payment in lieu of taxes	1,280	1,385	105
Interest on city tax certificates and other taxes	2,145	2,901	756
Total Other Taxes	<u>3,425</u>	<u>4,286</u>	<u>861</u>
Licenses and Permits:			
Licenses:			
Business and occupational	4,745	4,291	(454)
Other	99	65	(34)
Permits:			
Building	11,340	11,960	620
Zoning	279	250	(29)
Other	851	631	(220)
Total Licenses and Permits	<u>17,314</u>	<u>17,197</u>	<u>(117)</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	233,378	233,679	301
Local street aids	30,275	30,038	(237)
Payment for municipal services	2,150	4,462	2,312
Other	9,857	7,523	(2,334)
Total Intergovernmental	<u>275,660</u>	<u>275,702</u>	<u>42</u>
Charges for Services:			
General government	8,364	7,374	(990)
Public safety	24,998	25,976	978
Public works	104,314	95,912	(8,402)
Health	1,271	1,046	(225)
Culture and recreation	979	835	(144)
Conservation and development	108	108	-
Total Charges for Services	<u>140,034</u>	<u>131,251</u>	<u>(8,783)</u>
Fines and Forfeits:			
Court and contract forfeitures	2,500	2,566	66
Other	-	12	12
Total Fines and Forfeits	<u>2,500</u>	<u>2,578</u>	<u>78</u>
Other:			
Interest on temporary investments	675	125	(550)
Miscellaneous	18,829	14,523	(4,306)
Total Other	<u>19,504</u>	<u>14,648</u>	<u>(4,856)</u>
Total	<u>\$ 675,366</u>	<u>\$ 662,657</u>	<u>\$(12,709)</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Thousands of Dollars)

Exhibit I-9

	Final Budget	2021 Actual			Variance - Favorable (Unfavorable)	
		Salaries and Wages	Other Operating Costs	Equipment		Total
General Government:						
Administration	\$ 12,145	\$ 6,082	\$ 5,105	\$ 45	\$ 11,232	\$ 913
Assessor's Office	3,223	2,733	371	-	3,104	119
City Attorney	10,694	4,768	5,871	18	10,657	37
City Treasurer	75,010	1,641	72,727	21	74,389	621
Common Council - City Clerk	7,265	5,765	1,291	29	7,085	180
Comptroller	26,719	3,012	19,195	5	22,212	4,507
Election Commission	1,409	936	324	-	1,260	149
Employee Relations	119,207	2,590	116,615	2	119,207	-
Employee's Retirement	4,212	-	4,152	-	4,152	60
Interest Expense	-	-	-	-	-	-
Mayor	976	930	39	-	969	7
Municipal Court	2,971	1,571	1,220	6	2,797	174
Zoning Appeals	241	192	15	-	207	34
Total General Government	264,072	30,220	226,925	126	257,271	6,801
Public Safety:						
Fire and Police Commission	4,548	1,304	679	1	1,984	2,564
Fire Department	84,203	75,305	7,529	1,345	84,179	24
Neighborhood Services	14,326	10,499	3,740	-	14,239	87
Police Department	211,875	194,066	17,372	437	211,875	-
Total Public Safety	314,952	281,174	29,320	1,783	312,277	2,675
Public Works:						
General Office	2,271	1,930	341	-	2,271	-
Infrastructure	31,995	16,645	14,933	417	31,995	-
Operations	73,781	33,406	38,139	1,510	73,055	726
Total Public Works	108,047	51,981	53,413	1,927	107,321	726
Health	12,983	7,080	5,543	-	12,623	360
Culture and Recreation:						
Public Library	18,695	12,850	3,658	1,851	18,359	336
Conservation and Development:						
Department of City Development	4,711	3,243	1,430	-	4,673	38
Total	\$ 723,460	\$ 386,548	\$ 320,289	\$ 5,687	\$ 712,524	\$ 10,936

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				
	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets.....	\$ 686,492	\$ 706,111	\$ 748,374	\$ 769,340	\$ 816,916
Restricted	211,440	216,314	211,316	209,116	176,923
Unrestricted	<u>(616,111)</u>	<u>(723,716)</u>	<u>(745,740)</u>	<u>(739,204)</u>	<u>(856,449)</u>
Total governmental activities net position .	<u>281,821</u>	<u>198,709</u>	<u>213,950</u>	<u>239,252</u>	<u>137,390</u>
Business-type activities					
Net investment in capital assets.....	623,909	648,594	669,428	675,510	684,085
Restricted	-	770	930	1,174	1,229
Unrestricted	<u>87,435</u>	<u>74,764</u>	<u>57,112</u>	<u>68,134</u>	<u>74,720</u>
Total business-type activities net position .	<u>711,344</u>	<u>724,128</u>	<u>727,470</u>	<u>744,818</u>	<u>760,034</u>
Primary government					
Net investment in capital assets.....	1,310,401	1,354,705	1,417,802	1,444,850	1,501,001
Restricted	211,440	217,084	212,246	210,290	178,152
Unrestricted	<u>(528,676)</u>	<u>(648,952)</u>	<u>(688,628)</u>	<u>(671,070)</u>	<u>(781,729)</u>
Total primary government net position	<u>\$ 993,165</u>	<u>\$ 922,837</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>	<u>\$ 897,424</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental activities					
Net investment in capital assets.....	\$ 836,422	\$ 812,090	\$ 841,714	\$ 877,376	\$ 939,647
Restricted	161,592	202,334	196,639	206,060	209,636
Unrestricted	<u>(1,076,694)</u>	<u>(1,884,385)</u>	<u>(2,231,744)</u>	<u>(2,572,912)</u>	<u>(2,941,394)</u>
Total governmental activities net position .	<u>(78,680)</u>	<u>(869,961)</u>	<u>(1,193,391)</u>	<u>(1,489,476)</u>	<u>(1,792,111)</u>
Business-type activities					
Net investment in capital assets.....	734,161	801,685	820,749	839,337	824,814
Restricted	2,209	10,461	9,773	23,136	20,657
Unrestricted	<u>59,824</u>	<u>(34,102)</u>	<u>(29,585)</u>	<u>(61,455)</u>	<u>(28,414)</u>
Total business-type activities net position .	<u>796,194</u>	<u>778,044</u>	<u>800,937</u>	<u>801,018</u>	<u>817,057</u>
Primary government					
Net investment in capital assets.....	1,570,583	1,613,775	1,662,463	1,716,713	1,764,461
Restricted	163,801	212,795	206,412	229,196	230,293
Unrestricted	<u>(1,016,870)</u>	<u>(1,918,487)</u>	<u>(2,261,329)</u>	<u>(2,634,367)</u>	<u>(2,969,808)</u>
Total primary government net position	<u>\$ 717,514</u>	<u>\$ (91,917)</u>	<u>\$ (392,454)</u>	<u>\$ (688,458)</u>	<u>\$ (975,054)</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			
	2012	2013	2014	2015
Expenses				
Governmental Activities				
General government	\$ 221,740	\$ 305,744	\$ 251,538	\$ 204,691
Public safety	328,677	320,317	315,952	399,620
Public works	158,527	169,250	170,054	182,340
Health	22,020	19,743	18,852	20,249
Culture and recreation	20,512	20,348	21,503	25,315
Conservation and development	56,872	45,605	57,617	88,252
Capital contribution to Milwaukee Public Schools	4,853	278	-	-
Contributions	22,803	22,331	24,001	-
Interest on long-term debt	31,105	28,275	23,105	24,749
Total Governmental Activities Expenses.....	<u>867,109</u>	<u>931,891</u>	<u>882,622</u>	<u>945,216</u>
Business-type Activities				
Water	66,571	68,728	72,540	72,141
Sewer Maintenance	41,430	44,795	46,840	49,661
Transportation	26,101	24,248	24,053	25,233
Other activities	47,744	47,592	48,382	50,855
Total Business-type Activities	<u>181,846</u>	<u>185,363</u>	<u>191,815</u>	<u>197,890</u>
Total Primary Government Expenses	<u>1,048,955</u>	<u>1,117,254</u>	<u>1,074,437</u>	<u>1,143,106</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	10,428	10,131	10,344	31,100
Public safety	20,785	23,759	23,833	26,711
Public works	74,168	75,968	78,520	81,325
Health	1,101	877	923	1,081
Culture and recreation	1,239	1,137	1,114	1,092
Conservation and development	469	9	9	9
Grants and contributions	118,869	77,283	104,073	70,122
Total Governmental Activities Program Revenues.....	<u>227,059</u>	<u>189,164</u>	<u>218,816</u>	<u>211,440</u>
Business-type Activities				
Charges for services				
Water	88,122	85,034	88,013	96,687
Sewer Maintenance	54,956	57,270	59,121	60,695
Transportation	42,730	43,256	41,411	42,532
Other activities	54,288	48,920	47,457	51,129
Capital grants and contributions	5,133	3,852	799	2,740
Total Business-type Activities Program Revenues.....	<u>245,229</u>	<u>238,332</u>	<u>236,801</u>	<u>253,783</u>
Total Primary Government Program Revenues	<u>472,288</u>	<u>427,496</u>	<u>455,617</u>	<u>465,223</u>
Net (Expense)/Revenue				
Governmental Activities	(640,050)	(742,727)	(663,806)	(733,776)
Business-type Activities	63,383	52,969	44,986	55,893
Total primary government net expense	<u>\$ (576,667)</u>	<u>\$ (689,758)</u>	<u>\$ (618,820)</u>	<u>\$ (677,883)</u>

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 255,177	\$ 274,652	\$ 309,828	\$ 363,272	\$ 249,456	\$ 290,849
423,903	485,016	437,746	557,403	710,794	624,406
174,470	206,205	192,613	206,475	233,775	234,986
21,594	23,655	21,789	24,313	38,265	50,530
24,375	28,193	26,866	30,023	31,054	35,827
77,670	65,175	47,904	47,529	67,345	78,832
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,109</u>	<u>22,097</u>	<u>21,451</u>	<u>23,710</u>	<u>25,542</u>	<u>25,627</u>
<u>1,002,298</u>	<u>1,104,993</u>	<u>1,058,197</u>	<u>1,252,725</u>	<u>1,356,231</u>	<u>1,341,057</u>
73,620	70,219	78,310	74,954	84,198	85,287
53,002	59,823	58,550	55,747	56,563	61,147
25,005	25,287	25,031	27,931	28,772	28,375
<u>52,577</u>	<u>54,423</u>	<u>58,612</u>	<u>58,025</u>	<u>58,866</u>	<u>64,559</u>
<u>204,204</u>	<u>209,752</u>	<u>220,503</u>	<u>216,657</u>	<u>228,399</u>	<u>239,368</u>
<u>1,206,502</u>	<u>1,314,745</u>	<u>1,278,700</u>	<u>1,469,382</u>	<u>1,584,630</u>	<u>1,580,425</u>
27,733	27,180	27,538	37,984	35,394	35,517
25,438	23,382	19,862	21,898	19,136	26,043
80,352	83,344	87,817	91,842	89,993	104,418
1,164	1,267	1,332	1,992	1,370	1,054
1,057	1,024	1,023	989	850	835
10	19	8	9,853	10,453	108
<u>89,457</u>	<u>44,568</u>	<u>66,114</u>	<u>46,006</u>	<u>169,756</u>	<u>124,546</u>
<u>225,211</u>	<u>180,784</u>	<u>203,694</u>	<u>210,564</u>	<u>326,952</u>	<u>292,521</u>
97,850	97,833	100,661	99,015	98,587	99,730
62,954	65,141	66,585	68,058	68,720	70,970
38,286	37,557	39,045	37,793	22,646	32,838
53,541	55,958	57,518	57,100	61,075	63,939
<u>4,965</u>	<u>26,066</u>	<u>41,788</u>	<u>8,907</u>	<u>9,722</u>	<u>18,786</u>
<u>257,596</u>	<u>282,555</u>	<u>305,597</u>	<u>270,873</u>	<u>260,750</u>	<u>286,263</u>
<u>482,807</u>	<u>463,339</u>	<u>509,291</u>	<u>481,437</u>	<u>587,702</u>	<u>578,784</u>
(777,087)	(924,209)	(854,503)	(1,042,161)	(1,029,279)	(1,048,536)
<u>53,392</u>	<u>72,803</u>	<u>85,094</u>	<u>54,216</u>	<u>32,351</u>	<u>46,895</u>
<u>\$ (723,695)</u>	<u>\$ (851,406)</u>	<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	<u>\$ (996,928)</u>	<u>\$ (1,001,641)</u>

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

Table 2 (continued)

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 279,588	\$ 276,193	\$ 284,664	\$ 287,602
State aids for General Fund	260,141	259,735	260,886	263,350
Miscellaneous	81,153	82,059	88,718	89,487
Transfers	<u>44,643</u>	<u>41,628</u>	<u>43,115</u>	<u>43,038</u>
Total Governmental Activities	<u>665,525</u>	<u>659,615</u>	<u>677,383</u>	<u>683,477</u>
Business-type Activities				
Miscellaneous	750	1,443	1,471	1,709
Transfers	<u>(44,643)</u>	<u>(41,628)</u>	<u>(43,115)</u>	<u>(43,038)</u>
Total Business-type Activities	<u>(43,893)</u>	<u>(40,185)</u>	<u>(41,644)</u>	<u>(41,329)</u>
Total Primary Government	<u>621,632</u>	<u>619,430</u>	<u>635,739</u>	<u>642,148</u>
Change in Net Position				
Governmental Activities	25,475	(83,112)	15,241	(50,299)
Business-type Activities	<u>19,490</u>	<u>12,784</u>	<u>3,342</u>	<u>14,564</u>
Total Primary Government	<u>\$ 44,965</u>	<u>\$ (70,328)</u>	<u>\$ 18,583</u>	<u>\$ (35,735)</u>

See accompanying independent auditors' report.

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 286,513	\$ 307,828	\$ 316,655	\$ 329,601	\$ 352,910	\$ 369,565
265,191	265,700	268,792	270,575	273,422	273,422
83,919	97,757	115,735	84,084	72,875	70,004
<u>39,602</u>	<u>36,854</u>	<u>37,801</u>	<u>34,471</u>	<u>33,987</u>	<u>32,910</u>
<u>675,225</u>	<u>708,139</u>	<u>738,983</u>	<u>718,731</u>	<u>733,194</u>	<u>745,901</u>
1,426	211	1,638	3,148	1,717	2,054
<u>(39,602)</u>	<u>(36,854)</u>	<u>(37,801)</u>	<u>(34,471)</u>	<u>(33,987)</u>	<u>(32,910)</u>
<u>(38,176)</u>	<u>(36,643)</u>	<u>(36,163)</u>	<u>(31,323)</u>	<u>(32,270)</u>	<u>(30,856)</u>
<u>637,049</u>	<u>671,496</u>	<u>702,820</u>	<u>687,408</u>	<u>700,924</u>	<u>715,045</u>
(101,862)	(216,070)	(115,520)	(323,430)	(296,085)	(302,635)
<u>15,216</u>	<u>36,160</u>	<u>48,931</u>	<u>22,893</u>	<u>81</u>	<u>16,039</u>
<u>\$ (86,646)</u>	<u>\$ (179,910)</u>	<u>\$ (66,589)</u>	<u>\$ (300,537)</u>	<u>\$ (296,004)</u>	<u>\$ (286,596)</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			
	2012	2013	2014	2015
Revenues:				
Property taxes	\$ 244,038	\$ 245,254	\$ 250,036	\$ 253,815
Other taxes	34,172	31,156	34,475	32,861
Special assessments	2,344	1,986	1,945	4,666
Licenses and permits	14,410	15,030	16,063	16,629
Intergovernmental	346,116	329,892	317,987	322,763
Charges for services	115,901	116,813	131,147	154,402
Fines and forfeits	5,042	4,492	4,587	4,110
Contributions received	21,826	21,871	23,752	2,588
Other	43,575	38,577	52,464	42,188
Total Revenues	<u>827,424</u>	<u>805,071</u>	<u>832,456</u>	<u>834,022</u>
Expenditures:				
Current:				
General government	235,936	322,431	268,263	254,168
Public safety	291,787	287,330	283,599	307,185
Public works	96,991	102,657	106,779	103,512
Health	20,963	18,821	18,088	18,014
Culture and recreation	18,565	18,560	19,330	20,190
Conservation and development	42,366	30,616	32,583	29,178
Capital outlay	87,429	98,913	139,898	155,227
Debt Service:				
Principal retirement	417,107	531,243	385,884	414,499
Interest	37,992	36,887	37,322	36,606
Bond issuance costs	933	755	447	1,180
Total Expenditures	<u>1,250,069</u>	<u>1,448,213</u>	<u>1,292,193</u>	<u>1,339,759</u>
Excess (deficiency) of Revenues over Expenditures	(422,645)	(643,142)	(459,737)	(505,737)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	301,084	410,945	332,444	380,522
Refunding bonds issued	189,590	182,341	41,216	106,316
Payment to escrow agent on advance refundings ..	(63,884)	-	-	-
Payment - current refunding	(34,134)	-	-	-
Loans receivable activities	2,317	635	(2,506)	(4,972)
Issuance premium	21,038	14,345	12,783	12,645
Transfers in	198,576	230,452	235,824	214,406
Transfers out	(153,933)	(188,824)	(192,709)	(171,368)
Total Other Financing Sources and Uses.....	<u>460,654</u>	<u>649,894</u>	<u>427,052</u>	<u>537,549</u>
Net Change in Fund Balances	<u>\$ 38,009</u>	<u>\$ 6,752</u>	<u>\$ (32,685)</u>	<u>\$ 31,812</u>
Debt service as a percentage of noncapital expenditures	<u>38.7%</u>	<u>41.0%</u>	<u>36.9%</u>	<u>36.9%</u>

See accompanying independent auditors' report.

Table 3

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 252,986	\$ 299,552	\$ 310,933	\$ 325,039	\$ 346,409	\$ 364,207	
34,921	6,699	5,093	6,208	5,714	7,273	
1,945	2,019	1,724	2,449	1,593	2,981	
16,767	15,597	17,232	18,502	13,978	17,197	
323,161	338,615	332,632	331,473	411,894	430,032	
147,480	156,785	159,473	164,558	157,196	159,327	
3,534	3,357	3,297	2,633	2,008	2,578	
2,378	3,022	3,205	2,719	3,159	2,235	
43,477	36,054	46,274	43,190	31,410	29,181	
<u>826,649</u>	<u>861,700</u>	<u>879,863</u>	<u>896,771</u>	<u>973,361</u>	<u>1,015,011</u>	
248,581	253,638	297,229	296,385	265,138	278,327	
334,411	326,962	330,227	332,900	399,595	374,074	
107,649	103,324	106,636	110,131	107,283	110,483	
19,688	20,182	19,698	21,078	32,160	44,264	
21,128	21,168	21,774	23,159	17,846	22,505	
28,565	28,717	27,708	26,023	44,731	24,064	
139,236	172,270	165,877	125,788	116,128	142,717	
442,671	259,911	271,569	321,761	276,994	201,367	
36,889	40,366	40,619	44,144	45,442	47,538	
1,305	329	245	133	4,424	899	
<u>1,380,123</u>	<u>1,226,867</u>	<u>1,281,582</u>	<u>1,301,502</u>	<u>1,309,741</u>	<u>1,246,238</u>	
(553,474)	(365,167)	(401,719)	(404,731)	(336,380)	(231,227)	
266,452	176,997	266,889	229,888	221,327	110,065	
196,659	76,243	57,273	85,416	190,137	77,617	
-	-	-	-	-	-	
-	-	-	-	-	-	
(1,587)	(1,876)	(1,772)	(2,205)	(2,326)	(2,082)	
15,956	23,601	31,626	18,527	25,903	25,777	
138,397	229,508	198,721	119,457	231,957	113,269	
<u>(98,795)</u>	<u>(192,654)</u>	<u>(160,920)</u>	<u>(84,986)</u>	<u>(197,970)</u>	<u>(80,359)</u>	
<u>517,082</u>	<u>311,819</u>	<u>391,817</u>	<u>366,097</u>	<u>469,028</u>	<u>244,287</u>	
\$ <u>(36,392)</u>	\$ <u>(53,348)</u>	\$ <u>(9,902)</u>	\$ <u>(38,634)</u>	\$ <u>132,648</u>	\$ <u>13,060</u>	
<u>38.7%</u>	<u>27.3%</u>	<u>28.0%</u>	<u>31.1%</u>	<u>27.4%</u>	<u>22.1%</u>	

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

Table 4

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 15,721	\$ 15,389	\$ 17,301	\$ 17,094	\$ 16,127
Committed.....	1,835	1,741	1,587	2,035	2,266
Assigned	35,915	43,172	44,150	46,404	38,802
Unassigned.....	52,319	43,232	50,006	61,715	50,737
Total General Fund.....	\$ 105,790	\$ 103,534	\$ 113,044	\$ 127,248	\$ 107,932
All Other Governmental Funds					
Nonspendable	\$ 565	\$ 254	\$ -	\$ -	\$ 7
Restricted.....	9,774	230,642	214,932	227,376	215,480
Committed.....	227,769	21,249	8,489	5,264	-
Unassigned.....	(5,165)	(10,194)	(23,665)	(15,276)	(15,199)
Total all other governmental funds	\$ 232,943	\$ 241,951	\$ 199,756	\$ 217,364	\$ 200,288
	Fiscal Year				
	2017	2018	2019	2020	2021
General Fund					
Nonspendable	\$ 18,401	\$ 19,476	\$ 21,621	\$ 21,206	\$ 23,377
Committed.....	3,444	3,066	2,949	123,007	122,337
Assigned	37,281	26,450	20,580	27,220	21,610
Unassigned.....	38,350	18,002	7,339	16,959	9,081
Total General Fund.....	\$ 97,476	\$ 66,994	\$ 52,489	\$ 188,392	\$ 176,405
All Other Governmental Funds					
Nonspendable	\$ 3,684	\$ 1,160	\$ 397	\$ 368	\$ 261
Restricted.....	188,578	211,324	206,314	216,081	221,098
Committed.....	-	20,817	18,578	27,397	31,062
Unassigned.....	(34,866)	(55,325)	(71,442)	(93,254)	(76,782)
Total all other governmental funds	\$ 157,396	\$ 177,976	\$ 153,847	\$ 150,592	\$ 175,639
<i>See accompanying independent auditors' report.</i>					

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
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
2020	\$ 16,098,609	\$ 11,915,466	\$ 790,548	\$ 79,091	\$ 433,110	\$ 173,022
2021	\$ 17,953,629	\$ 12,426,339	\$ 829,539	\$ -	\$ 402,255	\$ 318,867
Budget Year	Total Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value
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%
2020	\$ 29,489,846			\$10.58	\$ 29,746,346	99.1%
2021	\$ 31,930,629			\$10.09	\$ 31,475,102	101.4%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Direct Rates (A)										
City of Milwaukee	\$ 8.86	\$ 9.87	\$ 10.23	\$ 10.42	\$ 10.29	\$ 10.47	\$ 10.57	\$ 10.45	\$ 10.48	\$ 10.08
Allocation of Debt Service incurred for Schools	<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>	<u>0.10</u>	<u>0.01</u>
Total Direct Rate	9.25	10.25	10.58	10.71	10.61	10.75	10.75	10.59	10.58	10.09
Overlapping Rates (B)										
Milwaukee School Board	9.69	10.73	10.86	10.93	10.52	9.61	8.34	7.61	7.91	8.85
Less: allocation of Debt Service in City rate	<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>	<u>(0.10)</u>	<u>(0.01)</u>
Total School Rate	9.30	10.35	10.51	10.64	10.20	9.33	8.16	7.47	7.81	8.84
Milwaukee Area District Board of Vocational, Technical and Adult Education	1.95	2.21	2.22	1.33	1.29	1.31	1.26	1.23	1.19	1.13
County of Milwaukee	4.72	5.26	5.35	5.33	5.28	5.31	5.05	4.90	4.83	4.54
State of Wisconsin	0.17	0.18	0.18	0.17	0.18	0.18	-	-	-	-
Milwaukee Metropolitan Sewerage District	<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>	<u>1.66</u>	<u>1.56</u>
Total Tax Rate (C)	<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>	<u>\$ 26.07</u>	<u>\$ 26.16</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	2021		2012	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Northwestern Mutual Life Insurance Company	Insurance	\$ 570,287	1.78 %	\$ 184,426	.73 %
Mandel Group	Real Estate	355,252	1.11	95,892	.38
Weidner Investments	Real Estate	271,095	.85		
Berrada Properties	Real Estate	268,414	.84		
U. S. Bank	Banking	255,017	.80	245,344	.97
Irgens Katz Properties	Real Estate	221,601	.69		
Katz Properties	Real Estate	154,606	.48		
Forest County Potawatomi Community	Real Estate	151,155	.47		
Metropolitan Associates	Real Estate	146,100	.46	90,734	.36
Aurora Health	Health	145,697	.45		
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurant			95,761	.38
NNN 411 East Wisconsin LLC	Real Estate			90,149	.36
100 E Wisconsin Ave Joint Venture	Real Estate			77,728	.31
Towne Realty	Real Estate			77,247	.31
Riverbend Place	Real Estate			59,160	.23
Miller-Coors Brewing	Real Estate			57,246	.23
		\$ 2,539,224	7.93 %	\$ 1,073,687	4.26 %

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	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2012	301,051	35,440	336,491	288,749	95.91	13,596	33,622	335,968	99.84
2013	304,700	24,032	328,733	293,489	96.32	16,237	18,326	328,053	99.79
2014	307,246	21,620	328,866	296,107	96.37	13,875	17,968	327,950	99.72
2015	312,216	17,911	330,127	302,084	96.76	12,471	14,238	328,793	9.60
2016	312,091	17,951	330,042	302,628	96.97	10,907	14,627	328,161	99.43
2017	318,867	22,881	341,748	309,345	97.01	15,266	14,674	339,285	99.28
2018	325,152	16,446	341,598	316,357	97.30	7,544	14,918	338,818	99.19
2019	333,909	18,241	532,150	325,692	97.66	10,921	11,248	348,254	98.89
2020	346,409	23,758	372,048	338,689	97.77	14,463	12,088	365,240	98.17
2021	362,346	20,948	383,294	355,626	98.15	11,827	-	366,915	95.73

(A) This column includes adjustments. The City purchases delinquent taxes from the other units (Milwaukee County, Metropolitan Sewerage District, State, Milwaukee Area Technical College and Milwaukee Public Schools).

(B) Tax collections begin in December for the succeeding Budget Year

(C) Collections of (A) in the year purchased.

Note: State law limits levy increases to 2% of economic development for general city purposes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN YEARS
(Dollars in Thousands, except per capita)

Table 9

Governmental Activities						
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Estimated Actual Taxable Value of Property</u>	<u>Percentage of Total Taxable Value of Property</u>	<u>Per Capita</u>
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
2020	1,122,936	74,939	1,047,997	29,746,346	3.52%	1,785.04
2021	1,109,251	72,053	1,037,198	31,475,102	3.30%	1,766.65
Business-Type Activities						
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Revenue Bonds</u>	<u>State Loans (Revenue Bonds)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (A)</u>	<u>Per Capita (A)</u>
2012	43,318	65,579	77,083	829,958	2.33%	1,519.12
2013	39,334	98,871	82,736	860,598	2.21%	1,446.90
2014	35,247	94,624	92,100	895,391	2.17%	1,525.16
2015	31,822	95,459	107,533	1,039,897	2.20%	1,928.37
2016	52,139	190,086	101,612	1,147,485	2.78%	1,932.26
2017	38,875	200,156	114,308	1,235,631	2.88%	2,090.39
2018	34,172	158,360	166,243	1,193,459	2.64%	2,004.13
2019	66,674	149,675	183,866	1,234,899	2.66%	2,091.28
2020	64,869	140,580	208,722	1,462,168	3.03%	2,490.49
2021	27,834	166,190	245,242	1,476,464	Not Available	2,514.84
<i>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.</i>						
<i>(A) See Table 13 for personal income and population data</i>						
See accompanying independent auditors' report.						

CITY OF MILWAUKEE
LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Thousand of Dollars)

Table 10

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 1,956,827	\$ 1,849,535	\$ 1,826,273	\$ 1,829,668	\$ 1,818,633
Total net debt applicable to limit	<u>695,488</u>	<u>683,312</u>	<u>696,614</u>	<u>622,044</u>	<u>857,223</u>
Legal debt margin	<u>\$ 1,261,339</u>	<u>\$ 1,166,223</u>	<u>\$ 1,129,659</u>	<u>\$ 1,207,624</u>	<u>\$ 961,410</u>
Total net debt applicable to the limit as a percentage of debt limit ...	35.54%	36.95%	38.14%	34.00%	47.14%
	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 1,892,943	\$ 1,883,272	\$ 1,983,828	\$ 2,082,244	\$ 2,203,257
Total net debt applicable to limit	<u>905,647</u>	<u>876,597</u>	<u>901,358</u>	<u>1,112,866</u>	<u>1,065,032</u>
Legal debt margin	<u>\$ 987,296</u>	<u>\$ 1,006,675</u>	<u>\$ 1,082,470</u>	<u>\$ 969,378</u>	<u>\$ 1,138,225</u>
Total net debt applicable to the limit as a percentage of debt limit ...	47.84%	46.55%	45.44%	53.45%	48.34%

CITY OF MILWAUKEE
**LEGAL DEBT MARGIN
INFORMATION**
LAST TEN FISCAL YEARS
(Thousand of Dollars)

Table 10

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 31,930,629
Equalized Value	<u>31,475,102</u>
Debt Limit 7% of Equalized Value	2,203,257

	Gen City	Schools
Debt Limit	1,573,755	629,502
Amount of Debt Applicable to Debt Limit:		
General Obligation bonds	303,216	49,300
General Obligation notes	752,397	4,338
Parking bonds and notes	19,627	
Harbor bonds and notes	5,209	
Sewer Maintenance bonds and notes.....	2,998	
Total Debt	<u>1,083,447</u>	<u>53,638</u>

Deduct:			
Assets in Debt Service Funds	<u>72,053</u>	<u>-</u>	
Total Amount of Debt Applicable to Debt Limit	1,011,394	53,638	
Legal Debt Margin	<u>\$ 562,361</u>	<u>\$ 575,864</u>	<u>\$ 1,138,225</u>

(A) *The Water Revenue Bonds, Sewer Revenue Bonds and clean water loans are payable only from the income and revenues derived from the operations of the water system and sewer system, respectively. These bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision.*

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
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		
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	1,677	315	1,992	21.41
2017	97,910	51,676	46,234	2,205	672	2,877	16.07
2018	100,876	59,548	41,328	3,126	938	4,064	10.17
2019	99,170	64,109	35,061	2,411	1,047	3,458	10.14
2020	98,587	59,386	39,201	3,886	1,520	5,406	7.25
2021	99,740	62,200	37,539	5,163	1,881	7,044	5.33

Sewer Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
2012	54,140	15,440	38,700	6,792	4,616	11,408	3.39
2013	57,300	15,873	41,427	7,032	4,400	11,432	3.62
2014	59,125	16,443	42,682	8,603	5,726	14,329	2.98
2015	60,713	17,256	43,457	9,398	5,889	15,287	2.84
2016	63,050	17,879	45,171	10,471	6,085	16,556	2.73
2017	65,275	20,207	45,068	13,575	9,263	22,838	1.97
2018	66,838	17,021	49,817	14,893	9,123	24,016	2.07
2019	68,400	13,450	54,950	16,274	8,874	25,148	2.19
2020	68,937	13,023	55,914	18,893	8,161	27,054	2.07
2021	70,853	16,803	54,050	18,466	9,377	27,843	1.94

Note: Water Revenue Bonds issued between 2013 and 2021. Sewer Revenue bonds issued between 2013 and 2021
 Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include nonoperating interest income. Operating expenses do not include interest, depreciation, amortization expenses or the transfer for Payment in Lieu of Taxes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Table 13

County of Milwaukee						
Year	Population (A)	Personal Income (Thousands of Dollars) (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2012	595,425	\$ 38,908,062	\$ 40,755	33.7	78,461	10.2%
2013	596,500	\$ 38,460,362	\$ 40,165	33.7	78,502	10.0%
2014	595,993	\$ 39,771,302	\$ 41,487	33.8	77,391	7.8%
2015	595,787	\$ 41,191,900	\$ 42,971	34.0	75,568	6.4%
2016	594,667	\$ 41,202,885	\$ 43,139	34.2	76,856	5.5%
2017	591,076	\$ 42,308,697	\$ 44,496	34.3	77,215	4.5%
2018	595,555	\$ 44,354,727	\$ 46,792	34.6	75,081	4.0%
2019	590,547	\$ 45,558,297	\$ 48,107	35.2	74,633	4.3%
2020	587,072	\$ 48,197,546	\$ 51,002	35.2	71,867	9.3%
2021	587,976	Not available	Not available	35.2	71,867	6.5%
<p>(A) The December 31, 2012 through 2021 populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)</p> <p>(B) Personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Personal income includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.</p> <p>(C) Per capita personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce and includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.</p> <p>(D) 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.</p> <p>(E) Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.</p> <p>(F) Unemployment Rate is the annual average from the Wisconsin's Workforce, Wisconsin Worknet and Labor Market Information System.</p> <p>See accompanying independent auditors' report.</p>						

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 14

Employer	2021 Estimates (1)			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	29,945	1	6.75	31,000	1	7.12
Froedtert and Community Health	13,798	2	3.11	8,900	4	2.04
Ascension Wisconsin	10,449	3	2.35			
Roundy's Supermarkets Inc.	7,800	4	1.76	7,630	7	1.75
Medical College of Wisconsin	6,139	5	1.38	5,492	10	1.26
Rockwell Automation Inc.	5,500	6	1.24			
Children's Hospital and Health System	5,393	7	1.22			
Northwestern Mutual Life	5,000	8	1.13			
U.S. Bank	3,500	9	0.79			
(FIS) Fidelity National Info Services	3,076	10	0.69			
Milwaukee Public Schools				11,766	2	2.70
U.S. Government (Includes Zablocki V.A. Medical Center)				10,500	3	2.41
Wheaton Franciscan Healthcare				8,699	5	2.00
Kohl's Corp				8,400	6	1.93
Quad Graphics				6,900	8	1.58
City of Milwaukee				6,400	9	1.47
Total	<u>90,600</u>		<u>20.42</u>	<u>105,687</u>		<u>24.26</u>

(1) Reflects full-time equivalent employees of businesses and industrial firms, does not include Government employers

Note: Data includes all of Milwaukee County and areas contiguous to Milwaukee County,

Source: The 2021 Business Journal of Greater Milwaukee as of August 13, 2021

The 2012 data was from the 2013 Business Journal Book of Lists, and U.S. Bureau of Labor Statistics.

Total employment data (2012 = 435,411) (2021 = 443,758) 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	719	707	728	736	750	741	766	786	773	782
Temporary - Election Commission	2,145	819	2,389	823	2,473	820	2,250	1,505	2,523	2,250
Public Safety										
Fire										
Fire Fighting Force	911	911	900	875	876	810	765	736	739	730
Civilians	105	116	112	118	131	133	133	135	135	137
Police										
Law Enforcement	2,034	2,013	1,978	1,942	1,979	1,989	1,955	1,954	1,956	1,839
Civilian	619	608	618	625	619	598	636	633	631	694
School Crossing Guards	251	251	252	242	241	241	241	241	241	241
Neighborhood Services	251	269	272	283	293	289	280	292	289	285
Public Works										
Administrative Services	58	46	47	48	49	43	45	46	45	44
Infrastructure Services	803	802	810	801	790	805	815	822	820	815
Operations	1,438	1,438	1,433	1,436	1,437	1,443	1,440	1,435	1,396	815
Winter relief	-	-	-	-	-	-	-	-	-	-
Health	268	254	252	251	252	252	254	280	285	385
Culture and recreation	376	372	370	371	358	364	375	377	364	348
Conservation and development	163	142	134	135	133	121	127	125	121	121
Youth initiative positions	-	-	-	-	-	-	-	-	-	-
Water	367	369	369	371	381	395	406	430	436	437
Sewer Maintenance	164	146	146	146	146	145	144	147	148	160
Parking	122	120	120	121	121	118	118	126	127	122
Port of Milwaukee	36	37	37	37	37	37	35	35	35	35
Subtotal	10,830	9,420	10,967	9,361	11,066	9,344	10,785	10,105	11,064	10,240
Less Temporary Positions	<u>(2,145)</u>	<u>(819)</u>	<u>(2,631)</u>	<u>(1,055)</u>	<u>(2,703)</u>	<u>(1,050)</u>	<u>(2,491)</u>	<u>(1,746)</u>	<u>(2,764)</u>	<u>(2,491)</u>
Total Budgeted Positions	<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>	<u>8,300</u>	<u>7,749</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Investment portfolio return	0.22%	0.22%	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%	0.56%	0.06%
Courtroom cases	104,170	119,761	93,577	80,821	84,464	74,120	80,870	61,284	19,908	15,865
Public safety										
Police										
Dispatched assignments	248,678	241,423	247,552	260,860	284,893	249,855	255,599	264,969	271,530	279,818
Traffic citations	94,442	73,325	53,744	55,592	46,969	71,655	69,048	50,072	41,524	53,957
Homicide clearance rates	70%	64%	60%	58%	67%	70%	76%	77%	55%	50%
Fire										
Number of medical emergency assists	59,487	60,499	62,766	70,504	78,484	76,793	71,323	70,461	67,559	70,740
Number of fires extinguished	2,841	2,444	2,419	2,351	2,198	2,017	1,749	1,580	2,241	2,120
Civilian fire deaths	8	2	10	10	5	7	9	7	6	14
Building Inspection										
Complaints reported	35,404	37,212	36,567	34,933	36,548	36,938	38,788	41,699	39,414	46,085
Orders issued	68,613	67,457	58,217	60,106	43,499	25,949	25,821	36,825	31,488	33,752
Public Works										
Major streets paving (miles)	5.7	17.12	24.60	33.50	35.4	34.0	29.0	28.0	23.3	17
Asphalt patching/pot holes (tons)	16,010	15,845	17,025	18,816	18,857	22,257	19,019	17,460	12,794	12,784
Refuse tonnage	252,987	256,411	253,997	243,478	248,083	256,599	259,450	268,162	276,982	272,644
Recycling tonnage	24,147	25,052	25,273	25,105	25,232	25,325	25,505	24,258	26,432	26,421
Health										
Food inspections	7,637	8,735	8,556	9,236	10,087	8,208	9,775	9,525	3,957	6,391
Immunizations	18,882	16,417	10,912	10,561	8,360	8,271	5,921	6,859	4,818	220,190
Culture and Recreation										
Library hours of operation	31,092	30,914	30,846	30,866	32,282	32,282	33,440	31,546	17,520	25,269
Collections size	2,441,757	2,364,905	2,306,138	2,308,825	2,323,743	2,293,455	2,571,761	2,703,907	2,771,656	2,359,441
Public computers	757	754	723	752	682	600	655	681	527	969
Conservation and Development										
Jobs created	324	2,198	834	2,337	2,063	1,140	1,327	606	915	503
Jobs retained	1,965	2,800	1,626	2,535	1,960	1,355	2,715	641	624	0
New housing units	687	402	331	2,340	2,081	1,265	1,720	1,271	782	646
Water										
Millions gallons sold	32,909	30,560	29,894	29,657	29,440	28,761	28,730	27,708	27,179	27,234
Population served	862,524	864,715	864,653	865,109	864,144	868,882	866,933	863,921	860,919	861,074
Sewer Maintenance										
Sewer service backups	23	25	31	22	23	26	33	30	20	26
Street flooding complaints	4,775	3,092	3,023	3,096	1,808	2,523	3,350	2,448	1,935	1,573
Parking										
Citations issued	778,288	770,430	743,038	705,850	626,333	594,360	636,117	572,070	303,087	517,305
Vehicle tows	26,910	32,631	33,416	34,892	32,185	31,204	29,291	25,268	15,873	25,274
Port										
Metric tonnage total	1,915,419	2,618,312	3,022,657	2,711,347	2,441,072	2,573,475	2,393,877	2,668,624	2,812,008	2,348,419

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	501	537	521	504	505	505	418	426	415	398
Patrol motorcycles	55	56	55	55	56	56	56	56	63	64
Fire Stations	36	36	36	36	36	36	30	30	30	29
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	414	414	414	414	414	414	414	414	414	414
Street lights	68,540	68,698	68,698	68,856	69,111	69,111	69,195	69,235	69,845	69,977
Alley lights	8,820	8,815	8,815	8,786	8,797	8,797	9,014	9,014	8,879	8,879
Garbage/snow trucks	180	180	180	180	192	183	177	180	183	187
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	276	130	138	138	138	138	138	138	144	144
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,961	1,962	1,963	1,962	1,962	1,961	1,961	1,961	1,960	1,960
Hydrants	19,869	19,870	19,870	19,846	19,862	19,861	19,865	19,876	19,889	19,867
Million gallons pumped	37,920	36,490	37,460	35,872	35,447	34,456	35,506	33,839	32,532	33,843
Million gallons consumed	32,909	30,560	29,894	29,657	29,440	28,760	28,967	27,905	27,337	27,483
Miles of Sewers										
Storm	964	965	965	966	967	967	968	968	963	965
Sanitary	943	943	943	944	945	945	945	945	978	945
Combined	547	547	547	551	551	551	551	551	557	551
Parking										
Parking lots	44	45	45	44	44	45	42	42	42	42
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	7	7	7	7	7	7	7	7	7	7
Rental warehouses and buildings	10	10	10	11	11	10	11	11	11	9
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	11	11	11	11	11	11	11	9	9	9
Vessel berths	17	17	17	17	17	17	17	17	17	17

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.

See accompanying independent auditors' report.