



Annual Comprehensive Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2022

Office of the Comptroller

**Aycha Sawa
Comptroller**

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

Bill Christianson
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

July 21, 2023

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

Dear Mayor, Council Members, and Citizens:

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

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

LOCAL ECONOMY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ECONOMIC OUTLOOK

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

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

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

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

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

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

MAJOR CAPITAL PROJECTS

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

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

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

CASH MANAGEMENT

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

AWARDS

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

ACKNOWLEDGEMENTS

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Aycha Sawa', followed by a horizontal flourish.

Aycha Sawa, CPA, CIA
Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Milwaukee
Wisconsin**

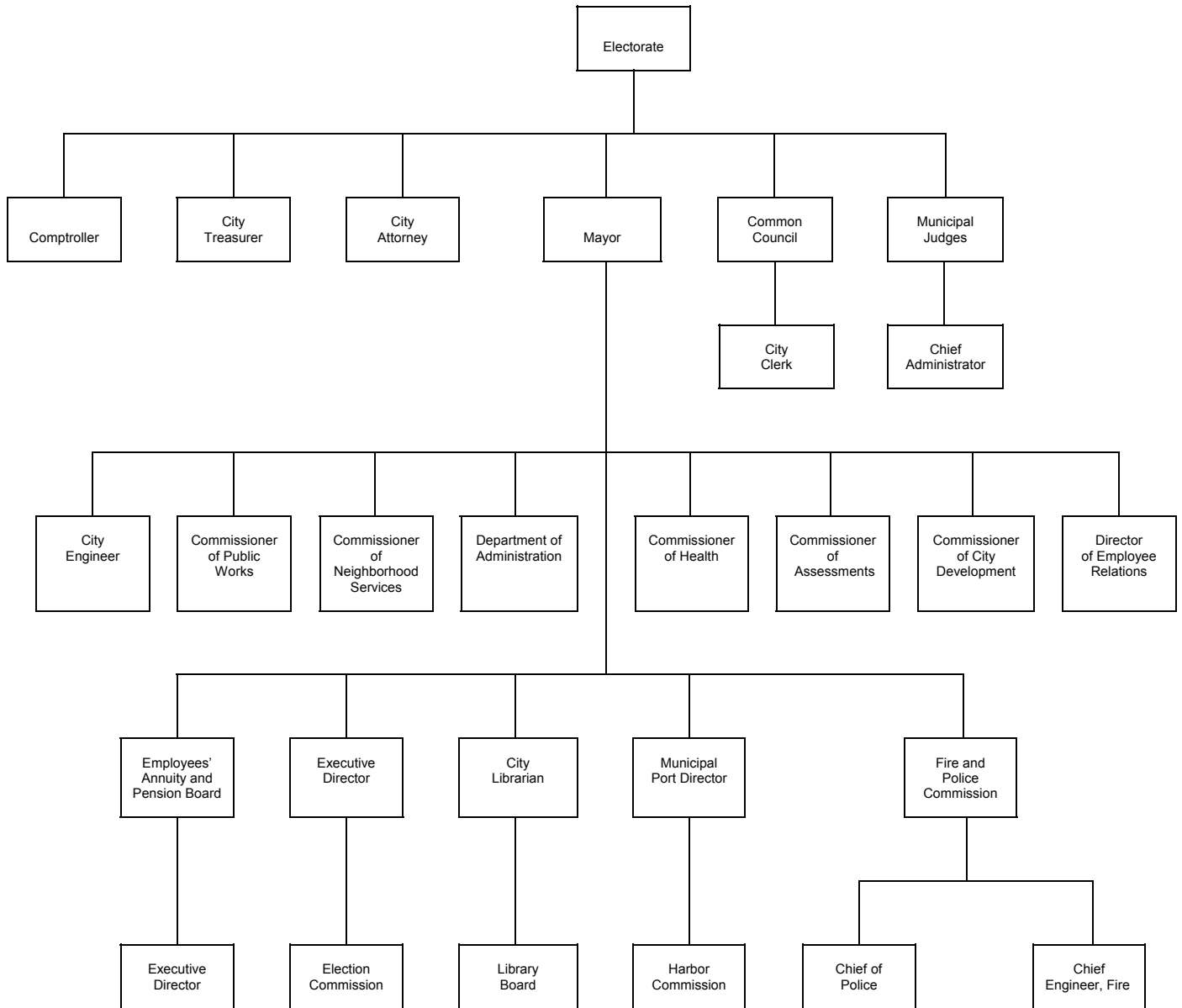
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

CITY OF MILWAUKEE
ORGANIZATION CHART
 DECEMBER 31, 2022



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
 DECEMBER 31, 2022

ELECTED

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

COMMON COUNCIL

President	Jose G. Perez
-----------------	---------------

Aldermanic District

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

Alderman

Vacant
Mark Chambers Jr.
Jonathan Brostoff
Robert J. Bauman
Vacant
Milele A. Coggs
Khalif J. Rainey
JoCasta Zamarripa
Vacant
Michael J. Murphy
Mark A. Borkowski
Jose G. Perez
Scott P. Spiker
Marina Dimitrijevic
Russell W. Stamper, II

FINANCE RELATED (Non-Elected)

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

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Independent Auditors' Report

To the Honorable Members of the
Common Council

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Milwaukee, Wisconsin (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
July 21, 2023

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

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (the "City") Annual Comprehensive Financial Report provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The MD&A is an integral portion of the Annual Comprehensive Financial Report and information reported herein should be read in conjunction with the information presented in the letter of transmittal and the accompanying financial statements and disclosures, which follow this section. This section focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

Statement of Net Position

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

Total Long-term Liabilities

(Millions of Dollars)

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

Statement of Activities

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

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

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

Government type revenues
 (Millions of Dollars)

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

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

Business type program revenues
 (Millions of Dollars)

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

Fund Financial Statements

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

Notes

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

Required Supplementary Information

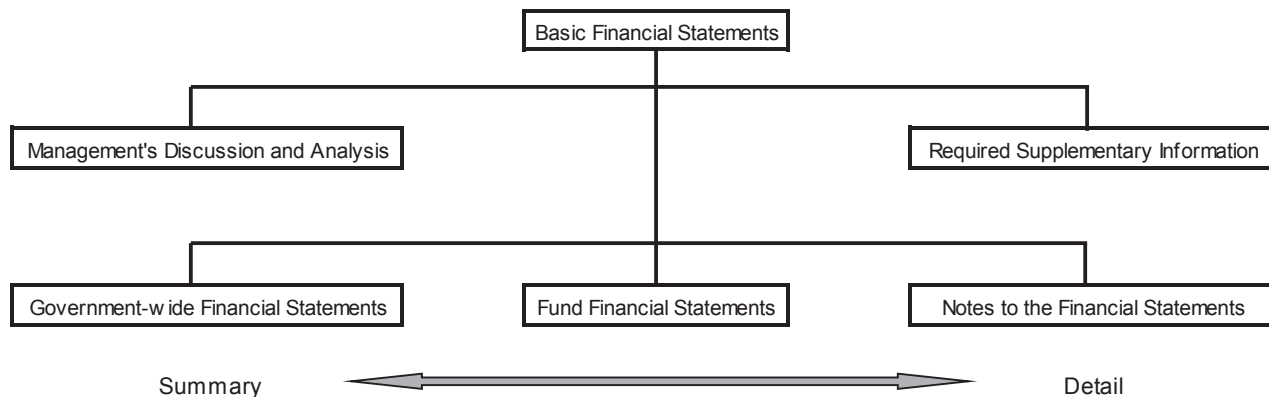
- General Fund operating revenues were \$8.2 million greater than budgeted while operating expenditures were \$13.2 million less than budgeted in 2022. Property taxes were as budgeted while revenues other than property taxes were \$8.2 million more than budget. Other revenue was under budget \$6.3 million,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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure A-1
Components of the Financial Section



The basic financial statements include two kinds of statements.

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

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

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

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

Government-wide Financial Statements

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

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

The government-wide financial statements of the City of Milwaukee are divided into three categories on these statements—governmental activities, business-type activities, and component units. A total for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as water, sewer user charge, sewer maintenance, transportation, and port. User charges or fees primarily support these activities.
- The *component units* include two other entities in its report: The Redevelopment Authority of the City of Milwaukee, and The Neighborhood Improvement Development Corporation. Although legally independent entities, these organizations are closely related to the City of Milwaukee in terms of their respective financial and public policy responsibilities.

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Summary of Statement of Net Position

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

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

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

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

Net position of the City's governmental activities increased to (\$1.693) billion for 2022. The portion of net position restricted as to use totaled \$211 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$964 million net of outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets are reported net of related debt, the funding needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net position deficit of \$2.867 billion at year-end does not imply that the City has inadequate financial resources to meet its current obligations. Rather, the deficit is caused, in part, by the full accrual of future expenses (expenditures) in the current year. The City's annual budgets, however, only include funding (revenue) for one year of multi-year liabilities such as property-casualty claims, employee leave balances and post-employment benefits. This difference between future expenditures and current year revenue is mostly responsible for the deficit.

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

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

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

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

Changes in Net Position

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

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

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

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

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

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

CITY OF MILWAUKEE
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Governmental Activities

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

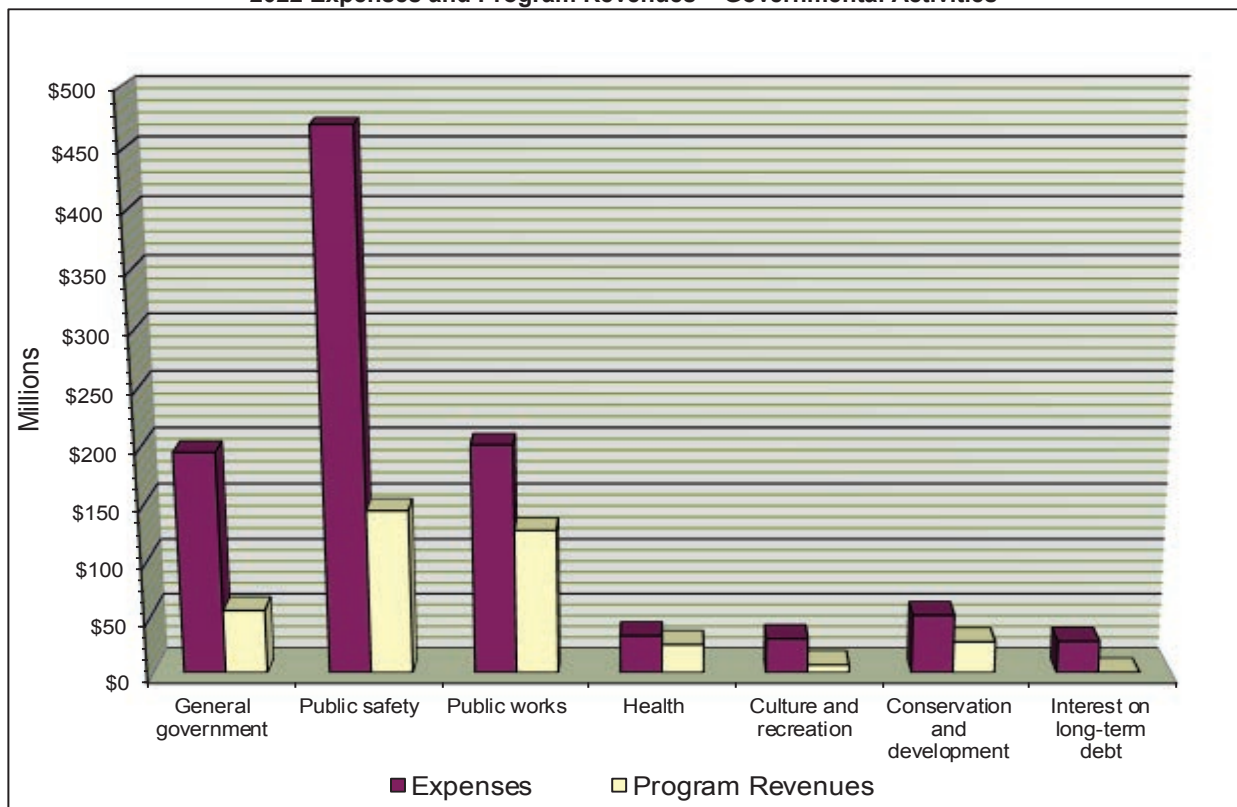
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

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

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

Chart 1
2022 Expenses and Program Revenues – Governmental Activities



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Table 2c presents the gross and net costs (total costs less the revenues generated by the activities) of each of the City's largest programs. Chart 1 above depicts total revenues and expenses for each activity. General government includes most City departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. "Net cost" shows the remaining costs, by function that are funded by non-program revenues such as City taxes and State aids. The net cost of services not funded with direct program revenue for governmental activities decreased in 2022 to \$623 million from \$1.049 billion in 2021, a 41% decrease.

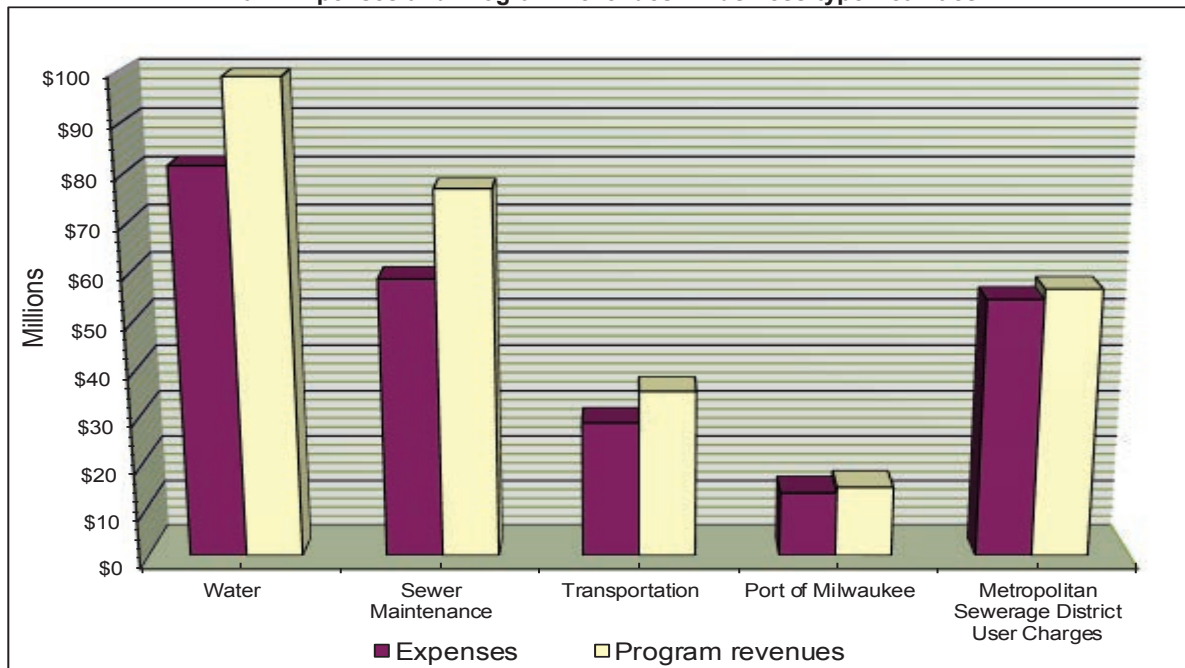
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

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

Business-type Activities

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

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



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

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

	<u>Water Works</u>	<u>Sewer Maintenance</u>
Revenues.....	\$ 98,968	\$ 72,920
Expenses.....	\$ 79,697	\$ 51,098
Net operating income.....	<u>\$ 19,271</u>	<u>\$ 21,822</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>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues.....	\$ 284,404	\$ 288,317	\$ (3,913)	-1%
Expenses/Transfers.....	\$ 263,822	\$ 272,278	\$ (8,456)	-3%
Net position.....	\$ 837,639	\$ 817,057	\$ 20,582	3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting consistent with finance-related legal requirements and external governmental accounting standards.

Governmental Funds

Governmental Funds are reported in the fund based financial statements with a focus on the annual inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with the succeeding year's requirements. Types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

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

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

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

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

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

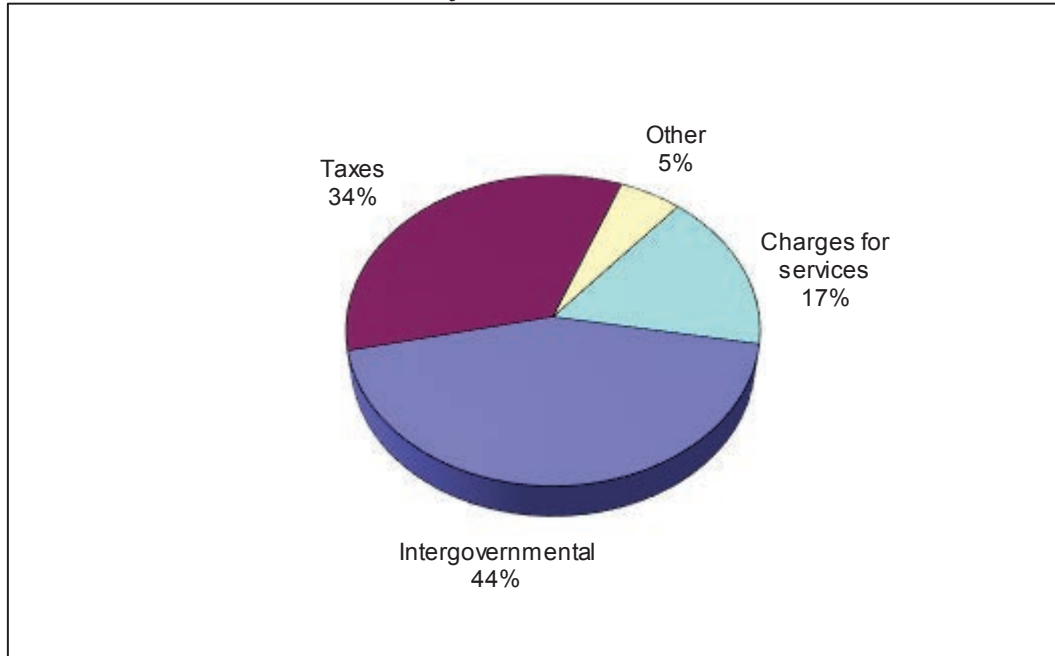
Table 4b
Governmental Fund Revenues by Source
(Thousands of Dollars)

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

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

Chart 3
2022 Revenues by Source – Governmental Funds



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

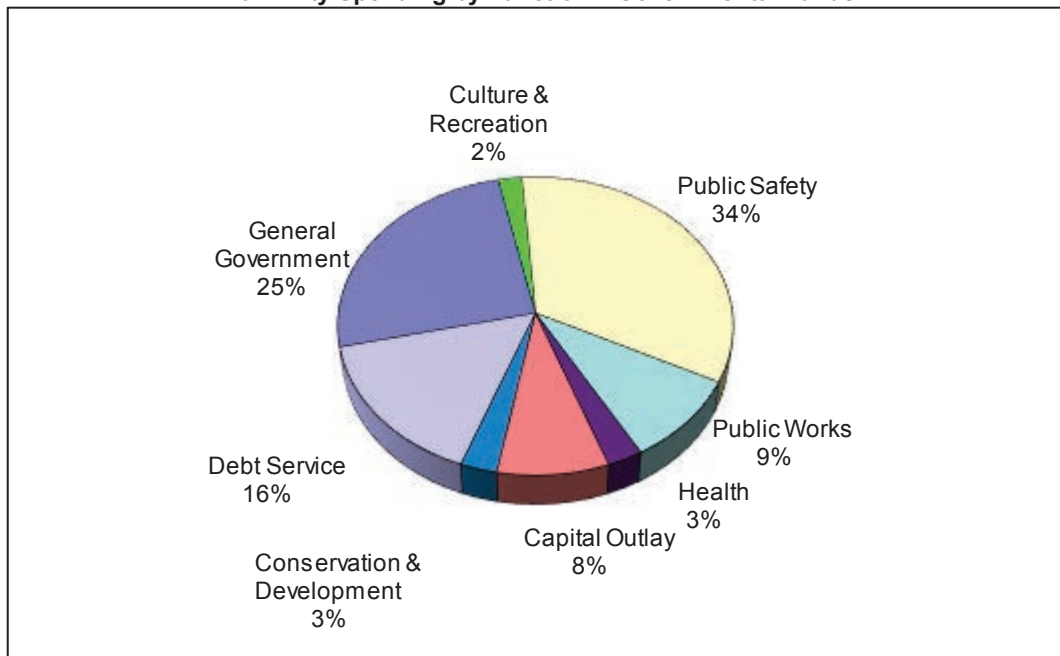
Table 4c
Governmental Fund Expenditures by Source
 (Thousands of Dollars)

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

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

Chart 4
2022 City Spending by Function – Governmental Funds



Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund increased \$25 million or 14%. Revenues and other financing sources totaled approximately \$744 million and expenditures and other financing uses totaled approximately \$719 million - detailed in Table 5 below. General Fund revenues increased \$22 million due to recovery in activity following the reduced levels in the prior two years due to the COVID-19 pandemic.

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

Other Financing Sources (consisting of debt proceeds and transfers in from other funds), exceeded Other Financing Uses (consisting of transfers out to other funds) by \$33 million. In 2022 there was a \$4 million fund balance withdrawal which was \$2.5 million less than the 2021 withdrawal of \$6.5 million.

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

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

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

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

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

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

The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The 2022 fund balance of the General Obligation Debt Service Fund increased \$5 million to \$34 million compared to the 2021 balance of \$29 million (see Table 4a).

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

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

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

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

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

The Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. In 2022, total debt proceeds amounted to \$93.5 million equal to the \$93.5 million in 2021. Total revenues increased \$0.2 million to \$27.1 million in 2022 from \$26.9 million in 2021; expenditures decreased \$42.3 million, to \$100.4 million in 2022 compared to \$142.7 million in 2021. The decline was due to supply chain and labor constraints for both the City and private contractors who perform infrastructure work. The current year's revenues, transfers in and issuance of bonds and notes exceeded expenditures and transfers out during 2022 for capital purposes resulting in a fund balance of \$18.9 million, a \$16.9 million increase compared to the 2021 fund balance of \$2 million (Table 4a).

Proprietary Funds

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

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

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 FOR THE YEAR ENDED DECEMBER 31, 2022
 (Unaudited)

authorized for carryover from 2021 by the Common Council less those appropriations authorized for carryforward to 2023. In addition, certain appropriations are budgeted in a general non-departmental account (i.e. contingency) and are only transferred from this account to specific departments during the year to expend after authorization by the Common Council. These appropriation adjustments are part of the final budget. As detailed in the Required Supplementary Information Section, Exhibit E-1 shows both the original 2022 General Fund expenditure budget of \$740 million and the final budget of \$704 million, which is a 3% decrease compared to the final 2021 budget of \$723 million. The final 2022 revenue budget of \$675 million is the same as the final 2021 revenue budget of \$675 million. Table 7 below presents a summary of the 2022 General Fund budget to actual revenues, expenses and changes in fund balance.

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2022 total \$2.641 billion (net of accumulated depreciation/amortization). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, lease right of use assets and construction in progress. The total net increase in the City's capital assets for the current fiscal year was \$1.1 million excluding the adjustment to beginning balances for the implementation of GASB 87. Governmental activities' capital assets decreased \$7.7 million from 2021. Beginning balances reflect \$5 million of Right of Use Assets recorded to implement GASB 87. Business-type activity capital assets increased \$8.7 million at the end of 2022. A schedule comparing the assets by type for 2022 and 2021, for both governmental and business-type activities is shown in Table 8 below. The net change in assets, as detailed in Note 4 to the Financial Statements, reports that 2022 additions were \$73.4 million and deletions were \$52.7 million for governmental activities. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund. The Sewer Maintenance Fund had a net increase in capital assets of \$10 million. Of the Sewer Maintenance Fund's net assets at year-end, 99% relate to the sewer mains infrastructure. Infrastructure net assets of the Water Works Fund comprise 63% of its total capital assets with 33% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$1 million. The net investment in capital assets represents the net book value of capital assets less associated obligations. The net investment as of December 31, 2022 was \$1.8 billion, an increase of \$36.4 million from the December 31, 2021 net investment of \$1.764 billion.

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

Table 8
Net Capital Assets
 (Thousands of Dollars)

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

*Amounts were adjusted to reflect the implementation of GASB 87

Debt

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

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

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

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

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

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

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

*Amounts were adjusted to reflect the implementation of GASB 87

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

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

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

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

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

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

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

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

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

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

*Levy year funds the next year's budget.

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

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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

Exhibit 1

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

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

Exhibit 1

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

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues	Grants and Contributions	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 195,073	\$ 36,284	\$ 19,582	\$ -
Public safety	469,399	28,920	115,318	-
Public works	201,732	110,667	15,371	1,008
Health	33,242	753	24,458	-
Culture and recreation	30,531	909	5,868	-
Conservation and development	51,738	109	27,614	-
Interest on long-term debt	28,235	-	-	-
Total Governmental Activities	1,009,950	177,642	208,211	1,008
Business-type Activities:				
Water	81,481	98,968	-	74
Sewer Maintenance	58,645	72,920	-	3,995
Transportation	28,626	32,329	-	2,965
Port of Milwaukee	13,592	7,179	-	7,638
Metropolitan Sewerage District				
User Charges	54,434	56,585	-	-
Total Business-type Activities	236,778	267,981	-	14,672
Total Primary Government	\$ 1,246,728	\$ 445,623	\$ 208,211	\$ 15,680
Component units:				
Redevelopment Authority	\$ 5,135	\$ 2,164	\$ 1,107	\$ -
Neighborhood Improvement Development Corporation	639	278	169	-
Total Component Units	\$ 5,774	\$ 2,442	\$ 1,276	\$ -
General revenues:				
Property taxes and other taxes				
State aid for General Fund				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning as restated (note 15).....				
Net Position (Deficit) - Ending				
The notes to the financial statements are an integral part of this statement.				

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (139,207)		\$ (139,207)	
(325,161)		(325,161)	
(74,686)		(74,686)	
(8,031)		(8,031)	
(23,754)		(23,754)	
(24,015)		(24,015)	
(28,235)		(28,235)	
<u>(623,089)</u>		<u>(623,089)</u>	
-	\$ 17,561	17,561	
-	18,270	18,270	
-	6,668	6,668	
-	1,225	1,225	
-	2,151	2,151	
-	45,875	45,875	
<u>(623,089)</u>	<u>45,875</u>	<u>(577,214)</u>	
			\$ (1,864)
			<u>(192)</u>
			<u>(2,056)</u>
368,200	-	368,200	-
273,305	-	273,305	-
53,366	1,751	55,117	208
27,044	(27,044)	-	-
<u>721,915</u>	<u>(25,293)</u>	<u>696,622</u>	<u>208</u>
98,826	20,582	119,408	(1,848)
<u>(1,792,111)</u>	<u>817,057</u>	<u>(975,054)</u>	<u>46,258</u>
<u>\$ (1,693,285)</u>	<u>\$ 837,639</u>	<u>\$ (855,646)</u>	<u>\$ 44,410</u>

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**FUND
FINANCIAL
STATEMENTS**

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

Exhibit A-1

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

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

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

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

Exhibit A-2

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit A-3

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

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

Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ 46,813	\$ -	\$ 10,003	\$ -	\$ 361,604
2,723	-	-	215	-	6,121
-	-	-	2,970	-	2,970
-	-	-	-	-	19,801
-	-	168,464	7,663	19,142	468,574
-	-	-	-	-	177,642
-	-	-	-	-	3,162
-	-	-	-	-	2,865
<u>1,050</u>	<u>-</u>	<u>-</u>	<u>6,297</u>	<u>8,377</u>	<u>28,236</u>
<u>3,773</u>	<u>46,813</u>	<u>168,464</u>	<u>27,148</u>	<u>27,519</u>	<u>1,070,975</u>
6	-	-	-	3,412	301,115
-	-	105,773	-	8,415	400,090
-	-	15,316	-	-	111,232
-	-	24,361	-	-	31,793
-	-	3,946	-	980	24,829
-	1,126	19,561	-	8,050	32,925
-	-	-	100,389	-	100,389
-	-	-	-	-	138,688
-	-	-	-	-	46,810
-	-	-	-	-	1,735
<u>6</u>	<u>1,126</u>	<u>168,957</u>	<u>100,389</u>	<u>20,857</u>	<u>1,189,606</u>
<u>3,767</u>	<u>45,687</u>	<u>(493)</u>	<u>(73,241)</u>	<u>6,662</u>	<u>(118,631)</u>
-	-	-	93,039	15,044	115,434
-	-	-	-	-	32,702
-	-	(342)	-	58	(1,968)
-	-	-	-	-	14,177
-	3,334	-	457	-	91,764
<u>(3,000)</u>	<u>(27,913)</u>	<u>-</u>	<u>(3,334)</u>	<u>(21,447)</u>	<u>(64,720)</u>
<u>(3,000)</u>	<u>(24,579)</u>	<u>(342)</u>	<u>90,162</u>	<u>(6,345)</u>	<u>187,389</u>
767	21,108	(835)	16,921	317	68,758
<u>43,131</u>	<u>113,038</u>	<u>(4,615)</u>	<u>2,001</u>	<u>(6,838)</u>	<u>352,044</u>
<u>\$ 43,898</u>	<u>\$ 134,146</u>	<u>\$ (5,450)</u>	<u>\$ 18,922</u>	<u>\$ (6,521)</u>	<u>\$ 420,802</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, 2022
(Thousands of Dollars)

Exhibit A-4

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

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions of \$78,357 less additions from Construction-in-Progress (\$23,580) exceeded depreciation and amortization expense (\$61,670) in the current period less disposal of land (\$26) and loss on disposal of equipment (\$740). (7,659)

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

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.

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

The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

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

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.

Leases	(4,456)	
Compensated absences	(324)	
Total other postemployment benefits liability	429,311	
Net pension liability	529,549	
Deferred inflows for other post employment benefits	(380,016)	
Deferred outflows for other post employment benefits	(65,504)	
Deferred inflows for pensions	(380,868)	
Deferred outflows for pensions	(104,174)	
Claims and judgments	27,439	
Accrued interest on bonds and notes	<u>(452)</u>	
		<u>50,505</u>

Changes in net position of governmental activities (Exhibit 2) **\$ 98,826**

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

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

Exhibit B-1

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

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

Exhibit B-1

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

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

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CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit B-2

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

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

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

Exhibit B-3

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

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

Exhibit B-3

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

Exhibit C-1

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Exhibit C-2

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

Exhibit D-1

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

Exhibit D-1

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CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit D-2

		Program Revenues	Grants and Contributions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses					
Redevelopment Authority					
Prevention and elimination of blight	\$ 5,135	\$ 2,164	\$ 1,107	\$ -	
Neighborhood Improvement Development Corp.					
Housing improvements	639	278	169	-	
Total Component Units	\$ 5,774	\$ 2,442	\$ 1,276	\$ -	

General revenues:

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning as restated (note 15).....

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
\$ (1,864)	\$ -	\$ (1,864)
<u>-</u>	<u>(192)</u>	<u>(192)</u>
<u>(1,864)</u>	<u>(192)</u>	<u>(2,056)</u>
<u>(2)</u>	<u>210</u>	<u>208</u>
<u>(2)</u>	<u>210</u>	<u>208</u>
(1,866)	18	(1,848)
<u>43,336</u>	<u>2,922</u>	<u>46,258</u>
<u>\$ 41,470</u>	<u>\$ 2,940</u>	<u>\$ 44,410</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Reporting Entity

The City of Milwaukee (the "City") was incorporated on January 31, 1846, and operates under a Council-Mayor form of government. These financial statements present the City (the primary government) and other organizations, including component units, for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are legally separate organizations for which the elected officials of the City are accountable. The City is considered financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to or burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the primary government.

Discretely Presented Component Units

The component unit's columns in the government-wide financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the following discretely presented component units:

Redevelopment Authority - The Redevelopment Authority of the City of Milwaukee (RACM) is responsible for activities related to the prevention and elimination of blighted conditions in the City. The City appoints all members of the Board and approves the budget.

Neighborhood Improvement Development Corporation - The Neighborhood Improvement Development Corporation (NIDC) is a nonprofit organization established to promote reinvestment in both housing and commercial structures within the City. NIDC programs encourage private lending institutions and property owners to make improvements to the community's homes and businesses. Corporate officers of NIDC are provided by the City and City employees manage daily operations.

Financial statements of the individual component units can be obtained from their respective administrative offices. Addresses of the component units are as follows: RACM, 809 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202, NIDC, 841 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202.

The basic financial statements exclude the accounts of the Housing Authority of the City of Milwaukee (HACM), Milwaukee Economic Development Corporation (MEDC), Employ Milwaukee, Business Improvement Districts, Neighborhood Improvement Districts, Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District (MMSD), World Festivals Inc. ("Summerfest") and the Employees' Retirement System of the City of Milwaukee, because these entities do not meet the criteria established by GASB Statements 14, 61, 69 and 80, as component units of the City.

MMSD is a special purpose municipal corporation created to provide sewerage treatment services in the Milwaukee metropolitan area. The City is responsible for paying usage charges within its jurisdiction. These amounts, in turn, are billed by the City to its water customers. The City has no equity interest in MMSD. Financial statements for MMSD are available from its administrative office.

CITY OF MILWAUKEE
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FOR THE YEAR ENDED DECEMBER 31, 2022

Related Organizations

Housing Authority of the City of Milwaukee

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

Employ Milwaukee

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

Business Improvement Districts

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

Neighborhood Improvement Districts

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

B. Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fiduciary fund types:

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

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

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

C. Basis of Accounting – Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2022 that will be collected in 2023 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have

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

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

F. Property Taxes

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

The allowance for uncollectible property taxes is based on an analysis of the delinquent property taxes and, in management's judgment, represents an amount adequate to provide for potential uncollectible taxes. The allowance is increased by provisions charged against revenues and is reduced by taxes receivable written off.

The City, through its Special Revenue Fund - Delinquent Tax, issues general obligation short-term promissory notes to finance the purchase of the most recent delinquent taxes from its General Fund. Collections on these delinquencies are used for the associated debt service requirements.

G. Accounts Receivable

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

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Nonmajor Proprietary funds allowances as of December 31, 2022 were approximately \$435,000, \$223,000 and \$732,000 respectively.

H. Unbilled Services

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

I. Special Assessments

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

J. Notes and Loan Receivables

The Grant & Aid Projects Fund and the Special Revenue Fund - Community Development Block Grant hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the governmental funds are approximately \$19,882,000 as of December 31, 2022.

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

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

loan has been repaid or the TID expires. The City reflects these loans as notes receivable and deferred inflows in governmental fund financial statements based on an amount estimated to be repaid from the Authority and the Corporation.

K. Inventories

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

L. Prepaid Items

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

M. Leases

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

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

N. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at replacement value at the time received. General infrastructure assets, such as roads, bridges, curbs, gutters, streets, sidewalks, and drainage and lighting systems, acquired prior to January 1, 2002 are reported at estimated historical cost using deflated replacement cost. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction are not capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives for the City and component units are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure.....	\$ 20,000	5-100 years
Land.....	20,000	N/A
Land Improvements.....	20,000	N/A
Intangible right of ways.....	20,000	N/A
Site Improvements.....	20,000	3-50
Buildings.....	20,000	10-60
Building Improvements.....	20,000	10-45
Machinery and equipment.....	20,000	3-40
Works of Art, Historical Treasures.....	20,000	N/A
Intangible Software.....	100,000	5-20
Lease Right to Use.....	20,000	lease term

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

O. Pension Contributions

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

P. Compensated Absences

The liability for compensated absences reported in the government-wide, and proprietary fund financial statements consists of unpaid, accumulated vacation, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax). A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. City employees accrue sick leave in accordance with labor agreements or Section 350-37 of the Code of Ordinances.

Q. Claims and Judgments

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

R. Debt Premiums, Discounts, and Issuance Costs

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

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

S. Fund Balance-Governmental Funds

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

Nonspendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City's Common Council. The Common Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Common Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is the policy of the City that the City Comptroller will have the authority to assign funds intended for a specific purpose but have not received formal approval by the Common Council. The Comptroller records funds as

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

assigned fund balance based on intentions for use of the funds and can redeploy assigned resources to an alternative fund balance category based on intended use of the funds.

Unassigned – All other spendable amounts.

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

T. Net Position

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

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

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

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

U. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

V. Use of Estimates

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

W. Deferred Outflows/Inflows of Resources

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

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

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

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

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

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

X. Pension Obligations

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

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Y. OPEB Obligations

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

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

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

Z. New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

2. DEPOSITS AND INVESTMENTS

A. Primary Government

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

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

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

Credit Ratings

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

Pooled Deposits and Investments

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

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

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

Investment Portfolio Ratings

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

Custodial Credit Risk – Deposits and Investments

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

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

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

Interest Rate Risk

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Credit Risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligations. Wisconsin Statutes expressly limit the City to invest in certain allowable investments as listed in Note 1. E. The City's investment policy generally does not further limit its investment choices.

Fair Value Measurements

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

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

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

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

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

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

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

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

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

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

CITY OF MILWAUKEE
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B. Component Units

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Component Unit investments are exposed to losses as a result of increases in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation.

The Component Units have the following deposits and investments as of December 31, 2022:

	Investment Maturities (in Years)			Moody's Credit Rating
	(Thousands of Dollars)			
	Fair value	Less than 1	1-5	
Component Units:				
Bank Demand Deposits.....	\$ 12,351	\$ 12,351	\$ -	not rated
Local Government Investment Pool.....	237	237	-	not rated
U.S. Treasury Notes.....	1,937	763	1,174	AAA
U.S. Agencies.....	1,757	573	1,184	AAA
U.S. Government Mortgage	4	-	4	AAA
Municipal Bonds	1,853	376	1,477	AA3
Corporate Bonds	222	-	222	AA2
Certificates of Deposit.....	604	604	-	AA
Money Market.....	1,506	1,506	-	not rated
	<u>\$ 20,471</u>	<u>\$ 16,410</u>	<u>\$ 4,061</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, 2022 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

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

CITY OF MILWAUKEE
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3. PROPERTY TAXES

The City's property taxes are levied on or before December 31, on the assessed (taxable) value as of the prior January 1, for all general property located in the City. Taxes become a lien against the property upon filing the roll in the Office of the City Clerk. This generally takes place in December. The taxes are due January 31, but may be paid in ten monthly installments without interest from January through October. Foreclosure can be commenced after one year from date of delinquency.

The City purchases property taxes receivable from other taxing authorities at the unpaid amounts to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues. Also, delinquent water and sewer charges and special assessment receivables are transferred to the General Fund at the unpaid amounts.

At December 31, 2022, delinquent property taxes include delinquent sewer and water charges and special assessments by year levied, tax deeded property, and allowance for uncollectible taxes. These delinquent property taxes are reported as part of taxes receivable in the General Fund and Special Revenue Fund - Delinquent Tax and consist of the following:

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

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

4. CAPITAL ASSETS

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

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

*Amounts were adjusted to reflect the implementation of GASB 87

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

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

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

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

* Beginning balances restated (see note 15)

CITY OF MILWAUKEE
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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 ..	\$ 211,692	\$ 98,546	\$ 44,758	\$ -	\$ 14,518	\$ -	\$ 369,514
Leases receivable.....	4,209	-	-	-	-	-	4,209
Delinquent property taxes	5,952	-	-	-	-	7,107	13,059
Unavailable receivables.....	5,046	53,333	7,127	-	-	-	65,506
Unbilled special assessments	-	-	-	-	4,768	-	4,768
Unavailable grant revenue	-	-	-	9,452	4,746	307	14,505
Grants received prior to meeting all eligibility requirements.....	-	-	-	356,085	-	-	356,085
Other unearned revenue	573	-	-	716	6	461	1,756
Total	<u>\$ 227,472</u>	<u>\$ 151,879</u>	<u>\$ 51,885</u>	<u>\$ 366,253</u>	<u>\$ 24,038</u>	<u>\$ 7,875</u>	<u>\$ 829,402</u>
							Unearned revenues - deferred inflow s \$ 373,723
							Unavailable revenues - deferred inflow s 97,838
							Unearned revenues - liabilities 357,841
							<u>\$ 829,402</u>

6. SHORT-TERM DEBT

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

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

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

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

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

*Amounts were adjusted to reflect the implementation of GASB 87

CITY OF MILWAUKEE
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 FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Sewer Maintenance, Transportation, and Port of Milwaukee Proprietary Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies.

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

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

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

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2022, there was \$1,469,761 of debt outstanding. There is also \$52,430,164 of debt for school purposes issued under the City's 5% debt limit. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2022, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,271,552,000. These assets are excluded from the financial statements of the City.

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

As of December 31, 2022, \$44,844,782 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$63,388,096. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

C. Revenue Bonds and State Loans (Direct)

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

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

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

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

D. Notes Payable

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

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

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

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

E. Direct Loans

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

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

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

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

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

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

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

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

F. Debt Service Requirements

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

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

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

G. Debt Limit

Wisconsin Statutes limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. The Statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. At December 31, 2022, the City's legal debt margin was \$1,407,958,000. Of this amount, \$654,335,000 was for school purposes and \$753,623,000 was for City purposes.

H. Refinancing

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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I. Conduit Debt

Occasionally, the City has issued revenue bonds in order to provide financing to private sector entities for the purpose of acquiring, constructing, or rehabilitating housing units and for retiring the existing debt associated with housing units. These obligations are primarily secured by mortgage or revenue agreements on the associated projects and, together with the interest obligation, are payable solely by the developers from leased rentals and other funds or revenues. In addition, these obligations do not constitute indebtedness of the City, as the City has no responsibility for the debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of all revenue bonds outstanding at December 31, 2022 is approximately \$369,000,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

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

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

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, for general City employees enrolled prior to January 1, 2014, 4% for general City employees enrolled on or after January 1, 2014, 7%, police officers, firefighters, 7% for elected officials enrolled prior to January 1, 2014, and 4% for elected officials enrolled on or after January 1, 2014. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute a percentage of their earnable compensation for pension benefits as described above. A general City employee who enrolls as a member in the Employees' Retirement System on or after January 1, 2014 has the following: a minimum service retirement age of 65 and a service retirement allowance equal to 1.6% of the members final average salary times the total number of years of all creditable service; eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service. Additionally, they are eligible for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator. All new city employees enrolled on or after January 1, 2014, are required to contribute 4% of their earnable compensation to the retirement system. Total contributions to the System for the plan year 2022 was \$77,197,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2022 and 2021 were \$77,197,000 and \$74,443,000 respectively. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Long-term Expected Return on Plan Assets –The long-term expected rate of return on pension plan investments was determined using Callan Associates' 10-year geometric capital market projections. Projected long-term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2021, are summarized in the following table:

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Asset Allocation Policy and Expected Return

<u>Asset Class</u>	<u>Policy</u>	<u>Long-term Expected Rate of Return</u>
Public Equity.....	44.0%	7.3%
Fixed Income & Cash.....	23.0%	3.1%
Real Estate.....	9.1%	5.6%
Real Assets.....	3.9%	4.5%
Private Equity.....	10.0%	10.6%
Absolute Return.....	10.0%	2.9%
	100.0%	

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

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

Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2021
Measurement Date of Net Pension Liability	December 31, 2021
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Investment Rate of Return:	7.50% per annum, compounded annually
Discount Rate:	7.50%
Projected Salary Increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption:	2.50%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Pre-retirement mortality rates were based on the RP-2014 Healthy Non-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.

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

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

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

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

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

Schedule of Employer Allocations – The Employer Allocation Percentage is based on the employers required contribution compared to the required contribution for all employers. The Employer Allocation Percentage is rounded to seven decimal places. The City's 2021 actuarial employer contribution was \$75.721 million and the employer allocation percentage was 84.667% as compared to the prior year actuarial employer contribution of \$76.660 million and an employer allocation percentage of 84.921%.

Schedule of Pension Amounts – The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage. The City's proportionate share of Collective net pension liability, deferred outflows/inflows and pension expense was 84.667%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.88 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5.00 years.

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

Total Future Deferred Inflows/Outflows

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

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

Annual Future Deferred Inflows/Outflows

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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The City's pension expense was determined as follows:

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

Other Postemployment Benefits

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

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

Plan Description

The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employees' Retirement System (ERS). The City provides medical and COBRA dental insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City.

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

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

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

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

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

In addition to medical insurance, before 2014 the City allowed its employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees in accordance with Section 350-25 of the Code of Ordinances. The base amount of coverage for general City employees covered under the City's Life Insurance plan until December 31, 2013 was equal to the employee's annual basic salary to the next higher thousand dollars. The base amount of coverage for firefighters and police officers is equal to one and one-half the employee's annual basic salary to the next higher thousand dollars.

General City employees retiring after 2013 must have purchased before retirement at least 50% of their annual base salary in voluntary life insurance coverage to be able to continue their enrollment in the City's General Life Insurance program. Premiums are paid at age-banded rates that are in effect at that time. Employees maintaining a minimum of 50% of their annual base salary at the time of retirement in voluntary coverage until age 65, upon attaining age 65, have \$10,000 of coverage paid for by the City.

In general, General City employees retiring on a service retirement prior to 2014 were eligible to continue coverage at the level on the date prior to their date of retirement. Firefighters and Police retiring on a service retirement are eligible to continue coverage up to their base amount of coverage on the date prior to their date of retirement. Prior to age 65, all retirees are required to pay the full premium rates as established by the insurance carrier, less an adjustment for estimated dividends.

Furthermore, as part of recent collective bargaining agreements, Fire and Police employees (except MPSO) now follow the same life insurance plan design as General employees – they must have purchased before retirement at least 50% of their annual base salary in voluntary life insurance coverage to be able to continue their enrollment in the City's General Life Insurance program. Premiums are paid at age-banded rates that are in effect at that time. Employees maintaining a minimum of 50% of their annual base salary at the time of retirement in voluntary coverage until age 65, upon attaining age 65, have \$10,000 of coverage paid for by the City.

The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching the age of 65, those retirees still part of the group life plan have their coverage reduced in accordance with the reduction schedule in effect on their last day physically at work. For certain groups of retirees, the City may assume all future premiums or only the cost of the \$10,000 of coverage, depending upon the retirement date and reduction schedule in effect on their last day at work.

Funding Policy

The contribution of plan members and the City are established and may be amended by the City. The required contribution for medical and life insurance for retirees is based on a pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2022, the City paid \$35,377,338 and \$3,952,715, respectively, toward medical and life insurance for retirees.

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Actuarial Assumptions

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

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

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Total OPEB Liability

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

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

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

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

Sensitivity of Total OPEB to the Single Discount Rate Assumption

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

Sensitivity of Total OPEB to the Healthcare Cost Trend Rate Assumption

	<u>1% Decrease</u>	<u>Current Healthcare Cost Assumption</u>	<u>1% Increase</u>
	(Thousands of Dollars)		
City's Total OPEB liability.....	\$ 1,063,583	\$ 1,228,831	\$ 1,439,030

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

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

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

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

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

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

(Thousands of Dollars)

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

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

Outflows and (Inflows) of Resources

(Thousands of Dollars)

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

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

(Thousands of Dollars)

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

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend amounts. The annual OPEB expense and total OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Terminal Leave Payments

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

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where the above calculation then applies. Firefighters who have fewer than twenty, 24-hour workdays of accumulated, unused sick days are not eligible for a terminal leave benefit. Police officers receive payment for up to 55 days of unused sick leave at base pay for their terminal leave benefit. All remaining City employees receive up to 30 days of unused sick leave at base pay as their terminal leave benefit. In 2022, approximately \$11,559,160 was paid for sick leave from all funds. At December 31, 2022, accumulated sick leave earned but not taken totaled approximately \$141,192,472 determined on the basis of current salary rates.

Terminal leave pay is funded on a pay-as-you-go basis and provided for in the salary budgets of the respective departments annually. In 2022, terminal leave payments totaled \$2,694,727 to employees retiring during the year. As of December 31, 2022, the City has accrued \$25,691,990 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$44,699,977 with the remainder accrued vacation leave of \$17,513,443 and estimated FICA taxes of \$1,494,544.

9. FUND BALANCE

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

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

Sinking Fund Deposits

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

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Tax Stabilization and Advances to Other Funds

A tax stabilization arrangement is incorporated into the City's adopted *Reserve for Tax Stabilization Fund Balance Policy* and is governed by the City's Code of Ordinances. At December 31, 2022, the tax stabilization reserve was \$29,385,000. Of this amount, \$20,144,000 is unassigned for 2022 and subsequent years' budgets. This Reserve includes an amount for advances of \$9,241,000 from the General Fund to the Capital Projects Fund. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the reserved for tax stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council prior to budget adoption.

Deficit Balances

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

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

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

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

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

		Due From			
		General Fund	Nonmajor Governmental Funds	Sewer Maintenance Fund	Nonmajor Proprietary Funds
		(Thousands of Dollars)			
Due To	General Fund	\$ -	\$ 141	\$ -	\$ -
	General Obligation Debt Service	6,433	-	-	-
	Grant and Aid Projects	24,027	-	-	-
	Nonmajor Governmental Funds.....	27,155	-	-	-
	Water Works	2,723	-	2,805	2,341
	Nonmajor Proprietary Funds	10,096	-	-	-
	Totals	<u>\$ 70,434</u>	<u>\$ 141</u>	<u>\$ 2,805</u>	<u>\$ 2,341</u>
		<u>\$ 75,721</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 and the Delinquent Tax fund to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2022, the outstanding balance was \$9,241,000.

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The City of Milwaukee Economic Development Fund advanced \$25,619,000 to the Transportation Fund to finance cash flows in 2022. These advances are non-interest bearing and will be repaid from the issuance of debt and service revenues.

Interfund transfers for the year ended December 31, 2022 were as follows (*in thousands*):

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Economic Development.....	\$ 590	Close surplus tax increment revenue
	Nonmajor Governmental Funds.....	6,424	Subsidize uncollected property taxes
	Water Works.....	13,585	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,464	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	11,699	Subsidy for operations
	Subtotal General Fund.....	<u>33,762</u>	
General Obligation Debt Service	General.....	8,260	Funding for debt payments
	Economic Development.....	26,506	Funding for debt payments
	Economic Development.....	360	Close Tax Increments
	Public Debt Amortization.....	3,000	Funding for debt payments
	Nonmajor Governmental Funds.....	15,023	Funding for debt payments
	Nonmajor Proprietary Funds.....	1,062	Funding for debt payments
	Subtotal Debt Service.....	<u>54,211</u>	
Economic Development	Capital Funds.....	3,334	Close surplus revenues
	Subtotal Economic Development.....	<u>3,334</u>	
Capital Projects	Economic Development.....	457	Affordable housing funding
	Subtotal Capital Projects.....	<u>457</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	766	Funding for debt payments
	Subtotal Nonmajor Proprietary.....	<u>766</u>	
	Total Interfund Transfers.....	<u>\$ 92,530</u>	

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2022 were as follows:

Component Unit Payable	Primary Government's Receivable <i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	\$ 393
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	7,128
Due from NIDC for strong home loan repayments.....	117
Due from NIDC for housing projects.....	141
Due from NIDC for home and Community Development Block grants	<u>17</u>
Total	<u><u>\$ 7,796</u></u>

Component Unit Receivable	Primary Government's Payable <i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	\$ 29
Due to RACM for Community Development Block grants .	1
Due to RACM for blight elimination	<u>9</u>
Total	<u><u>\$ 39</u></u>

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12. LEASES

The City implemented GASB Statement No. 87, Leases effective January 1, 2022. This Statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases. In accordance with GASB No. 87, the City does not recognize a lease considered short term in duration. Short term leases are any lease that has a maximum remaining term (as of December 31, 2022) of 12 months or less. The City also excluded any lease for which the underlying contract was below our capitalization threshold.

Lessee:

The City is a lessee for several leases of equipment and buildings. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease-related amortization expense of approximately \$529 thousand and \$160 thousand of interest expense was recorded in fiscal year 2022. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Interest rates ranged between 2.5% and 4.7%. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. As of January 1, 2022 the City recorded approximately \$5 million of right of use lease assets and associated lease liabilities.

The aggregate amortization schedule for the non-cancellable lease liability as of December 31, 2022 is as follows:

Year	Amount		
	(Thousands of Dollars)		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023.....	\$ 438	\$ 156	\$ 594
2024.....	455	143	598
2025.....	192	130	322
2026.....	163	124	287
2027.....	145	119	264
2028-2032.....	798	509	1,307
2033-2037.....	1,006	345	1,351
2038-2042.....	710	157	867
2043 and beyond.....	549	71	620
Total.....	<u>\$ 4,456</u>	<u>\$ 1,754</u>	<u>\$ 6,210</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2022

Lessor:

The City is a lessor for multiple leases of buildings, parking facilities and property/land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City, initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the current fiscal year, the City recognized approximately \$596 thousand in lease revenue and approximately \$1.66 million in lease related interest revenue. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases, with interest rates ranged between 2.5% and 4.7%. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. As of January 1, 2022 the City recorded approximately \$43.9 million of lease receivables and associated deferred inflows.

The value of future minimum installment purchase payments as of December 31, 2022, is as follows:

Year	Amount		
	<i>(Thousands of Dollars)</i>		
	<i>Lease</i>		
	<i>Receivable</i>	<i>Interest</i>	<i>Total</i>
2023.....	\$ 3,480	\$ 1,610	\$ 5,090
2024.....	3,283	1,479	4,762
2025.....	4,368	1,356	5,724
2026.....	2,850	1,191	4,041
2027.....	2,802	1,078	3,880
2028-2032.....	12,876	3,563	16,439
2033-2037.....	4,349	1,758	6,107
2038-2042.....	3,744	834	4,578
2043 and beyond.....	<u>1,869</u>	<u>1,360</u>	<u>3,229</u>
Total.....	<u>\$ 39,621</u>	<u>\$ 14,229</u>	<u>\$ 53,850</u>

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

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employee or natural disaster. With certain exceptions, it is not the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for reasonably estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. Current settlements are paid from the General Fund and recorded as expenditures when paid in the fund based statements. The liabilities are recorded in the government-wide financial statements.

Under Wisconsin Statutes, the amount recoverable by any person for any damages, injuries, or death in any action founded on fact against the City, agencies, officials, officers, or employees cannot exceed \$50,000, with certain exceptions.

The City is self-insured for workers' compensation, health insurance (basic plan), uninsured motorist vehicle coverage for City employees, and general liability. Liabilities are reported when it is probable that a loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other economic and social factors. Claims are paid from the General Fund and recorded as expenditures when paid in the fund based financial statements. The liabilities are recorded in the government-wide financial statements.

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

Claim and Legal Liability Balances

	2022	2021
General liability claims	\$ 42,959,562	\$ 71,905,646
Workers' compensation claims	15,496,262	14,266,302
Unemployment claims	500,000	200,000
Pollution remediation obligation.....	990,714	1,013,968
Total.....	<u>\$ 59,946,538</u>	<u>\$ 87,385,916</u>

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

Claim and Legal Liability Activity

	2022	2021
Beginning of year liability	\$ 87,385,916	\$ 44,213,764
Current year claims and changes in estimates	(24,582,367)	45,774,112
Claim payments	<u>(2,857,011)</u>	<u>(2,601,960)</u>
End of year liability	<u>\$ 59,946,538</u>	<u>\$ 87,385,916</u>

The City is self-insured for active and retired employee health insurance, which is recorded in accounts payable within the general fund. Changes in the balance of this claim liability include both actives and retirees. Changes in the liabilities during the past two years were as follows:

Health Insurance Claim Activity

	2022	2021
Beginning of year liability	\$ 11,884,204	\$ 9,394,895
Current year claims and changes in estimates	101,344,579	108,723,144
Claim payments	<u>(101,397,344)</u>	<u>(106,233,835)</u>
End of year liability	<u>\$ 11,831,439</u>	<u>\$ 11,884,204</u>

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

Environmental Liabilities

The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PCB pollution, and contaminated properties. The probability-weighted expected cash flow measurement technique is used in determining the amount of liability. This involves determining a range of probabilities or likelihoods that different probable outlays will be necessary and calculating a weighted average of these outlays. There is a potential for changes in the estimated pollution remediation obligation due to third-party contracts and City labor costs changes, amendments to regulatory requirements and rules, and previously unknown conditions. The estimated costs of \$300,000 to address 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 2022, the City's estimated liability for pollution remediation-related activities decreased \$23,000. At December 31, 2022, the City has an outstanding liability of \$991,000 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste, with the exception of the South College Avenue site which will remain open for several more years. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City spent \$40,662 in post-closure care of solid waste landfills during 2022. Actual future costs may be higher due to inflation, changes in technology, or changes in regulations.

Intergovernmental grants

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at December 31, 2022.

Commitments

The following is a list of encumbrances by function at December 31, 2022:

	General Fund	Capital Projects	Water Works	Total
	<i>(Thousands of Dollars)</i>			
General government.....	\$ 536	\$ 131	\$ -	\$ 667
Conservation and development.....	438	7,376	-	7,814
Health.....	9	-	-	9
Culture and Recreation.....	278	736	-	1,014
Public safety.....	329	3,273	-	3,602
Public works.....	3,829	-	-	3,829
Infrastructure.....	-	49,417	22,756	72,173
Total.....	<u>\$ 5,419</u>	<u>\$ 60,933</u>	<u>\$ 22,756</u>	<u>\$ 89,108</u>

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

14. TAX ABATEMENTS

Wisconsin State Statute Section 66.1105 gives the City of Milwaukee (City) the authority to create Tax Incremental Financing (TIF) districts. TIF is an economic development tool used by the City to leverage private development investment. As of December 31, 2022, the City provides tax incentives to certain developers of properties within tax incremental districts (TIDs) utilizing the following methods.

Program 1 - Developer-Financed Projects:

- The City and/or Redevelopment Authority of the City of Milwaukee (RACM) enter into an agreement with a developer or corporation to fund a portion of a redevelopment project. The developer/corporation advances the City's contribution and the advance is considered a loan to the City at an agreed-upon interest rate. The loan to the City is repaid by using a portion of the annual tax increment revenue to repay the developer/corporation. In most instances, the amount of the City's loan repayment to the developer/corporation can be reduced if an economic indicator, such as full-time-equivalent employment, is not achieved. Moreover, loan repayments typically cease after a set number of years, even if the loan is not fully amortized.

Program 2 – Grants to Developers/Corporations:

- In exchange for performing or taking a certain action, such as renewing a lease to remain at a certain location, the City and/or RACM (through the TID) will provide a grant, payable through a refund of annual taxes paid. The amount of the refund can be reduced for not meeting an economic indicator, such as full-time-equivalent employment.

Authority for these tax abatement agreements is provided by 66.1105 Wis. Stats. (Tax Increment Law), and 66.1333 Wis. Stats. (Blight Elimination and Slum Clearance). All tax abatement agreements also require the approval of the City of Milwaukee Common Council, RACM Board and the Joint Review Board.

The City is the collection agent for the property taxes of all overlying taxing authorities and deposits the revenues into a separate fund. Taxes refunded during 2022 and the remaining potential future refunds are shown in the table below. The "Remaining" column represents the maximum principal amount outstanding as of December 31, 2022.

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

	Tax Abatement Activity			
	2021		2022 Taxes	2022
	Remaining	Additions	Refunded	Remaining
Program 1, Developer-Financed	(Thousands of Dollars)			
TID 57.....	\$ 1,188	\$ 60	\$ (433)	\$ 815
TID 64.....	12,543	644	(330)	12,857
TID 78.....	40,369	1,785	(5,020)	37,134
TID 80.....	1,948	88	(282)	1,754
TID 83.....	4,073	186	(1,527)	2,732
TID 84.....	9,000	-	-	9,000
TID 86.....	1,513	67	(32)	1,548
TID 87.....	1,062	48	(79)	1,031
TID 90.....	586	26	(45)	567
TID 93.....	524	23	(27)	520
TID 94.....	3,800	-	-	3,800
TID 95.....	500	19	(42)	477
TID 96.....	25,000	-	-	25,000
TID 97.....	9,000	330	(872)	8,458
TID 99.....	2,450	(925)	(389)	1,136
TID 102.....	15,000	-	-	15,000
TID 103.....	1,050	-	-	1,050
TID 104.....	460	-	-	460
TID 105.....	3,150	-	-	3,150
TID 107.....	720	-	-	720
TID 108.....	7,900	-	-	7,900
TID 109.....	-	1,800	-	1,800
TID 110.....	-	7,000	-	7,000
TID 112.....	-	915	-	915
TID 113.....	-	875	-	875
TID 114.....	-	737	-	737
Total Program 1.....	\$ 141,836	\$ 13,678	\$ (9,078)	\$ 146,436
Program 2, Grant				
TID 63.....	1,272	-	(60)	1,212
Total Program 2.....	\$ 1,272	\$ -	\$ (60)	\$ 1,212
Total tax abatements.....	\$ 143,108	\$ 13,678	\$ (9,138)	\$ 147,648

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

15. RESTATEMENT

The net position of the component unit Redevelopment Authority of the City of Milwaukee (RACM), as of December 31, 2021, was restated to record implementation of GASB Statement No. 91, *Conduit Debt Obligations*. The restatement is necessary to reflect RACM's conduit debt activity and related assets and liabilities in accordance with GASB Statement No. 91.

The impact of the restatement on RACM's net position reported on the financial statements as of December 31, 2022 included the following:

Government Wide	RACM	NIDC	Total Component Units
	(Thousands of Dollars)		
Net Position, December 31, 2021 as previously reported.....	\$ 45,661	\$ 2,922	\$ 48,583
Add: Eliminating bonds payable.....	158,988	-	158,988
Eliminating premiums.....	4,446	-	4,446
Eliminating accrued interest.....	1,033	-	1,033
Eliminating accumulated depreciation.....	23,235	-	23,235
Less: Eliminating cash.....	(30,096)	-	(30,096)
Eliminating building asset.....	(61,447)	-	(61,447)
Adjusting loan receivable.....	(97,939)	-	(97,939)
Adjusting deferred revenue.....	(253)	-	(253)
Adjusting accumulated interest received.....	(292)	-	(292)
Net Position, January 1, 2022 as restated.....	<u>\$ 43,336</u>	<u>\$ 2,922</u>	<u>\$ 46,258</u>

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

16. SUBSEQUENT EVENTS

On February 15, 2023, the City issued \$62,000,000 of taxable general obligation promissory notes, Series 2023 T1, for the purpose of annually advancing a portion of the City's contribution to the Employees' Retirement System. The notes mature in 2028.

On February 23, 2023, the City received \$12,387,784 on the Series 2023 S2 from the Clean Water Fund program for sewer capital purposes. The Series 2023 S2 matures in each of the years 2023–2042.

On May 10, 2023, the City received \$1,175,643 from the Safe Drinking Water Loan (SDWL) program for water capital purposes. The entire amount was immediately forgiven by the State.

On June 14, 2023, the City received \$1,582,827 from the SDWL program for water capital purposes. The entire amount was immediately forgiven by the State.

On June 20, 2023, the Governor of The State of Wisconsin signed bill AB245 which codifies the ability for the City Of Milwaukee to enact a local sales tax under Act 12.

On June 28, 2023, the City issued \$67,560,000 of general obligation promissory notes, Series 2023 N3, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2024 through 2033.

On June 28, 2023, the City issued \$22,440,000 of general obligation corporate purpose bonds, Series 2023 B4 for capital project and refunding purposes. The bonds mature in each of the years 2034 through 2038.

On June 29, 2023, the City paid off \$5,000,000 of the 2022 T10 Revolving Loan Agreement with The Huntington National Bank and paid off \$5,000,000 on the 2022 T12 Revolving Loan Agreement with US Bank National Association.

On July 11, 2023, the City Common Council voted to enact ordinance 230357 allowing a local sales tax. The Mayor of the City signed the legislation on July 14, 2023.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-1

	Budgeted Amounts		Actual -	Variance
	Original	Final	Amounts	Positive
	Budget	Budget	Budgetary	(Negative)
			Basis	
Revenues:				
Property taxes	\$ 219,354	\$ 219,354	\$ 219,354	\$ -
Other taxes	3,038	3,138	3,183	45
Licenses and permits	16,743	16,743	19,801	3,058
Intergovernmental	273,467	273,467	273,305	(162)
Charges for services	137,810	137,810	148,879	11,069
Fines and forfeits	2,602	2,602	3,162	560
Other	21,495	21,495	15,168	(6,327)
Total Revenues	674,509	674,609	682,852	8,243
Expenditures:				
Current:				
General government	331,363	289,548	279,635	9,913
Public safety	276,779	285,815	284,772	1,043
Public works	101,722	97,780	95,861	1,919
Health	6,996	7,492	7,335	157
Culture and recreation	19,220	18,993	18,961	32
Conservation and development	4,393	4,335	4,185	150
Total Expenditures	740,473	703,963	690,749	13,214
Deficiency of Revenues over Expenditures	(65,964)	(29,354)	(7,897)	21,457
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	7,351	7,351	-
Transfers in	16,000	26,810	33,762	6,952
Transfers out	(1,200)	(1,200)	(8,260)	(7,060)
Contributions received	26,680	26,680	19,980	(6,700)
Contributions used	(28,644)	(24,382)	(19,839)	4,543
Total Other Financing Sources and Uses	12,836	35,259	32,994	(2,265)
Net Change in Fund Balance	(53,128)	5,905	25,097	19,192
Fund Balance - Beginning.....	176,405	176,405	176,405	-
Fund Balance - Ending	\$ 123,277	\$ 182,310	\$ 201,502	\$ 19,192

Explanation of Differences of Budget to GAAP:

Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.
Please reference Exhibit I-9 for additional detail.

See accompanying independent auditors' report.

Exhibit E-2

See accompanying independent auditors' report.

Exhibit E-3

[illegible]

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit E-4

RETIREE HEALTH AND LIFE INSURANCE (OPEB)

PLAN FIDUCIARY NET POSITION

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer contributions.....	\$ 35,916	\$ 40,842	\$ 36,445	\$ 41,286	\$ 39,330
Active member contributions.....	-	-	-	-	-
Net investment income.....	-	-	-	-	-
Benefit payments.....	(35,916)	(40,842)	(36,445)	(41,286)	(39,330)
Operating expenses.....	-	-	-	-	-
Other.....	-	-	-	-	-
Net Change in Plan Fiduciary Net Position.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Discount rate at beginning of year.....	3.31%	3.71%	2.75%	2.00%	1.84%
Discount rate at end of year.....	3.71%	2.75%	2.00%	1.84%	4.05%

TOTAL OPEB LIABILITY

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability beginning of year.....	\$ 1,228,405	\$ 1,212,927	\$ 1,444,168	\$ 1,690,355	\$ 1,680,554
OPEB expense.....	80,742	107,414	145,270	134,199	54,960
Employer contributions.....	(35,916)	(40,842)	(36,445)	(41,286)	(39,330)
Change in outflow/(inflow) due to non-investment experience.....	(156)	-	-	-	-
Change in outflow/(inflow) due to assumption changes.....	(60,148)	211,954	133,199	(91,708)	(480,355)
Change in outflow/(inflow) due to liability experience.....	-	(47,285)	4,163	(11,006)	13,002
Total OPEB liability end of year.....	<u>\$ 1,212,927</u>	<u>\$ 1,444,168</u>	<u>\$ 1,690,355</u>	<u>\$ 1,680,554</u>	<u>\$ 1,228,831</u>

SCHEDULE OF OPEB CONTRIBUTIONS

<u>FY ending</u> <u>December 31</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>Excess</u>	<u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Actual</u> <u>Contribution</u> <u>as a % of</u> <u>Covered</u> <u>Payroll</u>	<u>Total OPEB</u> <u>Liability</u> <u>as a % of</u> <u>Covered</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%
2022	N/A	\$ 39,330	N/A	\$ 358,672	10.97%	342.61%

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (Thousands of Dollars)

Exhibit E-4

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

Employees' Retirement System

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>
The City's proportion of the net pension liability (asset).....	83.92%	83.08%	82.85%	83.74%	85.56%
The City's proportionate share of the net pension liability (asset).....	\$ 95,224	\$ 349,915	\$ 353,030	\$ 303,583	\$ 1,145,601
The City's covered payroll.....	\$ 444,719	\$ 445,615	\$ 483,819	\$ 483,261	\$ 491,477
Plan fiduciary net position as a percentage of the total pension liability (asset).....	97.76%	91.95%	91.98%	93.70%	78.70%
	<u>12/31/20</u>	<u>12/31/21</u>	<u>12/31/22</u>		
The City's proportion of the net pension liability (asset).....	85.63%	84.92%	84.67%		
The City's proportionate share of the net pension liability (asset).....	850,751	927,864	380,774		
The City's covered payroll.....	498,051	506,458	496,459		
Plan fiduciary net position as a percentage of the total pension liability (asset).....	84.83%	83.80%	76.70%		

SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS

Employees' Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Legally required contributions.....	\$ 65,474	\$ 66,333	\$ 66,401	\$ 74,811	\$ 74,884
Contributions in relation to the required contributions.....	\$ 61,130	\$ 59,985	\$ 61,390	\$ 65,410	\$ 69,940
Contribution deficiency (excess).....	\$ 4,344	\$ 6,348	\$ 5,011	\$ 9,401	\$ 4,944
City's pensionable - covered payroll.....	\$ 375,751	\$ 380,976	\$ 383,845	\$ 422,717	\$ 483,261
Contributions as a percentage of covered payroll.....	16.27%	15.75%	15.99%	15.47%	14.47%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Legally required contributions.....	\$ 76,657	\$ 77,295	\$ 76,660	\$ 75,721	
Contributions in relation to the required contributions.....	\$ 71,160	\$ 82,533	\$ 74,443	\$ 77,197	
Contribution deficiency (excess).....	\$ 5,497	\$ (5,238)	\$ 2,217	\$ (1,476)	
City's pensionable - covered payroll.....	\$ 491,477	\$ 395,015	\$ 387,823	\$ 431,687	
Contributions as a percentage of covered payroll.....	14.48%	20.89%	19.20%	17.88%	

Note: Schedule is intended to report data for the last 10 fiscal years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2022

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2021
Measurement date	December 31, 2022
Actuarial cost method	Entry age normal (level percent of salary)
Amortization method	Average of expected remaining service lives
Amortization period	6 years
Contribution policy	Pay-as-you-go
Asset valuation method	No assets
Current discount rate	4.05%
Wage inflation	2.5% for general employees and 4.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Health care inflation rate	Pre-Medicare trend rates are 4.0% for 2022, 7.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2034. Post-Medicare trend rates are 6.0% for 2022, 8.0% for 2023, and grade down in 0.25% increments to an ultimate trend rate of 4.25% in 2038.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.

Changes of assumptions: The discount rate changed from 1.84% to 4.05%.

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

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on fair value.
Investment rate of return	7.50% per annum, compounded annually.
Projected salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation assumption	2.50%
Changes of assumptions	The discount rate remained unchanged at 7.5%.
Changes of benefit terms	There were no changes of benefit terms for any City of Milwaukee Employees' Retirement System participants.

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

See accompanying independent auditors' report

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Budgets and Budgetary Accounting

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

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

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, 2022
(Thousands of Dollars)

Exhibit F-1

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 876	\$ -	\$ 876
Receivables (net):			
Taxes	-	27,190	27,190
Notes and loans	4,519	-	4,519
Due from other funds.....	141	-	141
Due from component units	18	-	18
Due from other governmental agencies	<u>3,322</u>	<u>-</u>	<u>3,322</u>
Total Assets	<u>\$ 8,876</u>	<u>\$ 27,190</u>	<u>\$ 36,066</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)			
Liabilities:			
Accounts payable	\$ 2,941	\$ 35	\$ 2,976
Accrued expenses	78	-	78
Advance from other funds	-	3,626	3,626
Due to component units	1	-	1
Due to other funds	-	27,155	27,155
Due to other governmental agencies	876	-	876
Unearned revenue.....	<u>461</u>	<u>-</u>	<u>461</u>
Total Liabilities	<u>4,357</u>	<u>30,816</u>	<u>35,173</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>307</u>	<u>7,107</u>	<u>7,414</u>
Fund Balances (Deficit):			
Restricted.....	4,519	-	4,519
Unassigned (Deficit).....	<u>(307)</u>	<u>(10,733)</u>	<u>(11,040)</u>
Total Fund Balances (Deficit).....	<u>4,212</u>	<u>(10,733)</u>	<u>(6,521)</u>
Total Liabilities, Deferred Inflows and Fund Balances ..	<u>\$ 8,876</u>	<u>\$ 27,190</u>	<u>\$ 36,066</u>
See accompanying independent auditors' report.			

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

Exhibit F-2

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 19,142	\$ -	\$ 19,142
Other	<u>-</u>	<u>8,377</u>	<u>8,377</u>
Total Revenues	<u>19,142</u>	<u>8,377</u>	<u>27,519</u>
Expenditures:			
Current:			
General government	1,970	1,442	3,412
Public safety	8,415	-	8,415
Culture and recreation	980	-	980
Conservation and development	<u>8,050</u>	<u>-</u>	<u>8,050</u>
Total Expenditures	<u>19,415</u>	<u>1,442</u>	<u>20,857</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(273)</u>	<u>6,935</u>	<u>6,662</u>
Other Financing Sources (Uses):			
General obligation bonds and notes issued .	-	15,044	15,044
Loans receivable activities.....	58	-	58
Transfers out	<u>-</u>	<u>(21,447)</u>	<u>(21,447)</u>
Total Other Financing Sources (Uses)	<u>58</u>	<u>(6,403)</u>	<u>(6,345)</u>
Net Change in Fund Balances.....	(215)	532	317
Fund Balances - Beginning (Deficit).....	<u>4,427</u>	<u>(11,265)</u>	<u>(6,838)</u>
Fund Balances - Ending (Deficit).....	<u>\$ 4,212</u>	<u>\$ (10,733)</u>	<u>\$ (6,521)</u>
See accompanying independent auditors' report.			

Exhibit F-3

[illegible]

Nonmajor Proprietary Funds

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

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

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

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

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

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
ASSETS AND DEFERRED INFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	\$ 187	\$ 5,190	\$ -	\$ 5,377
Receivables (net):				
Accounts	320	1,170	13,329	14,819
Unbilled accounts	-	-	3,979	3,979
Leases	216	2,667	-	2,883
Due from other funds	-	-	2,341	2,341
Due from other governmental agencies	4,098	788	-	4,886
Total Current Assets	<u>4,821</u>	<u>9,815</u>	<u>19,649</u>	<u>34,285</u>
Noncurrent assets:				
Leases receivable.....	7,527	25,002	-	32,529
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	15,811	1,250	-	17,061
Capital assets being depreciated:				
Buildings	89,320	14,242	-	103,562
Infrastructures	-	21,476	-	21,476
Improvements other than buildings	5,194	10,356	-	15,550
Machinery and equipment	9,748	9,229	-	18,977
Accumulated depreciation	(63,300)	(32,286)	-	(95,586)
Net Capital Assets	<u>65,780</u>	<u>32,721</u>	<u>-</u>	<u>98,501</u>
Total Assets.....	<u>78,128</u>	<u>67,538</u>	<u>19,649</u>	<u>165,315</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	696	155	-	851
Deferred outflows for OPEB	1,649	390	-	2,039
Total Deferred Outflows of Resources.....	<u>2,345</u>	<u>545</u>	<u>-</u>	<u>2,890</u>

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

Exhibit G-1

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 3,055	\$ 1,398	\$ 11,163	\$ 15,616
Accrued expenses	659	73	1	733
Accrued interest payable	161	49	-	210
Compensated absences	423	132	-	555
Due to other funds	-	1,578	8,518	10,096
Unearned revenue.....	297	70	-	367
General obligation debt payable - current	1,916	599	-	2,515
Revenue bonds payable - current	-	570	-	570
Total Current Liabilities	<u>6,511</u>	<u>4,469</u>	<u>19,682</u>	<u>30,662</u>
Noncurrent Liabilities:				
General obligation debt payable	15,677	4,785	-	20,462
Revenue bonds	-	4,875	-	4,875
Advances from other funds	25,619	-	-	25,619
Other post employment benefits liability.....	10,063	1,757	-	11,820
Net pension liability	<u>2,022</u>	<u>451</u>	<u>-</u>	<u>2,473</u>
Total Noncurrent Liabilities	<u>53,381</u>	<u>11,868</u>	<u>-</u>	<u>65,249</u>
Total Liabilities	<u>59,892</u>	<u>16,337</u>	<u>19,682</u>	<u>95,911</u>
Deferred Inflows:				
Deferred inflows for pensions	2,978	664	-	3,642
Deferred inflows for OPEB	4,995	1,001	-	5,996
Deferred inflows for leases	<u>7,743</u>	<u>27,669</u>	<u>-</u>	<u>35,412</u>
Total Deferred Inflows of Resources.....	<u>15,716</u>	<u>29,334</u>	<u>-</u>	<u>45,050</u>
NET POSITION:				
Net investment in capital assets.....	48,187	21,892	-	70,079
Unrestricted (Deficit).....	<u>(43,322)</u>	<u>520</u>	<u>(33)</u>	<u>(42,835)</u>
Total Net Position (Deficit)	<u>\$ 4,865</u>	<u>\$ 22,412</u>	<u>\$ (33)</u>	<u>\$ 27,244</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit G-2

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	\$ -	\$ -	\$ 55,157	\$ 55,157
Rent	5,343	7,179	-	12,522
Parking meters	4,316	-	-	4,316
Parking permits	3,218	-	-	3,218
Vehicle towing	5,233	-	-	5,233
Parking forfeitures	14,219	-	-	14,219
Other	-	-	1,428	1,428
Total Operating Revenues	<u>32,329</u>	<u>7,179</u>	<u>56,585</u>	<u>96,093</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	48,964	48,964
Employee services	6,370	1,963	6	8,339
Depreciation	2,546	1,440	-	3,986
Services, supplies and materials	19,030	9,860	5,464	34,354
Total Operating Expenses	<u>27,946</u>	<u>13,263</u>	<u>54,434</u>	<u>95,643</u>
Operating Income (Loss)	<u>4,383</u>	<u>(6,084)</u>	<u>2,151</u>	<u>450</u>
Nonoperating Revenues (Expenses):				
Grant revenue	2,965	7,638	-	10,603
Interest expense	(680)	(329)	-	(1,009)
Other	510	(131)	-	379
Total Nonoperating Revenues (Expenses)	<u>2,795</u>	<u>7,178</u>	<u>-</u>	<u>9,973</u>
Income before Transfers	7,178	1,094	2,151	10,423
Transfers in	-	766	-	766
Transfers out	<u>(12,527)</u>	<u>(1,698)</u>	<u>-</u>	<u>(14,225)</u>
Change in Net Position	(5,349)	162	2,151	(3,036)
Total Net Position (Deficit) - Beginning.....	<u>10,214</u>	<u>22,250</u>	<u>(2,184)</u>	<u>30,280</u>
Total Net Position (Deficit) - Ending	<u>\$ 4,865</u>	<u>\$ 22,412</u>	<u>\$ (33)</u>	<u>\$ 27,244</u>

See accompanying independent auditors' report.

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

Exhibit G-3

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 41,634	\$ 7,000	\$ 55,638	\$ 104,272
Payments to suppliers	(18,705)	(14,275)	(50,987)	(83,967)
Payments to employees	(6,679)	(1,945)	1	(8,623)
Payments from(to) other funds	(2,965)	3,203	(4,652)	(4,414)
Net Cash Provided by Operating Activities	<u>13,285</u>	<u>(6,017)</u>	<u>-</u>	<u>7,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating revenues	3,000	7,638	-	10,638
Transfers from other funds	-	766	-	766
Transfers to other funds	(12,527)	(1,698)	-	(14,225)
Net Cash Used for Noncapital Financing Activities	<u>(9,527)</u>	<u>6,706</u>	<u>-</u>	<u>(2,821)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	323	6,752	-	7,075
Acquisition of property, plant and equipment	(1,313)	(701)	-	(2,014)
Retirement of bonds, notes and revenue bonds	(2,357)	(1,132)	-	(3,489)
Interest paid	(698)	(334)	-	(1,032)
Other	380	(164)	-	216
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,665)</u>	<u>4,421</u>	<u>-</u>	<u>756</u>
Net Decrease in Cash and Cash Equivalents	93	5,110	-	5,203
Cash and Cash Equivalents - Beginning	<u>94</u>	<u>80</u>	<u>-</u>	<u>174</u>
Cash and Cash Equivalents - Ending	<u>\$ 187</u>	<u>\$ 5,190</u>	<u>\$ -</u>	<u>\$ 5,377</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 4,383	\$ (6,084)	\$ 2,151	\$ 450
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,546	1,440	-	3,986
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	793	(179)	(946)	(332)
Due from other funds	5,547	6,142	(658)	11,031
Accounts payable	325	(4,414)	3,447	(642)
Accrued liabilities	122	21	(1)	142
Compensated absences	(85)	116	-	31
Total other postemployment benefits obligation	(3,871)	-	-	(3,871)
Net pension liability	(2,911)	(649)	-	(3,560)
Due to other funds	-	(2,939)	(3,993)	(6,932)
Deferred pension inflows	2,053	458	-	2,511
Deferred pension outflows	731	162	-	893
Deferred OPEB inflows	2,976	766	-	3,742
Deferred OPEB outflows	676	(857)	-	(181)
Net Cash Provided by Operating Activities	<u>\$ 13,285</u>	<u>\$ (6,017)</u>	<u>\$ -</u>	<u>\$ 7,268</u>
<i>See accompanying independent auditors' report.</i>				

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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.

Exhibit H-1

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Exhibit H-2

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**MISCELLANEOUS
FINANCIAL
DATA**

Exhibit I-1

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT
 DECEMBER 31, 2022
 (Thousands of Dollars)

Exhibit I-2

Cash and Cash Equivalents:		
Cash	\$ 80,010	
Local Government Pooled - Investment Fund ...	181,393	
Institutional Money Market Fund	597,265	
Cash with Fiscal Agent	<u>46,793</u>	
Total Cash and Cash Equivalents		\$ 905,461
Investments:		
Municipal Bonds.....	25,449	
Investment Portfolio	30,771	
Other	<u>575</u>	
Total Investments		<u>56,795</u>
Total Cash and Cash Equivalents and Investments		<u>\$ 962,256</u>
		Cash and Investments Total
Cash and Cash Equivalents and Investments - Fund:		
General		\$ 108,684
General Obligation Debt Service		84,507
Public Debt Amortization		38,840
Economic Development		129,589
Capital Projects		40,700
Grant and Aid Projects		356,800
Nonmajor Governmental Funds		876
Water Works		70,277
Sewer Maintenance		19,897
Nonmajor Proprietary Funds		5,377
Fiduciary Funds		<u>106,709</u>
Total Cash and Cash Equivalents and Investments - Fund		<u>\$ 962,256</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,634	\$ 2,167	\$11,818	\$ 3,457	\$ 2,082	\$ 915
2024	5,634	1,900	11,714	2,870	2,082	819
2025	5,855	1,635	9,176	2,347	3,532	687
2026	5,119	1,377	9,176	1,888	2,215	555
2027	4,870	1,149	9,176	1,429	1,943	463
2028	4,694	939	7,065	1,023	1,883	382
2029	4,121	747	7,065	670	1,870	302
2030	3,532	576	5,296	361	1,440	230
2031	2,955	428	3,068	152	1,219	171
2032	2,550	309	1,504	38	1,001	124
2033	2,441	210	-	-	876	88
2034	1,781	133	-	-	819	58
2035	1,507	72	-	-	682	31
2036	905	28	-	-	431	12
2037	245	6	-	-	85	2
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Totals	51,843	11,676	75,058	14,235	22,160	4,839
Total Requirements	<u>\$63,519</u>		<u>\$89,293</u>		<u>\$26,999</u>	

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 65,270	\$ 5,325	\$ 456	\$ 103	\$ 4,885	\$ 2,203
2024	4,145	3,611	419	84	5,155	1,998
2025	10,296	3,267	395	66	7,677	1,697
2026	4,145	2,923	348	51	4,858	1,402
2027	3,697	2,730	257	39	4,556	1,182
2028	3,480	2,551	171	32	4,380	982
2029	2,931	2,391	171	26	4,127	795
2030	121,731	1,208	171	20	3,914	618
2031	1,706	56	171	14	3,504	455
2032	260	7	113	10	3,052	318
2033	-	-	104	6	2,217	216
2034	-	-	95	3	1,919	140
2035	-	-	52	1	1,279	79
2036	-	-	20	-	819	37
2037	-	-	-	-	411	10
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
Totals	217,661	24,069	2,943	455	52,753	12,132
Total Requirements	<u>\$241,730</u>		<u>\$3,398</u>		<u>\$64,885</u>	

See accompanying independent auditors' report.

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CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Streets		Tax Incremental Districts		Transportation	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 27,753	\$ 11,235	\$ 15,984	\$ 5,684	\$ 1,916	\$ 610
2024	28,859	10,070	15,710	5,082	1,840	532
2025	27,930	8,733	13,642	4,480	1,724	462
2026	26,861	7,444	14,730	3,920	1,560	398
2027	24,495	6,272	15,363	3,350	1,443	340
2028	21,696	5,270	14,277	2,802	1,349	289
2029	20,423	4,364	11,712	2,348	1,268	242
2030	18,146	3,516	10,362	1,980	1,161	198
2031	16,464	2,756	9,777	1,643	1,086	157
2032	13,356	2,124	8,924	1,320	1,009	119
2033	14,114	1,564	7,697	1,028	993	84
2034	10,615	1,067	3,952	821	900	52
2035	8,737	669	3,218	686	810	25
2036	6,260	347	3,174	567	534	7
2037	4,248	106	3,070	454	-	-
2038	-	-	2,750	350	-	-
2039	-	-	2,810	255	-	-
2040	-	-	2,745	164	-	-
2041	-	-	2,320	80	-	-
2042	-	-	995	21	-	-
Totals	269,957	65,537	163,212	37,035	17,593	3,515
Total Requirements	<u>\$335,494</u>		<u>\$200,247</u>		<u>\$21,108</u>	

See accompanying independent auditors' report.

Exhibit I-3

Urban Renewal		Total Requirements	
Principal	Interest	Principal	Interest
\$ 5,158	\$ 1,061	\$ 165,020	\$ 42,620
5,130	885	103,830	36,703
5,042	709	118,240	31,909
3,189	565	90,590	27,293
2,043	471	122,955	22,397
1,973	398	77,600	17,907
1,920	329	71,290	14,744
1,856	259	181,995	10,828
1,820	188	53,315	7,305
1,816	120	42,670	5,320
1,183	69	35,815	3,787
811	36	25,655	2,633
382	17	20,215	1,752
125	7	14,360	1,073
92	2	8,755	595
-	-	2,750	350
-	-	2,810	255
-	-	2,745	164
-	-	2,320	80
-	-	995	21
32,540	5,116	1,143,925	227,736
<u>\$37,656</u>		<u>\$1,371,661</u>	

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

Exhibit I-4

Year	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 460	\$ 293	\$ 5,011	\$ 1,557	\$ 5,471	\$ 1,850
2024	465	270	5,097	1,470	5,562	1,740
2025	475	246	5,185	1,381	5,660	1,627
2026	480	222	5,275	1,290	5,755	1,512
2027	490	203	5,366	1,198	5,856	1,401
2028	500	187	5,459	1,105	5,959	1,292
2029	510	168	5,553	1,010	6,063	1,178
2030	520	148	5,649	913	6,169	1,061
2031	535	127	5,747	814	6,282	941
2032	550	105	5,846	714	6,396	819
2033	565	83	5,947	612	6,512	695
2034	580	60	5,670	512	6,250	572
2035	595	36	5,255	419	5,850	455
2036	610	12	5,344	329	5,954	341
2037	-	-	4,536	244	4,536	244
2038	-	-	4,255	168	4,255	168
2039	-	-	3,628	101	3,628	101
2040	-	-	2,904	47	2,904	47
2041	-	-	1,594	12	1,594	12
	<u>\$ 7,335</u>	<u>\$ 2,160</u>	<u>\$ 93,321</u>	<u>\$ 13,896</u>	<u>\$ 100,656</u>	<u>\$ 16,056</u>

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2022 consisted of gross revenues plus interest income in the amount of \$99,504, less operating expenses (excluding depreciation) of \$59,311. As a result, the net revenue available for debt service was \$40,193. Debt service requirements consists of \$7,321 for 2023. At the end of the year, bond coverage computes to 5.49.

See accompanying independent auditors' report.

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

Exhibit I-5

Year	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,875	\$ 6,000	\$ 11,961	\$ 2,981	\$ 19,836	\$ 8,981
2024	5,670	5,661	12,218	2,722	17,888	8,383
2025	5,960	5,370	12,480	2,457	18,440	7,827
2026	8,035	5,029	12,748	2,185	20,783	7,214
2027	10,230	4,613	13,023	1,908	23,253	6,521
2028	10,730	4,155	12,379	1,636	23,109	5,791
2029	11,255	3,675	10,356	1,397	21,611	5,072
2030	11,775	3,196	9,458	1,195	21,233	4,391
2031	12,295	2,722	8,243	1,021	20,538	3,743
2032	10,660	2,279	8,404	858	19,064	3,137
2033	11,110	1,871	8,568	692	19,678	2,563
2034	7,410	1,535	7,196	543	14,606	2,078
2035	7,665	1,277	7,326	412	14,991	1,689
2036	7,935	1,009	6,180	292	14,115	1,301
2037	1,820	828	5,058	196	6,878	1,024
2038	1,915	734	3,878	123	5,793	857
2039	2,010	636	3,028	67	5,038	703
2040	2,115	533	2,130	28	4,245	561
2041	2,225	424	847	6	3,072	430
2042	2,315	334	-	-	2,315	334
2043	2,385	264	-	-	2,385	264
2044	2,455	191	-	-	2,455	191
2045	2,530	116	-	-	2,530	116
2046	<u>2,610</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>2,610</u>	<u>39</u>
	<u>\$ 150,985</u>	<u>\$ 52,491</u>	<u>\$ 155,481</u>	<u>\$ 20,719</u>	<u>\$ 306,466</u>	<u>\$ 73,210</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$73,319 less operating expenses \$11,301 (excluding depreciation) of \$9,671. As a result, the net revenue available for debt service was \$62,018. Debt service requirements consisted of \$28,817 for 2023. At the end of the year, bond coverage computes to 2.15.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$5,444	\$ 848	\$ 1,016	\$1,076	\$ 631
Receivables (net):					
Taxes	-	64	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	310	-	-	5	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$5,754</u>	<u>\$ 912</u>	<u>\$ 1,016</u>	<u>\$1,081</u>	<u>\$ 631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 668	\$ 4	\$ 12	\$ 78	\$ 59
Accrued expenses	27	-	-	5	9
Due to component units	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>695</u>	<u>4</u>	<u>12</u>	<u>83</u>	<u>68</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>127</u>	<u>115</u>	<u>-</u>	<u>5</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Committed	4,932	793	1,004	993	563
Unassigned	-	-	-	-	-
Total Fund Balances	<u>4,932</u>	<u>793</u>	<u>1,004</u>	<u>993</u>	<u>563</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$5,754</u>	<u>\$ 912</u>	<u>\$ 1,016</u>	<u>\$1,081</u>	<u>\$ 631</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ 343	\$ 11,683	\$ 8,737	\$ 4,301	\$ 6,445	\$ 176	\$ 40,700
-	417	55		7,541	1,004	9,081
34	-	-	38	-	-	72
-	-	-	-	-	5,555	5,555
-	-	141	-	-	-	141
-	-	-	6,667	-	-	6,982
-	-	-	72	187	-	259
<u>\$ 377</u>	<u>\$ 12,100</u>	<u>\$ 8,933</u>	<u>\$ 11,078</u>	<u>\$ 14,173</u>	<u>\$ 6,735</u>	<u>\$ 62,790</u>
\$ 65	\$ 4,702	\$ 348	\$ 5,288	\$ 2,202	\$ 331	\$ 13,757
-	21	11	307	13	-	393
-	-	9	-	-	-	9
-	-	-	56	-	-	56
-	-	-	6	-	-	6
-	-	-	-	-	5,615	5,615
<u>65</u>	<u>4,723</u>	<u>368</u>	<u>5,657</u>	<u>2,215</u>	<u>5,946</u>	<u>19,836</u>
<u>-</u>	<u>750</u>	<u>100</u>	<u>4,615</u>	<u>13,552</u>	<u>4,768</u>	<u>24,032</u>
-	-	-	72	187	-	259
312	6,627	8,465	734	-	-	24,423
-	-	-	-	(1,781)	(3,979)	(5,760)
<u>312</u>	<u>6,627</u>	<u>8,465</u>	<u>806</u>	<u>(1,594)</u>	<u>(3,979)</u>	<u>18,922</u>
<u>\$ 377</u>	<u>\$ 12,100</u>	<u>\$ 8,933</u>	<u>\$ 11,078</u>	<u>\$ 14,173</u>	<u>\$ 6,735</u>	<u>\$ 62,790</u>

CITY OF MILWAUKEE
**SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS BY PURPOSE**
 FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 115	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	424	-	-	954	-
Other	-	-	-	-	3,120
Total Revenues	424	115	-	954	3,120
Expenditures:					
Capital outlay	3,425	99	2,960	1,146	3,705
Excess (deficiency) of Revenues over Expenditures	(3,001)	16	(2,960)	(192)	(585)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	3,668	-	2,329	784	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	3,668	-	2,329	784	-
Net Change in Fund Balance	667	16	(631)	592	(585)
Fund Balance (Deficit) - Beginning	4,265	777	1,635	401	1,148
Fund Balance (Deficit) - Ending	\$ 4,932	\$ 793	\$ 1,004	\$ 993	\$ 563
See accompanying independent auditors' report.					

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Interfund Adjustments	Total to A-3
\$ -	\$ -	\$ 200	\$ -	\$ 9,688	\$ -	\$ -	\$ 10,003
-	-	-	-	215	-	-	215
-	-	-	-	-	2,970	-	2,970
-	224	113	4,939	1,009	-	-	7,663
-	350	578	140	2,109	-	-	6,297
-	574	891	5,079	13,021	2,970	-	27,148
6,161	22,636	4,788	39,431	14,533	1,505	-	100,389
(6,161)	(22,062)	(3,897)	(34,352)	(1,512)	1,465	-	(73,241)
8,677	23,904	367	28,572	24,738	-	-	93,039
-	-	457	-	457	-	(457)	457
-	-	-	-	(3,791)	-	457	(3,334)
8,677	23,904	824	28,572	21,404	-	-	90,162
2,516	1,842	(3,073)	(5,780)	19,892	1,465	-	16,921
(2,204)	4,785	11,538	6,586	(21,486)	(5,444)	-	2,001
<u>\$ 312</u>	<u>\$ 6,627</u>	<u>\$ 8,465</u>	<u>\$ 806</u>	<u>\$ (1,594)</u>	<u>\$ (3,979)</u>	<u>\$ -</u>	<u>\$ 18,922</u>

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CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 90,039	\$ 90,039	\$ -
Provision for Employees' Retirement	129,315	129,315	-
Total Property Taxes	<u>219,354</u>	<u>219,354</u>	<u>-</u>
Other Taxes:			
Payment in lieu of taxes	1,225	1,679	454
Interest on city tax certificates and other taxes	1,913	1,504	(409)
Total Other Taxes	<u>3,138</u>	<u>3,183</u>	<u>45</u>
Licenses and Permits:			
Licenses:			
Business and occupational	4,552	5,454	902
Other	92	102	10
Permits:			
Building	11,102	12,962	1,860
Zoning	275	287	12
Other	722	996	274
Total Licenses and Permits	<u>16,743</u>	<u>19,801</u>	<u>3,058</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	231,026	231,515	489
Local street aids	30,692	29,758	(934)
Payment for municipal services	2,100	4,858	2,758
Other	9,649	7,174	(2,475)
Total Intergovernmental	<u>273,467</u>	<u>273,305</u>	<u>(162)</u>
Charges for Services:			
General government	7,952	7,521	(431)
Public safety	23,048	28,920	5,872
Public works	104,422	110,667	6,245
Health	1,349	753	(596)
Culture and recreation	931	909	(22)
Conservation and development	108	109	1
Total Charges for Services	<u>137,810</u>	<u>148,879</u>	<u>11,069</u>
Fines and Forfeits:			
Court and contract forfeitures	2,601	3,133	532
Other	1	29	28
Total Fines and Forfeits	<u>2,602</u>	<u>3,162</u>	<u>560</u>
Other:			
Interest on temporary investments	863	3,649	2,786
Miscellaneous	20,632	11,519	(9,113)
Total Other	<u>21,495</u>	<u>15,168</u>	<u>(6,327)</u>
Total	<u>\$ 674,609</u>	<u>\$ 682,852</u>	<u>\$ 8,243</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(Thousands of Dollars)

Exhibit I-9

	Salaries and Wages				Operating Costs			
	Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)
General Government:								
Administration	\$ 6,534	\$ 6,483	\$ 6,035	448	\$ 6,562	\$ 5,625	\$ 5,298	\$ 327
Assessor's Office	2,890	2,799	2,792	7	289	391	391	-
City Attorney	4,887	4,901	4,373	528	2,953	9,110	9,098	12
City Treasurer	1,678	1,752	1,752	-	112,404	99,907	98,649	1,258
Common Council - City Clerk	5,778	5,788	5,780	8	2,327	1,715	1,607	108
Comptroller	15,585	3,131	3,058	73	20,432	18,517	18,485	32
Election Commission	2,772	2,253	2,253	-	595	1,102	1,102	-
Employee Relations	2,950	2,729	2,712	17	133,833	114,638	107,716	6,922
Employee's Retirement	-	-	-	-	4,657	4,085	4,013	72
Mayor	910	947	947	-	49	43	43	-
Municipal Court	1,760	1,579	1,568	11	846	1,433	1,389	44
Zoning Appeals	210	211	200	11	30	30	14	16
Total General Government	45,954	32,573	31,470	1,103	284,977	256,596	247,805	8,791
Public Safety:								
Emergency Communication	851	454	412	42	7,972	7,703	7,703	-
Fire and Police Commission	1,495	1,501	1,343	158	1,525	1,475	1,135	340
Fire Department	54,798	52,032	52,032	-	1,532	8,523	8,408	115
Neighborhood Services	10,871	10,395	10,161	234	1,946	2,084	2,073	11
Police Department	178,153	181,368	181,368	-	15,722	18,499	18,449	50
Total Public Safety	246,168	245,750	245,316	434	28,697	38,284	37,768	516
Public Works:								
General Office	1,876	1,989	1,989	-	388	388	294	94
Infrastructure	18,967	14,794	14,772	22	10,212	14,080	14,002	78
Operations	35,879	28,874	28,402	472	28,293	34,507	33,391	1,116
Total Public Works	56,722	45,657	45,163	494	38,893	48,975	47,687	1,288
Health	4,380	4,636	4,636	-	2,616	2,856	2,699	157
Culture and Recreation:								
Public Library	13,549	13,175	13,175	-	3,572	3,855	3,824	31
Conservation and Development:								
Department of City Development ...	2,842	2,898	2,898	-	1,551	1,437	1,287	150
Total	\$ 369,615	\$ 344,689	\$ 342,658	\$ 2,031	\$ 360,306	\$ 352,003	\$ 341,070	\$ 10,933

See accompanying independent auditors' report.

Equipment				Total to E-1			
Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual 2022	Variance - Favorable (Unfavorable)
\$ 254	\$ 238	\$ 234	\$ 4	\$ 13,350	\$ 12,346	\$ 11,567	\$ 779
-	-	-	-	3,179	3,190	3,183	7
42	22	22	-	7,882	14,033	13,493	540
30	30	29	1	114,112	101,689	100,430	1,259
88	71	59	12	8,193	7,574	7,446	128
10	10	10	-	36,027	21,658	21,553	105
-	-	-	-	3,367	3,355	3,355	-
2	2	2	-	136,785	117,369	110,430	6,939
-	-	-	-	4,657	4,085	4,013	72
-	-	-	-	959	990	990	-
6	6	4	2	2,612	3,018	2,961	57
-	-	-	-	240	241	214	27
<u>432</u>	<u>379</u>	<u>360</u>	<u>19</u>	<u>331,363</u>	<u>289,548</u>	<u>279,635</u>	<u>9,913</u>
-	-	-	-	8,823	8,157	8,115	42
2	2	1	1	3,022	2,978	2,479	499
781	662	609	53	57,111	61,217	61,049	168
-	-	-	-	12,817	12,479	12,234	245
<u>1,131</u>	<u>1,117</u>	<u>1,078</u>	<u>39</u>	<u>195,006</u>	<u>200,984</u>	<u>200,895</u>	<u>89</u>
<u>1,914</u>	<u>1,781</u>	<u>1,688</u>	<u>93</u>	<u>276,779</u>	<u>285,815</u>	<u>284,772</u>	<u>1,043</u>
-	-	-	-	2,264	2,377	2,283	94
1,132	643	509	134	30,311	29,517	29,283	234
<u>4,975</u>	<u>2,505</u>	<u>2,502</u>	<u>3</u>	<u>69,147</u>	<u>65,886</u>	<u>64,295</u>	<u>1,591</u>
<u>6,107</u>	<u>3,148</u>	<u>3,011</u>	<u>137</u>	<u>101,722</u>	<u>97,780</u>	<u>95,861</u>	<u>1,919</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,996</u>	<u>7,492</u>	<u>7,335</u>	<u>157</u>
<u>2,099</u>	<u>1,963</u>	<u>1,962</u>	<u>1</u>	<u>19,220</u>	<u>18,993</u>	<u>18,961</u>	<u>32</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,393</u>	<u>4,335</u>	<u>4,185</u>	<u>150</u>
\$ 10,552	\$ 7,271	\$ 7,021	\$ 250	\$ 740,473	\$ 703,963	\$ 690,749	\$ 13,214

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Statistical Section (Unaudited)

The Statistical Section presents data to assist users of this report to assess the economic condition of the City. The tables presented in this section are intended to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules presented in other sections of this report. The five categories of information are as follows:

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's activities take place.

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

Table 1

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets.....	\$ 706,111	\$ 748,374	\$ 769,340	\$ 816,916	\$ 836,422
Restricted	216,314	211,316	209,116	176,923	161,592
Unrestricted (deficit)	<u>(723,716)</u>	<u>(745,740)</u>	<u>(739,204)</u>	<u>(856,449)</u>	<u>(1,076,694)</u>
Total governmental activities net position .	<u>198,709</u>	<u>213,950</u>	<u>239,252</u>	<u>137,390</u>	<u>(78,680)</u>
Business-type activities					
Net investment in capital assets.....	648,594	669,428	675,510	684,085	734,161
Restricted	770	930	1,174	1,229	2,209
Unrestricted	<u>74,764</u>	<u>57,112</u>	<u>68,134</u>	<u>74,720</u>	<u>59,824</u>
Total business-type activities net position .	<u>724,128</u>	<u>727,470</u>	<u>744,818</u>	<u>760,034</u>	<u>796,194</u>
Primary government					
Net investment in capital assets.....	1,354,705	1,417,802	1,444,850	1,501,001	1,570,583
Restricted	217,084	212,246	210,290	178,152	163,801
Unrestricted (deficit)	<u>(648,952)</u>	<u>(688,628)</u>	<u>(671,070)</u>	<u>(781,729)</u>	<u>(1,016,870)</u>
Total primary government net position	<u>\$ 922,837</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>	<u>\$ 897,424</u>	<u>\$ 717,514</u>
	Fiscal Year				
	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets.....	\$ 812,090	\$ 841,714	\$ 877,376	\$ 939,647	\$ 963,538
Restricted	202,334	196,639	206,060	209,636	210,671
Unrestricted (deficit)	<u>(1,884,385)</u>	<u>(2,231,744)</u>	<u>(2,572,912)</u>	<u>(2,941,394)</u>	<u>(2,867,494)</u>
Total governmental activities net position .	<u>(869,961)</u>	<u>(1,193,391)</u>	<u>(1,489,476)</u>	<u>(1,792,111)</u>	<u>(1,693,285)</u>
Business-type activities					
Net investment in capital assets.....	801,685	820,749	839,337	824,814	837,114
Restricted	10,461	9,773	23,136	20,657	22,025
Unrestricted (deficit)	<u>(34,102)</u>	<u>(29,585)</u>	<u>(61,455)</u>	<u>(28,414)</u>	<u>(21,500)</u>
Total business-type activities net position .	<u>778,044</u>	<u>800,937</u>	<u>801,018</u>	<u>817,057</u>	<u>837,639</u>
Primary government					
Net investment in capital assets.....	1,613,775	1,662,463	1,716,713	1,764,461	1,800,652
Restricted	212,795	206,412	229,196	230,293	232,696
Unrestricted (deficit)	<u>(1,918,487)</u>	<u>(2,261,329)</u>	<u>(2,634,367)</u>	<u>(2,969,808)</u>	<u>(2,888,994)</u>
Total primary government net position	<u>\$ (91,917)</u>	<u>\$ (392,454)</u>	<u>\$ (688,458)</u>	<u>\$ (975,054)</u>	<u>\$ (855,646)</u>

See accompanying independent auditors' report.

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

Table 2

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities				
General government	\$ 305,744	\$ 251,538	\$ 204,691	\$ 255,177
Public safety	320,317	315,952	399,620	423,903
Public works	169,250	170,054	182,340	174,470
Health	19,743	18,852	20,249	21,594
Culture and recreation	20,348	21,503	25,315	24,375
Conservation and development	45,605	57,617	88,252	77,670
Capital contribution to Milwaukee Public				
Schools	278	-	-	-
Contributions	22,331	24,001	-	-
Interest on long-term debt	28,275	23,105	24,749	25,109
Total Governmental Activities Expenses.....	<u>931,891</u>	<u>882,622</u>	<u>945,216</u>	<u>1,002,298</u>
Business-type Activities				
Water	68,728	72,540	72,141	73,620
Sewer Maintenance	44,795	46,840	49,661	53,002
Transportation	24,248	24,053	25,233	25,005
Other activities	47,592	48,382	50,855	52,577
Total Business-type Activities	<u>185,363</u>	<u>191,815</u>	<u>197,890</u>	<u>204,204</u>
Total Primary Government Expenses	<u>1,117,254</u>	<u>1,074,437</u>	<u>1,143,106</u>	<u>1,206,502</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	10,131	10,344	31,100	27,733
Public safety	23,759	23,833	26,711	25,438
Public works	75,968	78,520	81,325	80,352
Health	877	923	1,081	1,164
Culture and recreation	1,137	1,114	1,092	1,057
Conservation and development	9	9	9	10
Total Governmental Activities				
Program Revenues.....	<u>111,881</u>	<u>114,743</u>	<u>141,318</u>	<u>135,754</u>
Business-type Activities				
Charges for services				
Water	85,034	88,013	96,687	97,850
Sewer Maintenance	57,270	59,121	60,695	62,954
Transportation	43,256	41,411	42,532	38,286
Other activities	48,920	47,457	51,129	53,541
Total Business-type Activities				
Program Revenues.....	<u>234,480</u>	<u>236,002</u>	<u>251,043</u>	<u>252,631</u>
Total Primary Government				
Program Revenues	<u>346,361</u>	<u>350,745</u>	<u>392,361</u>	<u>388,385</u>

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 274,652	\$ 309,828	\$ 363,272	\$ 249,456	\$ 290,849	\$ 195,073
485,016	437,746	557,403	710,794	624,406	469,399
206,205	192,613	206,475	233,775	234,986	201,732
23,655	21,789	24,313	38,265	50,530	33,242
28,193	26,866	30,023	31,054	35,827	30,531
65,175	47,904	47,529	67,345	78,832	51,738
-	-	-	-	-	-
-	-	-	-	-	-
22,097	21,451	23,710	25,542	25,627	28,235
<u>1,104,993</u>	<u>1,058,197</u>	<u>1,252,725</u>	<u>1,356,231</u>	<u>1,341,057</u>	<u>1,009,950</u>
70,219	78,310	74,954	84,198	85,287	81,481
59,823	58,550	55,747	56,563	61,147	58,645
25,287	25,031	27,931	28,772	28,375	28,626
54,423	58,612	58,025	58,866	64,559	68,026
<u>209,752</u>	<u>220,503</u>	<u>216,657</u>	<u>228,399</u>	<u>239,368</u>	<u>236,778</u>
<u>1,314,745</u>	<u>1,278,700</u>	<u>1,469,382</u>	<u>1,584,630</u>	<u>1,580,425</u>	<u>1,246,728</u>
27,180	27,538	37,984	35,394	35,517	36,284
23,382	19,862	21,898	19,136	26,043	28,920
83,344	87,817	91,842	89,993	104,418	110,667
1,267	1,332	1,992	1,370	1,054	753
1,024	1,023	989	850	835	909
19	8	9,853	10,453	108	109
<u>136,216</u>	<u>137,580</u>	<u>164,558</u>	<u>157,196</u>	<u>167,975</u>	<u>177,642</u>
97,833	100,661	99,015	98,587	99,730	98,968
65,141	66,585	68,058	68,720	70,970	72,920
37,557	39,045	37,793	22,646	32,838	32,329
<u>55,958</u>	<u>57,518</u>	<u>57,100</u>	<u>61,075</u>	<u>63,939</u>	<u>63,764</u>
<u>256,489</u>	<u>263,809</u>	<u>261,966</u>	<u>251,028</u>	<u>267,477</u>	<u>267,981</u>
<u>392,705</u>	<u>401,389</u>	<u>426,524</u>	<u>408,224</u>	<u>435,452</u>	<u>445,623</u>

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

Table 2 (continued)

	Fiscal Year			
	2013	2014	2015	2016
Grants and Contributions				
Governmental Activities				
General government	\$ 2,409	\$ 2,207	\$ 2,289	\$ 2,006
Public safety	16,650	15,173	14,200	14,022
Public works	4,286	33,755	25,600	45,902
Health	9,674	8,917	8,597	9,481
Culture and recreation	2,660	2,318	3,767	3,832
Conservation and development	19,733	17,951	15,669	14,214
Capital contributions to Milwaukee Public Schools ..	21,871	23,752	-	-
Total Governmental Activities				
Grants and Contributions	<u>77,283</u>	<u>104,073</u>	<u>70,122</u>	<u>89,457</u>
Business-type Activities				
Water	958	384	1,276	2,798
Sewer Maintenance	2,849	275	-	585
Transportation	-	-	-	-
Other activities	<u>45</u>	<u>140</u>	<u>1,464</u>	<u>1,582</u>
Total Business-type Activities				
Grants and Contributions	<u>3,852</u>	<u>799</u>	<u>2,740</u>	<u>4,965</u>
Total Primary Government				
Grants and Contributions	<u>\$ 81,135</u>	<u>\$ 104,872</u>	<u>\$ 72,862</u>	<u>\$ 94,422</u>
Net (Expense)/Revenue				
Governmental Activities	(742,727)	(663,806)	(733,776)	(777,087)
Business-type Activities	52,969	44,986	55,893	53,392
Total primary government net expense	<u>\$ (689,758)</u>	<u>\$ (618,820)</u>	<u>\$ (677,883)</u>	<u>\$ (723,695)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 276,193	\$ 284,664	\$ 287,602	\$ 286,513
State aids for General Fund	259,735	260,886	263,350	265,191
Miscellaneous	82,059	88,718	89,487	83,919
Transfers	41,628	43,115	43,038	39,602
Total Governmental Activities	<u>659,615</u>	<u>677,383</u>	<u>683,477</u>	<u>675,225</u>
Business-type Activities				
Miscellaneous	1,443	1,471	1,709	1,426
Transfers	(41,628)	(43,115)	(43,038)	(39,602)
Total Business-type Activities	<u>(40,185)</u>	<u>(41,644)</u>	<u>(41,329)</u>	<u>(38,176)</u>
Total Primary Government	<u>619,430</u>	<u>635,739</u>	<u>642,148</u>	<u>637,049</u>
Change in Net Position				
Governmental Activities	(83,112)	15,241	(50,299)	(101,862)
Business-type Activities	12,784	3,342	14,564	15,216
Total Primary Government	<u>\$ (70,328)</u>	<u>\$ 18,583</u>	<u>\$ (35,735)</u>	<u>\$ (86,646)</u>

See accompanying independent auditors' report.

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,026	\$ 23,159	\$ 2,158	\$ 2,068	\$ 18,695	\$ 19,582
12,314	13,132	13,552	95,374	51,206	115,318
3,082	3,617	4,276	14,546	4,863	16,379
9,937	9,831	9,260	23,599	31,641	24,458
3,243	3,358	5,081	3,881	4,146	5,868
13,966	13,017	11,679	30,288	13,995	27,614
-	-	-	-	-	-
<u>44,568</u>	<u>66,114</u>	<u>46,006</u>	<u>169,756</u>	<u>124,546</u>	<u>209,219</u>
22,528	1,551	4,007	5,425	49	74
3,358	1,261	1,992	920	6,285	3,995
180	37,762	2,041	2,150	4,525	2,965
-	1,214	867	1,227	7,927	7,638
<u>26,066</u>	<u>41,788</u>	<u>8,907</u>	<u>9,722</u>	<u>18,786</u>	<u>14,672</u>
<u>\$ 70,634</u>	<u>\$ 107,902</u>	<u>\$ 54,913</u>	<u>\$ 179,478</u>	<u>\$ 143,332</u>	<u>\$ 223,891</u>
(924,209)	(854,503)	(1,042,161)	(1,029,279)	(1,173,082)	(832,308)
72,803	85,094	54,216	32,351	28,109	31,203
<u>\$ (851,406)</u>	<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	<u>\$ (996,928)</u>	<u>\$ (1,144,973)</u>	<u>\$ (801,105)</u>
\$ 307,828	\$ 316,655	\$ 329,601	\$ 352,910	\$ 369,565	\$ 368,200
265,700	268,792	270,575	273,422	273,422	273,305
97,757	115,735	84,084	72,875	70,004	53,366
36,854	37,801	34,471	33,987	32,910	27,044
<u>708,139</u>	<u>738,983</u>	<u>718,731</u>	<u>733,194</u>	<u>745,901</u>	<u>721,915</u>
211	1,638	3,148	1,717	2,054	1,751
(36,854)	(37,801)	(34,471)	(33,987)	(32,910)	(27,044)
(36,643)	(36,163)	(31,323)	(32,270)	(30,856)	(25,293)
<u>671,496</u>	<u>702,820</u>	<u>687,408</u>	<u>700,924</u>	<u>715,045</u>	<u>696,622</u>
(216,070)	(115,520)	(323,430)	(296,085)	(302,635)	98,826
36,160	48,931	22,893	81	16,039	20,582
<u>\$ (179,910)</u>	<u>\$ (66,589)</u>	<u>\$ (300,537)</u>	<u>\$ (296,004)</u>	<u>\$ (286,596)</u>	<u>\$ 119,408</u>

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

Table 3

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Property taxes	\$ 245,254	\$ 250,036	\$ 253,815	\$ 252,986
Other taxes	31,156	34,475	32,861	34,921
Special assessments	1,986	1,945	4,666	1,945
Licenses and permits	15,030	16,063	16,629	16,767
Intergovernmental	329,892	317,987	322,763	323,161
Charges for services	116,813	131,147	154,402	147,480
Fines and forfeits	4,492	4,587	4,110	3,534
Contributions received	21,871	23,752	2,588	2,378
Other	38,577	52,464	42,188	43,477
Total Revenues	<u>805,071</u>	<u>832,456</u>	<u>834,022</u>	<u>826,649</u>
Expenditures:				
Current:				
General government	322,431	268,263	254,168	248,581
Public safety	287,330	283,599	307,185	334,411
Public works	102,657	106,779	103,512	107,649
Health	18,821	18,088	18,014	19,688
Culture and recreation	18,560	19,330	20,190	21,128
Conservation and development	30,616	32,583	29,178	28,565
Capital outlay	98,913	139,898	155,227	139,236
Debt Service:				
Principal retirement	531,243	385,884	414,499	442,671
Interest	36,887	37,322	36,606	36,889
Bond issuance costs	755	447	1,180	1,305
Total Expenditures	<u>1,448,213</u>	<u>1,292,193</u>	<u>1,339,759</u>	<u>1,380,123</u>
Excess (deficiency) of Revenues over Expenditures	(643,142)	(459,737)	(505,737)	(553,474)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	410,945	332,444	380,522	266,452
Refunding bonds issued	182,341	41,216	106,316	196,659
Loans activities	635	(2,506)	(4,972)	(1,587)
Issuance premium	14,345	12,783	12,645	15,956
Transfers in	230,452	235,824	214,406	138,397
Transfers out	(188,824)	(192,709)	(171,368)	(98,795)
Total Other Financing Sources and Uses.....	<u>649,894</u>	<u>427,052</u>	<u>537,549</u>	<u>517,082</u>
Net Change in Fund Balances	<u>\$ 6,752</u>	<u>\$ (32,685)</u>	<u>\$ 31,812</u>	<u>\$ (36,392)</u>
Debt service as a percentage of noncapital expenditures	<u>41.0%</u>	<u>36.9%</u>	<u>36.9%</u>	<u>38.7%</u>

See accompanying independent auditors' report.

Table 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 299,552	\$ 310,933	\$ 325,039	\$ 346,409	\$ 364,207	\$ 361,604
6,699	5,093	6,208	5,714	7,273	6,121
2,019	1,724	2,449	1,593	2,981	2,970
15,597	17,232	18,502	13,978	17,197	19,801
338,615	332,632	331,473	411,894	430,032	468,574
156,785	159,473	164,558	157,196	159,327	177,642
3,357	3,297	2,633	2,008	2,578	3,162
3,022	3,205	2,719	3,159	2,235	2,865
36,054	46,274	43,190	31,410	29,181	28,236
<u>861,700</u>	<u>879,863</u>	<u>896,771</u>	<u>973,361</u>	<u>1,015,011</u>	<u>1,070,975</u>
253,638	297,229	296,385	265,138	278,327	301,115
326,962	330,227	332,900	399,595	374,074	400,090
103,324	106,636	110,131	107,283	110,483	111,232
20,182	19,698	21,078	32,160	44,264	31,793
21,168	21,774	23,159	17,846	22,505	24,829
28,717	27,708	26,023	44,731	24,064	32,925
172,270	165,877	125,788	116,128	142,717	100,389
259,911	271,569	321,761	276,994	201,367	138,686
40,366	40,619	44,144	45,442	47,538	46,810
329	245	133	4,424	899	1,737
<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>	<u>1,189,606</u>
(365,167)	(401,719)	(404,731)	(336,380)	(231,227)	(118,631)
176,997	266,889	229,888	221,327	110,065	115,434
76,243	57,273	85,416	190,137	77,617	32,702
(1,876)	(1,772)	(2,205)	(2,326)	(2,082)	(1,968)
23,601	31,626	18,527	25,903	25,777	14,177
229,508	198,721	119,457	231,957	113,269	91,764
(192,654)	(160,920)	(84,986)	(197,970)	(80,359)	(64,720)
<u>311,819</u>	<u>391,817</u>	<u>366,097</u>	<u>469,028</u>	<u>244,287</u>	<u>187,389</u>
<u>\$ (53,348)</u>	<u>\$ (9,902)</u>	<u>\$ (38,634)</u>	<u>\$ 132,648</u>	<u>\$ 13,060</u>	<u>\$ 68,758</u>
<u>27.3%</u>	<u>28.0%</u>	<u>31.1%</u>	<u>27.4%</u>	<u>21.2%</u>	<u>16.8%</u>

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

Table 4

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 15,389	\$ 17,301	\$ 17,094	\$ 16,127	\$ 18,401
Committed.....	1,741	1,587	2,035	2,266	3,444
Assigned	43,172	44,150	46,404	38,802	37,281
Unassigned.....	43,232	50,006	61,715	50,737	38,350
Total General Fund.....	<u>\$ 103,534</u>	<u>\$ 113,044</u>	<u>\$ 127,248</u>	<u>\$ 107,932</u>	<u>\$ 97,476</u>
All Other Governmental Funds					
Nonspendable	\$ 254	\$ -	\$ -	\$ 7	\$ 3,684
Restricted.....	230,642	214,932	227,376	215,480	188,578
Committed.....	21,249	8,489	5,264	-	-
Unassigned (deficit).....	(10,194)	(23,665)	(15,276)	(15,199)	(34,866)
Total all other governmental funds	<u>\$ 241,951</u>	<u>\$ 199,756</u>	<u>\$ 217,364</u>	<u>\$ 200,288</u>	<u>\$ 157,396</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$ 19,476	\$ 21,621	\$ 21,206	\$ 23,377	\$ 31,509
Committed.....	3,066	2,949	123,007	122,337	123,261
Assigned	26,450	20,580	27,220	21,610	26,588
Unassigned.....	18,002	7,339	16,959	9,081	20,144
Total General Fund.....	<u>\$ 66,994</u>	<u>\$ 52,489</u>	<u>\$ 188,392</u>	<u>\$ 176,405</u>	<u>\$ 201,502</u>
All Other Governmental Funds					
Nonspendable	\$ 1,160	\$ 397	\$ 368	\$ 261	\$ 259
Restricted.....	211,324	206,314	216,081	221,098	220,870
Committed.....	20,817	18,578	27,397	31,062	24,423
Unassigned (deficit).....	(55,325)	(71,442)	(93,254)	(76,782)	(26,252)
Total all other governmental funds	<u>\$ 177,976</u>	<u>\$ 153,847</u>	<u>\$ 150,592</u>	<u>\$ 175,639</u>	<u>\$ 219,300</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
(Thousands of Dollars)

Table 5

Budget Year	Real Estate			Personal Property		
	Residential Property	Commercial Property	Manufacturing Property	Machinery	Furniture	All Other
				Tools Patterns	Fixtures & Equipment	
2013	\$ 14,750,295	\$ 8,992,762	\$ 707,124	\$ 214,694	\$ 538,278	\$ 118,947
2014	14,265,491	9,195,174	709,328	216,866	525,387	121,913
2015	14,198,159	9,178,216	707,901	293,288	424,803	222,175
2016	14,254,964	9,430,293	726,810	215,006	430,290	205,599
2017	14,438,034	9,964,809	765,075	209,206	427,626	205,720
2018	14,854,224	10,496,051	765,075	212,186	423,911	185,913
2019	15,647,626	11,255,216	763,523	74,475	431,067	176,661
2020	16,098,609	11,915,466	790,548	79,091	433,110	173,022
2021	17,953,629	12,426,339	829,539	-	402,255	318,867
2022	18,005,749	12,612,314	763,234	84,236	444,129	135,808
						Ratio of Total Assessed to Total Estimated
Budget Year	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value		Actual Value
2013	\$ 25,322,101		\$10.25	\$ 26,421,932		95.8%
2014	25,034,158		10.58	26,089,611		60.0%
2015	25,024,542		10.71	26,138,108		95.7%
2016	25,262,963		10.61	25,980,470		97.2%
2017	25,974,258		10.75	27,042,047		96.1%
2018	26,937,359		10.76	26,903,885		100.0%
2019	28,348,568		10.59	28,340,401		100.0%
2020	29,489,846		10.58	29,746,346		99.1%
2021	31,930,629		10.09	31,475,102		101.4%
2022	32,045,469		10.16	35,338,274		90.7%
Source: The Assessed Values are established by the City of Milwaukee Assessor’s Office and are used to calculate property taxes. The Estimated Actual (Equalized) Values are provided by the State Supervisor of Assessments. State law requires all assessments to be within 10% of the equalized value ratio at least once every four year period.						
See accompanying independent auditors' report.						

CITY OF MILWAUKEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN YEARS
(Rate per \$1,000 of assessed value)

Table 6

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Direct Rates (A)										
City of Milwaukee	\$ 9.87	\$ 10.23	\$ 10.42	\$ 10.29	\$ 10.47	\$ 10.57	\$ 10.45	\$ 10.48	\$ 10.08	\$ 10.15
Allocation of Debt Service incurred for Schools	<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>	<u>0.01</u>
Total Direct Rate	10.25	10.58	10.71	10.61	10.75	10.75	10.59	10.58	10.09	10.16
Overlapping Rates (B)										
Milwaukee School Board	10.73	10.86	10.93	10.52	9.61	8.34	7.61	7.91	8.85	10.20
Less: allocation of Debt Service in City rate	<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>	<u>(0.01)</u>
Total School Rate	10.35	10.51	10.64	10.20	9.33	8.16	7.47	7.81	8.84	10.19
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.21	2.22	1.33	1.29	1.31	1.26	1.23	1.19	1.13	1.11
County of Milwaukee	5.26	5.35	5.33	5.28	5.31	5.05	4.90	4.83	4.54	4.73
State of Wisconsin	0.18	0.18	0.17	0.18	0.18	-	-	-	-	-
Milwaukee Metropolitan Sewerage District	<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>	<u>1.64</u>
Total Tax Rate (C)	<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>	<u>\$ 27.83</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.

Table 7

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Table 8

	Taxes Levied for the	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Year (B)		Collections		Total Collections to Date	
Budget Year	Fiscal Year (Original Levy)			Current Tax Collections	Percent Original Levy Collected	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2013	\$ 304,700	\$ 35,744	\$ 340,444	\$ 293,489	96.32	\$ 16,237	\$ 18,326	\$ 339,816	99.82
2014	307,246	21,567	328,813	296,107	96.37	13,875	17,968	328,036	99.76
2015	312,216	17,855	330,071	302,084	96.76	12,471	14,238	329,041	99.69
2016	312,091	17,483	329,574	302,628	96.97	10,907	14,627	328,339	99.63
2017	318,867	22,775	341,642	309,345	97.01	15,266	14,674	339,890	99.49
2018	325,152	15,318	340,470	316,357	97.30	7,544	14,918	338,425	99.40
2019	333,909	17,769	351,678	325,692	97.66	10,921	11,248	349,087	99.26
2020	346,409	23,224	369,633	338,689	97.77	14,463	12,088	366,259	99.09
2021	362,346	20,441	382,787	355,626	98.15	11,827	10,605	378,402	98.50
2022	361,603	21,355	382,958	354,834	98.13	11,508	-	366,053	95.59
(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>
2013	\$ 822,046	\$ 178,068	\$ 643,978	\$ 26,421,932	2.44%	\$ 1,081.41
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28
2016	949,001	143,918	805,083	25,980,470	3.10%	1,353.99
2017	942,330	138,682	803,648	27,042,047	2.97%	1,359.58
2018	994,923	112,631	882,292	26,903,885	3.28%	1,481.60
2019	988,466	153,782	834,684	28,340,401	2.95%	1,413.52
2020	1,122,936	74,939	1,047,997	29,746,346	3.52%	1,785.04
2021	1,109,251	72,053	1,037,198	31,475,102	3.30%	1,766.65
2022	1,118,699	78,203	1,040,496	35,338,274	2.94%	1,802.35
Business-Type Activities						
<u>Year</u>	<u>General Obligation Bonds and Notes</u>	<u>Revenue Bonds</u>	<u>State Loans (Revenue Bonds)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (A)</u>	<u>Per Capita (A)</u>
2013	\$ 39,334	\$ 98,871	\$ 82,736	\$ 860,598	2.21%	\$ 1,446.90
2014	35,247	94,624	92,100	895,391	2.17%	1,525.16
2015	31,822	95,459	107,533	1,039,897	2.20%	1,928.37
2016	52,139	190,086	101,612	1,147,485	2.78%	1,932.26
2017	38,875	200,156	114,308	1,235,631	2.88%	2,090.39
2018	34,172	158,360	166,243	1,193,459	2.64%	2,004.13
2019	66,674	149,675	183,866	1,234,899	2.66%	2,091.28
2020	64,869	140,580	208,722	1,451,369	3.01%	2,472.10
2021	27,834	166,190	245,242	1,476,464	3.79%	2,514.84
2022	25,226	163,765	248,802	1,478,289	Not Available	2,560.69
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements and in the Miscellaneous Financial Data Section.						
(A) See Table 13 for personal income and population data						
See accompanying independent auditors' report.						

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

Table 10

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 1,849,535	\$ 1,826,273	\$ 1,829,668	\$ 1,818,633	\$ 1,892,943
Total net debt applicable to limit	<u>683,312</u>	<u>696,614</u>	<u>622,044</u>	<u>857,223</u>	<u>905,647</u>
Legal debt margin	<u>\$ 1,166,223</u>	<u>\$ 1,129,659</u>	<u>\$ 1,207,624</u>	<u>\$ 961,410</u>	<u>\$ 987,296</u>
Total net debt applicable to the limit as a percentage of debt limit ...	36.95%	38.14%	34.00%	47.14%	47.84%
	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 1,883,272	\$ 1,983,828	\$ 2,082,244	\$ 2,203,257	\$ 2,473,679
Total net debt applicable to limit	<u>876,597</u>	<u>901,358</u>	<u>1,112,866</u>	<u>1,065,032</u>	<u>1,065,722</u>
Legal debt margin	<u>\$ 1,006,675</u>	<u>\$ 1,082,470</u>	<u>\$ 969,378</u>	<u>\$ 1,138,225</u>	<u>\$ 1,407,957</u>
Total net debt applicable to the limit as a percentage of debt limit ...	46.55%	45.44%	53.45%	48.34%	43.08%

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

Table 10

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	<u>\$ 32,045,469</u>
Equalized Value	<u>35,338,274</u>
Debt Limit 7% of Equalized Value	2,473,679

	Gen City	Schools	Total
Debt Limit	\$ 1,766,914	\$ 706,765	\$ 2,473,679
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	311,863	49,300	361,163
General Obligation notes	754,406	3,130	757,536
Parking bonds and notes	17,593	-	17,593
Harbor bonds and notes	5,384	-	5,384
Sewer Maintenance bonds and notes.....	2,249	-	2,249
Total Debt	<u>\$ 1,091,495</u>	<u>\$ 52,430</u>	<u>\$ 1,143,925</u>
Deduct:			
Assets in Debt Service Funds	<u>78,203</u>	<u>-</u>	<u>78,203</u>
Total Amount of Debt Applicable to Debt Limit	1,013,292	52,430	1,065,722
Legal Debt Margin	<u>\$ 753,622</u>	<u>\$ 654,335</u>	<u>\$ 1,407,957</u>

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2022
(Thousands of Dollars)

Table 11

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee (C)	City of Milwaukee's Share of Debt
Debt Repaid with property taxes			
Direct Debt:			
City of Milwaukee (A)	\$ 1,065,721	100%	\$ 1,065,721
Overlapping Debt:			
Milwaukee Area Technical College District	97,950	36%	35,262
County of Milwaukee	436,005	45%	197,544
Milwaukee Metropolitan Sewerage Area (B)	728,183	46%	<u>342,211</u>
Total Direct and Overlapping Debt			<u>\$ 1,640,738</u>
Sources: <i>Estimated Actual (Equalized) Values used to estimate applicable percentages provided by the State Supervisor of Assessments. Debt outstanding data provided by each governmental unit.</i>			
Note: <i>Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Milwaukee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.</i>			
(A) <i>Excludes \$100,656 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.</i>			
(B) <i>Includes \$375,143 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.</i>			
(C) <i>The percentage of overlapping debt applicable is estimated using estimated actual (equalized) property values. Applicable percentages were estimated by determining the portion of the City's equalized value.</i>			
See accompanying independent auditors' report.			

CITY OF MILWAUKEE
PLEDGED-REVENUE COVERAGE
 LAST TEN YEARS
(Thousands of Dollars)

Table 12

Water Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
2013	\$ 85,043	\$ 65,661	\$ 19,382	\$ 1,015	\$ 158	\$ 1,173	16.52
2014	88,013	67,166	20,847	1,264	216	1,480	14.09
2015	96,711	67,396	29,315	1,335	225	1,560	18.79
2016	97,881	55,229	42,652	1,677	315	1,992	21.41
2017	97,910	51,676	46,234	2,205	672	2,877	16.07
2018	100,876	59,548	41,328	3,126	938	4,064	10.17
2019	99,170	64,109	35,061	2,411	1,047	3,458	10.14
2020	98,587	59,386	39,201	3,886	1,520	5,406	7.25
2021	99,740	62,200	37,539	5,163	1,881	7,044	5.33
2022	99,504	59,311	40,193	5,471	1,850	7,321	5.49
Sewer Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
2013	\$ 57,300	\$ 15,873	\$ 41,427	\$ 7,032	\$ 4,400	\$ 11,432	3.62
2014	59,125	16,443	42,682	8,603	5,726	14,329	2.98
2015	60,713	17,256	43,457	9,398	5,889	15,287	2.84
2016	63,050	17,879	45,171	10,471	6,085	16,556	2.73
2017	65,275	20,207	45,068	13,575	9,263	22,838	1.97
2018	66,838	17,021	49,817	14,893	9,123	24,016	2.07
2019	68,400	13,450	54,950	16,274	8,874	25,148	2.19
2020	68,937	13,023	55,914	18,893	8,161	27,054	2.07
2021	70,853	16,803	54,050	18,466	9,377	27,843	1.94
2022	73,319	11,301	62,018	19,836	8,981	28,817	2.15
Note: Water Revenue Bonds issued between 2013 and 2021. Sewer Revenue bonds issued between 2013 and 2021. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include nonoperating interest income. Operating expenses do not include interest, depreciation, amortization expenses or the transfer for Payment in Lieu of Taxes.							
See accompanying independent auditors' report.							

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Table 13

County of Milwaukee						
		Personal Income (Thousands of Dollars)	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
Year	Population (A)	(B)	(C)	(D)	(E)	(F)
2013	596,500	\$ 38,460,362	\$ 40,252	33.7	78,502	10.0%
2014	595,993	\$ 39,758,839	\$ 41,591	33.8	77,391	7.8%
2015	595,787	\$ 41,178,967	\$ 43,107	34.0	75,568	6.4%
2016	594,667	\$ 41,181,743	\$ 43,297	34.2	76,856	5.5%
2017	591,076	\$ 42,279,261	\$ 44,681	34.3	77,215	4.5%
2018	595,555	\$ 44,346,651	\$ 47,044	34.6	75,081	4.0%
2019	590,547	\$ 45,398,877	\$ 48,239	35.2	74,633	4.3%
2020	587,072	\$ 48,377,271	\$ 51,567	35.2	71,867	9.3%
2021	587,976	\$ 51,904,010	\$ 55,927	35.2	69,115	6.5%
2022	577,309	Not available	Not available	35.4	68,435	4.2%
(A)	The December 31, 2013 through 2022 City of Milwaukee populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)					
(B)	Personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Personal income includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.					
(C)	Per capita personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce and includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.					
(D)	Milwaukee County Median age of the population was determined only during a census. These figures represent the data collected by the American Community Survey.					
(E)	Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.					
(F)	City of Milwaukee Unemployment Rate is the annual average from the State of Wisconsin Department of Workforce Development.					
See accompanying independent auditors' report.						

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 14

Employer	2022 Estimates (1)			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	29,503	1	6.67	24,462	1	5.57
Froedtert and Community Health	14,058	2	3.18	8,982	3	2.05
Ascension Wisconsin	10,449	3	2.36			
Roundy's Supermarkets Inc.	7,800	4	1.76	8,400	4	1.91
Medical College of Wisconsin	6,554	5	1.48	5,417	5	1.23
GE Healthcare	6,000	6	1.36			
Quad Graphics	5,800	7	1.31			
Children's Hospital and Health System	5,309	8	1.20	4,447	9	1.01
Kohl's Corp.	5,000	9	1.13			
Northwestern Mutual	5,000	10	1.13	5,000	6	1.14
Wheaton Franciscan Healthcare				11,171	2	2.55
ProHealth Care Inc				4,819	7	1.10
Columbia St. Mary's Health System				4,542	8	1.03
Rockwell Automation Inc.				4,273	10	0.97
Total	<u>95,473</u>		<u>21.58</u>	<u>81,513</u>		<u>18.56</u>

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

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

The 2013 data was from Business Journal of Greater Milwaukee, Book of Lists as of July 19, 2013.
 Total employment data (2013 = 438,862) (2022 = 442,178) from the State of Wisconsin Workforce Development.

See accompanying independent auditors' report.

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

Table 15

Functions/Programs	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	707	728	736	750	741	766	786	773	782	778
Temporary - Election Commission	819	2,389	823	2,473	820	2,250	1,505	2,523	2,250	1,523
Public Safety										
Fire										
Fire Fighting Force	911	900	875	876	810	765	736	739	730	723
Civilians	116	112	118	131	133	133	135	135	137	137
Police										
Law Enforcement	2,013	1,978	1,942	1,979	1,989	1,955	1,954	1,956	1,839	1,856
Civilian	608	618	625	619	598	636	633	631	694	635
School Crossing Guards	251	252	242	241	241	241	241	241	241	241
Neighborhood Services	269	272	283	293	289	280	292	289	285	285
Public Works										
Administrative Services	46	47	48	49	43	45	46	45	44	43
Infrastructure Services	802	810	801	790	805	815	822	820	815	824
Operations	1,438	1,433	1,436	1,437	1,443	1,440	1,435	1,396	815	815
Winter relief	-	-	-	-	-	-	-	-	-	-
Health	254	252	251	252	252	254	280	285	385	637
Culture and recreation	372	370	371	358	364	375	377	364	348	359
Conservation and development	142	134	135	133	121	127	125	121	121	121
Youth initiative positions	-	-	-	-	-	-	-	-	-	-
Water	369	369	371	381	395	406	430	436	437	439
Sewer Maintenance	146	146	146	146	145	144	147	148	160	156
Parking	120	120	121	121	118	118	126	127	122	118
Port of Milwaukee	37	37	37	37	37	35	35	35	35	35
Subtotal	9,420	10,967	9,361	11,066	9,344	10,785	10,105	11,064	10,240	9,725
Less Temporary Positions	(819)	(2,631)	(1,055)	(2,703)	(1,050)	(2,491)	(1,746)	(2,764)	(2,491)	(1,764)
Total Budgeted Positions	8,601	8,336	8,306	8,363	8,294	8,294	8,359	8,300	7,749	7,961

Source: Budget Office. Firefighters and Law Enforcement from Departmental reports.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN YEARS

Table 16

Functions/Programs	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Investment portfolio return	0.22%	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%	0.56%	0.06%	1.53%
Courtroom cases	119,761	93,577	80,821	84,464	74,120	80,870	61,284	19,908	15,865	17,360
Public safety										
Police										
Dispatched assignments	241,423	247,552	260,860	284,893	249,855	255,599	264,969	271,530	279,818	274,525
Traffic citations	73,325	53,744	55,592	46,969	71,655	69,048	50,072	41,524	53,957	33,128
Homicide clearance rates	64%	60%	58%	67%	70%	76%	77%	55%	50%	57%
Fire										
Number of medical emergency assists	60,499	62,766	70,504	78,484	76,793	71,323	70,461	67,559	70,740	75,516
Number of fires extinguished	2,444	2,419	2,351	2,198	2,017	1,749	1,580	2,241	2,120	2,964
Civilian fire deaths	2	10	10	5	7	9	7	6	14	16
Building Inspection										
Complaints reported	37,212	36,567	34,933	36,548	36,938	38,788	41,699	39,414	46,085	37,393
Orders issued	67,457	58,217	60,106	43,499	25,949	25,821	36,825	31,488	33,752	29,029
Public Works										
Major streets paving (miles)	17.12	24.60	33.50	35.4	34.0	29.0	28.0	23.3	17	20.2
Asphalt patching/pot holes (tons)	15,845	17,025	18,816	18,857	22,257	19,019	17,460	12,794	12,784	10,949
Refuse tonnage	256,411	253,997	243,478	248,083	256,599	259,450	268,162	276,982	272,644	240,186
Recycling tonnage	25,052	25,273	25,105	25,232	25,325	25,505	24,258	26,432	26,421	25,968
Health										
Food inspections	8,735	8,556	9,236	10,087	8,208	9,775	9,525	3,957	6,391	8,476
Immunizations	16,417	10,912	10,561	8,360	8,271	5,921	6,859	4,818	220,190	33,859
Culture and Recreation										
Library hours of operation	30,914	30,846	30,866	32,282	32,282	33,440	31,546	17,520	25,269	29,356
Collections size	2,364,905	2,306,138	2,308,825	2,323,743	2,293,455	2,571,761	2,703,907	2,543,110	2,359,441	2,382,798
Public computers	754	723	752	682	600	655	681	527	969	796
Conservation and Development										
Jobs created	2,198	834	2,337	2,063	1,140	1,327	606	915	503	1,712
Jobs retained	2,800	1,626	2,535	1,960	1,355	2,715	641	624	0	0
New housing units	402	331	2,340	2,081	1,265	1,720	1,271	782	646	342
Water										
Millions gallons sold	30,560	29,894	29,657	29,440	28,761	28,730	27,708	27,179	27,234	26,868
Population served	864,715	864,653	865,109	864,144	868,882	866,933	863,921	860,919	861,074	852,208
Sewer Maintenance										
Sewer service backups	25	31	22	23	26	33	30	20	26	37
Street flooding complaints	3,092	3,023	3,096	1,808	2,523	3,350	2,448	1,935	1,573	2,513
Parking										
Citations issued	770,430	743,038	705,850	626,333	594,360	636,117	572,070	303,087	517,305	469,641
Vehicle tows	32,631	33,416	34,892	32,185	31,204	29,291	25,268	15,873	25,274	24,687
Port										
Metric tonnage total	2,618,312	3,022,657	2,711,347	2,441,072	2,573,475	2,393,877	2,668,624	2,812,008	2,348,419	2,272,972
Sources: Various city departments										
See accompanying independent auditors' report.										

CITY OF MILWAUKEE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS
 LAST TEN YEARS

Table 17

Functions/Programs	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police										
Stations	8	8	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	537	521	504	505	505	418	426	415	398	381
Patrol motorcycles	56	55	55	56	56	56	56	63	64	62
Fire Stations	36	36	36	36	36	30	30	30	29	29
Public Works										
Streets - paved	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1425
Streets - unpaved	15	15	15	15	15	15	15	15	15	5
Alleys	414	414	414	414	414	414	414	414	414	414
Street lights	68,698	68,698	68,856	69,111	69,111	69,195	69,235	69,845	69,977	70,960
Alley lights	8,815	8,815	8,786	8,797	8,797	9,014	9,014	8,879	8,879	8,882
Garbage/snow trucks	180	180	180	192	183	177	180	183	187	180
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	130	138	138	138	138	138	138	144	144	130
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,962	1,963	1,962	1,962	1,961	1,961	1,961	1,960	1,960	1,960
Hydrants	19,870	19,870	19,846	19,862	19,861	19,865	19,876	19,889	19,867	19,864
Million gallons pumped	36,490	37,460	35,872	35,447	34,456	35,506	33,839	32,532	33,843	34,578
Million gallons consumed	30,560	29,894	29,657	29,440	28,760	28,967	27,905	27,337	27,483	27,056
Miles of Sewers										
Storm	965	965	966	967	967	968	968	963	965	963
Sanitary	943	943	944	945	945	945	945	978	945	946
Combined	547	547	551	551	551	551	551	557	551	551
Parking										
Parking lots	45	45	44	44	45	42	42	42	42	40
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	7	7	7	7	7	7	7	7	7	7
Rental warehouses and buildings	10	10	11	11	10	11	11	11	9	9
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	11	11	11	11	11	11	9	9	9	9
Vessel berths	17	17	17	17	17	17	17	17	17	17

Sources: Various city departments

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

See accompanying independent auditors' report.