

THE EAST SIDE

BUSINESS IMPROVEMENT DISTRICT NO. 20

2020 OPERATING PLAN

August 16, 2019

THE EAST SIDE BUSINESS IMPROVEMENT DISTRICT

2020 OPERATING PLAN

I. INTRODUCTION

In 1984, the Wisconsin legislature created Sec. 66.1109 of the Statutes enabling cities to establish Business Improvement Districts (BIDs) upon the petition of at least one property owner within the proposed district. The purpose of the law is ". . .to allow businesses within those districts to develop, manage and promote the districts and to establish an assessment method to fund these activities." Upon petition from property owners within the East Side business district, the Common Council of the City of Milwaukee on 9/23/97 Resolution File Number 970779 created BID No. 20 (The East Side Business Improvement District) and adopted its initial operating plan.

The BID law requires that a BID Board "shall annually consider and make changes to the operation plan. The board shall then submit the operating plan to the local legislative body for approval." The Board of BID No. 20 (The East Side Business Improvement District) submits this 2020 BID operating plan in fulfillment of the statutory requirement.

This plan proposes a continuation and expansion of the activities described in the initial 1997 BID operating plan. Therefore, it incorporates by reference the earlier plans as adopted by the Common Council. In the interest of brevity, this plan emphasizes the elements, which are required by Sec. 66.1109, Wis. Stats. and the proposed changes for 2020. This plan does not repeat the background information that is contained in the initial operating plan.

II. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

No changes in the District planning or zoning have occurred since adoption of the initial operating plan.

Expected Carryover 2019 to 2020	\$7,000
2020 Assessment	\$216,793
Other income	\$100,000
Projected Income Available in 2020	\$316,793

Expenses for 2020

Operating Expenses (office, contracts, district maintenance)	\$233,000
Loan Payment for 2019	\$78,150
Total Expenses for 2020	\$311,150

The BID Board will have the authority and responsibility to prioritize expenditures and to revise the district budget as necessary to match the funds actually available. Any funds unspent at the end of 2019 shall be carried over to 2020 and applied against future expenses.

D. Financing Method

The City of Milwaukee and the district jointly and cooperatively funded the streetscaping. The district's share of the cost of the streetscaping and the operating expenses of the district will be funded by BID assessments on taxable properties within the district.

The district entered into a Development Agreement with the City of Milwaukee in 2001. The Agreement includes the issuing of municipal bonds to finance the district's portion of the total cost. The district shall pay, each year for the term of the bonds, the amount necessary for principal, interest and other expenses on its portion of the cost. This year's annual payment is \$78,150.00. The total loan period will be for 20 years and is expected to be closed out in 2021.

The Development Agreement will constitute a long-term commitment and the district will not be terminated until all repayments to the City have been made and adequate provision is made for the operation and management of improvements financed through the district. The Development Agreement will be in addition to the operating plan. Both parties have executed the Development Agreement.

2) *Sec. 66.1109 (5) (a): Property known to be used exclusively for residential purposes will not be assessed. Such properties are identified as exempt properties as revised each year.*

3) *In accordance with Sec. 66.1109 (1) (b), Wis. Stats., property exempt from general real estate taxes have been included in the district. Privately owned tax exempt property, which is expected to benefit from district activities, may be asked to make a financial contribution on a voluntary basis.*

4) *In accordance with 66.1109 (5) (d): If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.*

VI. CITY ROLE IN DISTRICT OPERATION

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City has played a significant role in the creation of the BID and in the implementation of its operating plan.

In particular, the City will continue to:

- Provide technical assistance to the proponents of the district through adoption of the operating plan and provide assistance as appropriate thereafter.
- Monitor and, when appropriate, apply for outside funds, which could be used in support of the district.
- Collect BID assessments; maintain the BID assessments in a segregated account; and disburse the BID assessments to the district.
- Receive annual audits as required per Sec. 66.1109 (3) (c) of the BID law.
- On or before June 1st of each plan year, provide the Board, through the Tax Commissioner's Office, with the official City records on the assessed value of each tax key number within the district as of January 1st of each plan year for the purposes of calculating the BID assessments.
- Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

Common Council of such operating plan updates shall be conclusive evidence of compliance with this operating plan and the BID law.

In later years, the BID operating plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. The method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

IX. AMENDMENT, SEVERABILITY, AND EXPANSION

The BID has been created under the authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this statute invalid or unconstitutional, its decision will not invalidate or terminate the BID and this BID operating plan shall be amended to conform to the law without need of reestablishment.

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

(d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40 percent of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the planning commission protesting the proposed business improvement district or its proposed initial operating plan.

(e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.

(2m) A municipality may annex territory to an existing business improvement district if all of the following are met:

(a) An owner of real property used for commercial purposes and located in the territory proposed to be annexed has petitioned the municipality for annexation.

(b) The planning commission has approved the annexation.

(c) At least 30 days before annexation of the territory, the planning commission has held a public hearing on the proposed annexation. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of a detail map showing the boundaries of the territory proposed to be annexed to the business improvement district shall be sent by certified mail to all owners of real property within the territory proposed to be annexed. The notice shall state the boundaries of the territory proposed to be annexed.

(d) Within 30 days after the hearing under par. (c), the owners of property in the territory to be annexed that would be assessed under the operating plan having a valuation equal to more than 40 percent of the valuation of all property in the territory to be annexed that would be assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property in the territory to be annexed that would be assessed under the operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property in the territory to be annexed that would be assessed under the operating plan, have not filed a petition with the planning commission protesting the annexation.

(3)

(a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.

(b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.

(c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include one of the following:

1. If the cash balance in the segregated account described under sub. (4) equaled or exceeded \$300,000 at any time during the period covered by the report, the municipality shall obtain an independent certified audit of the implementation of the operating plan.

2. If the cash balance in the segregated account described under sub. (4) was less than \$300,000 at all times during the period covered by the report, the municipality shall obtain a reviewed financial statement for the most recently completed fiscal year. The statement shall be prepared in accordance with generally

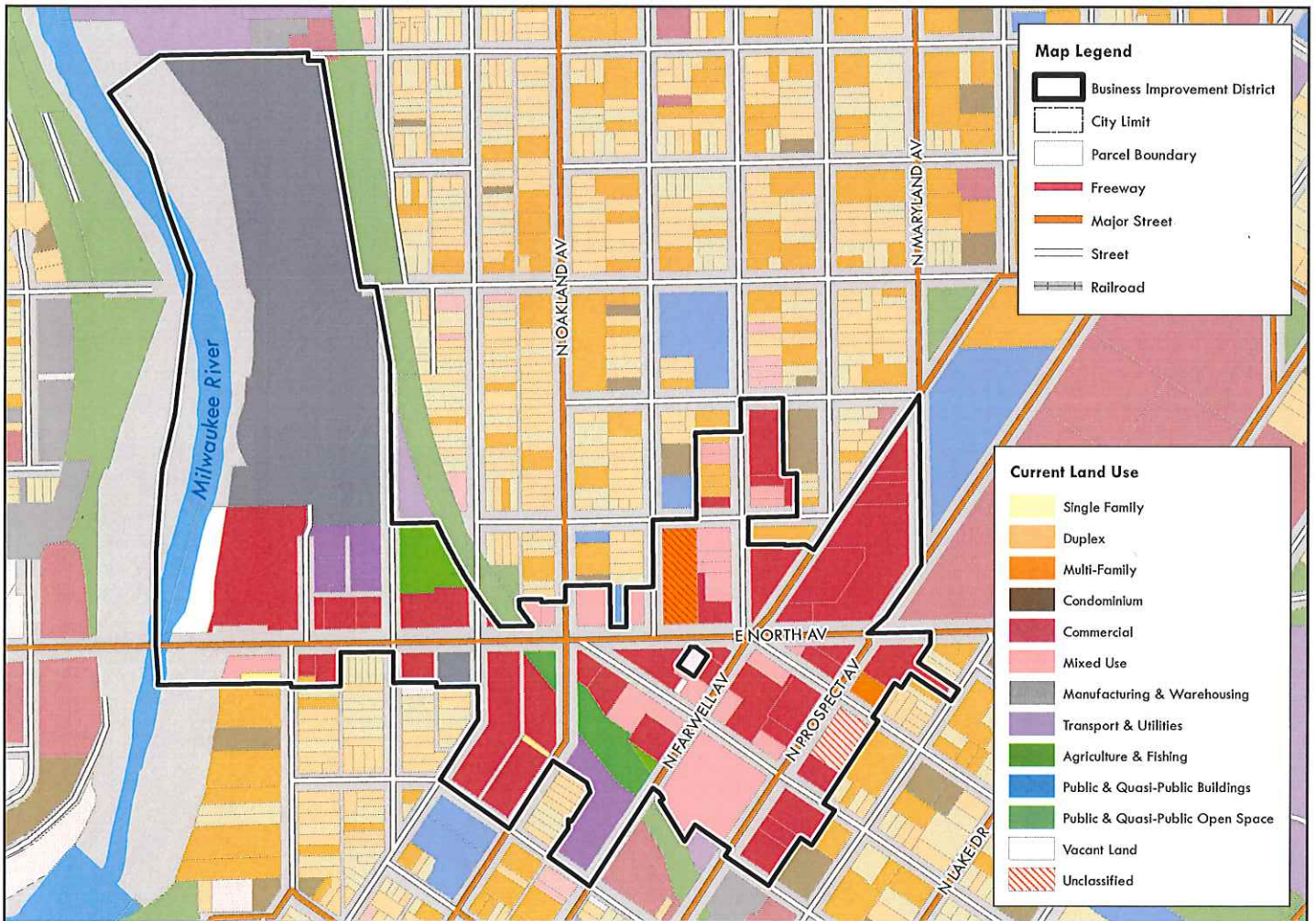
state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.

- (d) Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.
 - (e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.
- (5)**
- (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.
 - (b) A municipality may terminate a business improvement district at any time.
 - (c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.
 - (d) If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.

History: 1983 a. 184; 1989 a. 56 s. 258; 1999 a. 150 s. 539; Stats. 1999 s. 66.1109; 2001 a. 85; 2017 a. 59, 70, 189.

BID NO. 20: EAST NORTH AVENUE
CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 7/6/2017
 Source: City of Milwaukee Information Technology Management Division;
 Dept. of City Development Commercial Corridors Team



Taxkey	Address	Owner	Property Class	Assessable Value	BID 20 Assessment
3190697100	2435-2437 N MURRAY AV	ROBERT D BACOS	Residential	\$ -	\$ -
3190699000	2427-2431 N MURRAY AV	2429 N MURRAY LLC	Local Commercial	\$ 119,102.58	\$ 595.51
3190700000	2423-2425 N MURRAY AV	2423 N MURRAY LLC	Local Commercial	\$ 160,696.45	\$ 803.48
3190701000	2419-2421 N MURRAY AV	TRUDY F RANALLO FKA	Residential	\$ -	\$ -
3190702000	2415-2417 N MURRAY AV	VON ZOLPER PROPERTIES LLC	Residential	\$ -	\$ -
3190703000	2407-2409 N MURRAY AV	JOSEPH S LE SAGE	Residential	\$ -	\$ -
3190704000	1922 E THOMAS AV	PAUL HANNA INC	Local Commercial	\$ 269,500.00	\$ 1,347.50
3190721000	2018 E THOMAS AV	JAMES D STRATTE	Local Commercial	\$ 393,600.00	\$ 1,968.00
3190722000	2400 N MURRAY AV	MURRAY THOMAS LLC	Local Commercial	\$ 156,253.22	\$ 781.27
3190723000	2406-2408 N MURRAY AV	GOLDBERG FAMILY LTD	Local Commercial	\$ 65,684.97	\$ 328.42
3190724000	2410 N MURRAY AV	ERZSETAL LLC	Local Commercial	\$ 240,100.00	\$ 1,200.50
3190727100	2428-2430 N MURRAY AV	WILLIAM F JUDGE & JOAN M	Local Commercial	\$ 859,600.00	\$ 4,298.00
3190743000	2426 N FARWELL AV	GURDEV SINGH	Specail Mercantile	\$ 764,700.00	\$ 3,823.50
3190744000	2414 N FARWELL AV	HPJ PROPERTIES LLC	Local Commercial	\$ 241,100.00	\$ 1,205.50
3190745000	2401-2409 N MARYLAND AV	RESOURCE MARYLAND LLC	Local Commercial	\$ 1,527,200.00	\$ 5,000.00
3190757000	2012-2028 E NORTH AV	NORTH AVENUE REDEVELOPMENT	Local Commercial	\$ 584,900.00	\$ 2,924.50
3190760110	2326-2342 N FARWELL AV	NORTH AVENUE	Local Commercial	\$ 2,491,600.00	\$ 5,000.00
3190764111	2303 N FARWELL AV	FIRSTAR BANK MILWAUKEE NA	Specail Mercantile	\$ 1,195,400.00	\$ 5,000.00
3190766110	2339-2345 N MURRAY AV	ORLEN G WOOD	Local Commercial	\$ 213,153.61	\$ 1,065.77
3190768000	2333-2335 N MURRAY AV	SAMUEL J LLANAS	Local Commercial	\$ 119,345.29	\$ 596.73
3190769000	2327-2329 N MURRAY AV	MATTHEW J LINN	Local Commercial	\$ 103,368.56	\$ 516.84
3190770100	2319 N MURRAY AV	MURRAY AVENUE	Local Commercial	\$ 663,200.00	\$ 3,316.00
3190770200	1930 E NORTH AV	FORMAN-SMYSER FAMILY LLC	Specail Mercantile	\$ 1,671,000.00	\$ 5,000.00
3190790000	1832 E NORTH AV	DORIS E VITUCCI REV TRUST	Local Commercial	\$ 417,368.04	\$ 2,086.84
3191371000	2305 N PROSPECT AV	W A C O SANTA ANA LLC	Specail Mercantile	\$ 19,427,400.00	\$ 5,000.00
3191372000	2311 N PROSPECT AV	COLUMBIA ST MARYS INC	Specail Mercantile	\$ 21,961,500.00	\$ 5,000.00
3191373000	2311 N PROSPECT AV	COLUMBIA ST MARYS INC	Specail Mercantile	\$ 2,721,100.00	\$ 5,000.00
3191421000	2320 N CRAMER ST, Unit 100	CITY OF MILWAUKEE	Exempt	\$ -	\$ -
3191422000	1910 E NORTH AV, Unit 200	HSI EAST LIBRARY RESIDEN'L L	Mercantile Apartment	\$ 340,717.64	\$ 1,703.59
3191423000	1910 E NORTH AV, Unit 300	HSI EAST LIBRARY RESIDEN'L L	Local Commercial	\$ 416,000.00	\$ 2,080.00
3191431000	2310 N OAKLAND AV	RJ 1800 LLC	Mercantile Apartment	\$ 441,126.00	\$ 2,205.63
3200302112	1514 E THOMAS AV	WISCONSIN PAPERBOARD CORP	Manufacturing	\$ 6,583,200.00	\$ 5,000.00
3201523100	1726-1728 E NORTH AV	LATHROP HOLDINGS LLC	Local Commercial	\$ 181,006.17	\$ 905.03
3201524000	2303-2309 N OAKLAND AV	JAMES & SUE WIECHMANN	Local Commercial	\$ 81,240.74	\$ 406.20
3201525000	1700-1704 E NORTH AV	ALLAN & JEANANN WIRTH REV	Specail Mercantile	\$ 1,290,700.00	\$ 5,000.00
3201531100	2340 N NEWHALL ST	ESV LLC	Local Commercial	\$ 1,127,600.00	\$ 5,000.00
3201532110	1614 E NORTH AV	MCDONALDS CORP	Specail Mercantile	\$ 512,000.00	\$ 2,560.00
3201534100	2333-2345 N NEWHALL ST	WISCONSIN PAPERBOARD CORP	Manufacturing	\$ 303,100.00	\$ 1,515.50
3201535100	1530 E NORTH AV	WELCOME EAST SIDE LLC	Local Commercial	\$ 529,700.00	\$ 2,648.50
3201537100	1518 E NORTH AV	MANDEL NORTHTOWN II LLC	Local Commercial	\$ 735,000.00	\$ 3,675.00
3201539000	1504 E NORTH AV	DR. MOLAR REAL EST LLC	Local Commercial	\$ 399,355.00	\$ 1,996.78
3201540000	2320 N CAMBRIDGE AV	MANDEL NORTHTOWN II LLC	Local Commercial	\$ 32,500.00	\$ 162.50
3201721000	2340 N CAMBRIDGE AV	TRANSFORMATION	Local Commercial	\$ 388,900.00	\$ 1,944.50
3201722000	2326 N CAMBRIDGE AV	WISCONSIN ELECTRIC POWER CO	Exempt	\$ -	\$ -
3209948113	1436-R E NORTH AV	CITY OF MILWAUKEE	Exempt	\$ -	\$ -
3209948125	1436 E NORTH AV	CAMBRIDGE COMMONS LLC	Exempt	\$ -	\$ -
3550101000	1507 E NORTH AV	MICHAEL D LEE REV TRUST	Local Commercial	\$ 173,400.00	\$ 867.00
3550102000	2212-2214 N CAMBRIDGE AV	MICHAEL D LEE REV TR 2012	Residential	\$ -	\$ -
3550103000	1515 E NORTH AV	DP DOUGH MKE HOLDINGS	Local Commercial	\$ 196,900.00	\$ 984.50
3550139110	1431 E NORTH AV	MLRB LLC	Local Commercial	\$ 403,100.00	\$ 2,015.50
3550140000	2215 N CAMBRIDGE AV	MLRB LLC	Residential	\$ -	\$ -
3550401000	1723 E NORTH AV	MILWAUKEE COUNTY PARKS	Exempt	\$ -	\$ -
3550411000	2137 N OAKLAND AV	ROBERT K GREEN	Residential	\$ -	\$ -
3550431116	2202 N BARTLETT AV	PIERCE MILWAUKEE LLC	Manufacturing	\$ 1,201,300.00	\$ 5,000.00
3550432000	1617-1633 E NORTH AV	COLLEGE/FALLS STORAGE LLC	Local Commercial	\$ 577,300.00	\$ 2,886.50
3550448100	1609 E NORTH AV	E&K LAND LLC	Local Commercial	\$ 1,236,800.00	\$ 5,000.00
3560213000	2244 N PROSPECT AV	JBC 34 LLC	Mercantile Apartment	\$ -	\$ -
3560215100	2252-2266 N PROSPECT AV	DOS LOCOS LLC	Local Commercial	\$ 3,449,100.00	\$ 5,000.00
3560229000	2140-2150 N PROSPECT AV	COAL DOG LLC	Local Commercial	\$ 1,085,000.00	\$ 5,000.00
3560278000	2211 N PROSPECT AV	TOWN DOGS LLC	Local Commercial	\$ 918,700.00	\$ 4,593.50
3560279000	2201-2203 N PROSPECT AV	2203NPROSPECT LLC	Local Commercial	\$ 787,745.10	\$ 3,938.73
3560281100	2214 N FARWELL AV	GEORGE & SOFIA	Local Commercial	\$ 640,100.00	\$ 3,200.50

Appendix D

Amortization schedule - Customer

(Updated 5/9/12)

Note: This amortization schedule is based on payment due date.

BID #20 (revised)

Principal	\$885,950.00
Interest Rate	5.890%
Amortization	20
Calculated Pmt.	\$76,552.84
Actual Pmt.	varies

Exhibit C beginning loan balance
Quoted interest rate
Level P&I pymt. to reamortize- reduced to \$64,241 in '05 increased to \$78,150 in '08

#	Year	Date Paid	Beg. Balance	Payment	Interest	Principal	Ending Balance
1	2001	3/29/01	\$787,950.00	\$69,500.00	\$15,470.09	\$54,029.92	\$733,920.09
2	2002	2/28/02	\$733,920.09		\$43,227.89		\$733,920.09
2a	2002	2/28/02	\$98,000.00	\$69,500.00	\$2,886.10	\$23,386.01	\$808,534.08
3	2003	2/27/03	\$808,534.08	\$69,500.00	\$47,622.66	\$21,877.34	\$786,656.74
4	2004	3/25/04	\$786,656.74	\$69,500.00	\$46,334.08	\$23,165.92	\$763,490.82
5	2005	4/18/05	\$763,490.82	\$69,500.00	\$44,969.61	\$24,530.39	\$738,960.43
6	2006	4/7/06	\$738,960.43	\$64,241.00	\$43,524.77	\$20,716.23	\$718,244.20
7	2007	4/27/07	\$718,244.20	\$64,241.00	\$42,304.58	\$21,936.42	\$696,307.78
8	2008	4/16/08	\$696,307.78	\$78,150.00	\$41,012.53	\$37,137.47	\$659,170.31
9	2009	7/22/09	\$659,170.31	\$78,150.00	\$38,825.13	\$39,324.87	\$619,845.44
10	2010	4/28/10	\$619,845.44	\$78,150.00	\$36,508.90	\$41,641.10	\$578,204.33
11	2011	4/27/11	\$578,204.33	\$78,150.00	\$34,056.24	\$44,093.76	\$534,110.57
12	2012	5/7/12	\$534,110.57	\$78,150.00	\$31,459.11	\$46,690.89	\$487,419.68
13	2013	5/7/13	\$487,419.68	\$78,150.00	\$28,709.02	\$49,440.98	\$437,978.70
14	2014	4/7/2015	\$437,978.70	\$78,150.00	\$25,796.95	\$52,353.05	\$385,625.65
15	2015	5/20/2016	\$385,625.65	\$78,150.00	\$22,713.35	\$55,436.65	\$330,189.00
16	2016	3/9/2017	\$330,189.00	\$78,150.00	\$19,448.13	\$58,701.87	\$271,487.13
17	2017	4/5/2018	\$271,487.13	\$78,150.00	\$15,990.59	\$62,159.41	\$209,327.72
18	2018		\$209,327.72	\$78,150.00	\$12,329.40	\$65,820.60	\$143,507.12
19	2019		\$143,507.12	\$78,150.00	\$8,452.57	\$69,697.43	\$73,809.69
20	2020		\$73,809.69	\$78,157.08	\$4,347.39	\$73,809.69	\$0.00
				<u>\$1,491,939.08</u>			

The East Side BID #20 Annual Report

(Activities Sept.2018 – Aug. 2019)

The East Side Business Improvement District's mission is to build a coalition to curate Milwaukee's most vibrant neighborhood.

Core Programs

- We currently contract with weekly cleaning services in our District to make sure it's always looking its best for our 100+ businesses. This includes the maintenance of 94 street planters. We worked with the City for the placement of 12 new trash and recycling receptacles in key, high-trash areas.
- We decorate the core of the district with Holiday lighting from November to help drive traffic into the district during the cold winter months.
- We are currently servicing a loan through the City which should be paid off in the year 2020.
- Our crime rates are relatively low in comparison with the rest of the City- the current problems consisting of aggressive panhandling, entries to autos, and some robberies.
- We have one full time Executive Director.
- The Board currently meets at least 6 times per year but meetings are often called more often as the need to discuss high-level items arise.
- We provide staff for the East Side Architectural Review Board which meets as needed. A new process was developed this year to ease confusion from business owner applicants and set expectations for timelines.
- We are developing and building out our Board for more diverse and inclusive representation. We will be undertaking a community-wide strategic plan in 2020 for which we need a solid Board in place. Internal strategic planning was undertaken in March 2019 that led to development of a new Mission, Vision, and Values statement.
- The BID applied for and was accepted into the Connect Communities program, a "first step" to membership in the National Main Street redevelopment program, in April 2019.

Economic Development

- Since our last report, several new businesses have opened including Hacienda Beer Co., Merge MKE, Baccanera, and Crossroads Collective. Von Trier is under new ownership, and a kitchen update is in process. In July 2018, Milwaukee Film took over operations at the Oriental Theatre and completed a \$10 million capital campaign for restoration of the theatre and renovations are underway.
- Two restaurants are set to open by October: DP Dough is set to open at the former Open Pantry location near Atomic Tattoo and Mad Chicken should open at the end of September in the former Burger King location at the corner of North and Prospect.
- Joseph Property Development's new 80-unit apartment building, The Contour, is open at 2111 E Ivanhoe Place. A Spectrum store also opened on the ground floor.
- We have been in communication with McDonald's about their remodel and with the City about 2020 paving projects, both of which will enhance the look and feel of the area and drive more foot and bike traffic.

The East Side BID #20 Annual Report

(Activities Sept.2018 – Aug. 2019)

including: Beer Capitol, Gruber Law, Educators Credit Union, Maglio, Match Marketing/Diageo Americas, US Bank, 88Nine, Urban Milwaukee, Shepherd Express, WUWM, WMSE, 102.1, and OnMilwaukee.

- We are developing partnerships with community organizations including the Urban Ecology Center, Keeping Greater Milwaukee Beautiful, Maryland Avenue Montessori, WILS, and the Medical College of Wisconsin. In addition, surrounding businesses outside the BID have expressed interest in becoming more involved with the BID so we are working on a “Friend of the East Side” program that will allow these outside-district businesses to get involved at a similar rate to what in-district businesses are paying.
- We are developing a Beautification Committee for people interested in assisting with clean-up efforts that we hope to host on a more regular/monthly basis.

**EAST SIDE BUSINESS IMPROVEMENT
DISTRICT #20
MILWAUKEE, WISCONSIN**

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

KRAUSE & ASSOCIATES, S.C.
CERTIFIED PUBLIC ACCOUNTANT

1214 BRIDGE STREET
P.O. BOX 368
GRAFTON, WISCONSIN 53024

TELEPHONE: (262) 377-9988
FAX: (262) 377-9617

Independent Accountant's Review Report

Board of Directors
East Side Business Improvement District #20
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of the East Side Business Improvement District #20, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents		\$ 16,739	\$ 44,787
Accounts receivable		3,587	-
Prepaid expenses		<u>514</u>	<u>-</u>
		20,840	44,787
PROPERTY AND EQUIPMENT			
Computer equipment		799	-
Accumulated depreciation		<u>(266)</u>	<u>-</u>
Property and equipment, net		<u>533</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 21,373</u>	<u>\$ 44,787</u>

LIABILITIES AND NET ASSETS

LIABILITIES			
Accounts payable		\$ 18,934	\$ 18,442
Payroll taxes payable		<u>1,322</u>	<u>-</u>
TOTAL LIABILITIES		20,256	18,442
NET ASSETS			
Without donor restrictions		<u>1,117</u>	<u>26,345</u>
TOTAL NET ASSETS		<u>1,117</u>	<u>26,345</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 21,373</u>	<u>\$ 44,787</u>

See accompanying notes and accountant's review report.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (25,228)	\$ (33,515)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	266	-
(Increase) decrease in accounts receivable	(3,587)	42,652
(Increase) decrease in prepaid expenses	(514)	4,716
Increase (decrease) in accounts payable	492	15,620
Increase (decrease) in payroll tax liabilities	<u>1,322</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(27,249)</u>	<u>29,473</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(799)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(799)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(28,048)	29,473
Cash and cash equivalents at beginning of year	<u>44,787</u>	<u>15,314</u>
Cash and cash equivalents at end of year	<u>\$ 16,739</u>	<u>\$ 44,787</u>

Supplemental disclosures:

Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>
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See accompanying notes and accountant's review report.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Net assets

The BID follows the accrual method of accounting wherein revenues and expenses are recorded in the period earned or incurred. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The BID reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

5. Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

6. Streetscape improvements

Streetscape improvements are not capitalized; rather they are expensed as incurred as they are considered part of the City of Milwaukee's public infrastructure.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018 AND 2017

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Change in accounting principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The BID has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

11. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through August 26, 2019, which is the date that the financial statements were available to be issued.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of December 31, 2018, comprise the following:

Cash and cash equivalents	\$ 16,739
Accounts receivable	<u>3,587</u>
	<u>\$ 20,326</u>

As part of its liquidity plan, The BID invests cash in excess of daily requirements in short-term money market funds.

C – REPAYMENT OF CITY OF MILWAUKEE ADVANCE

The BID, in cooperation with the City of Milwaukee finished streetscape improvements in 2003. Financing for the \$1.7 million project was funded partially by a \$500,000 contribution from the City of Milwaukee plus proceeds from a city bond issue.

The BID is obligated to repay the City of Milwaukee for its streetscape improvement assistance over 20 years, plus interest at 5.89%. The principal and interest amounts will be funded through future special tax assessments. The principal balance at December 31, 2018 and 2017 was \$271,483 and \$330,189, respectively.