



Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2020

Office of the Comptroller

**Aycha Sawa
Comptroller**

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

Joshua Benson
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

July 29, 2021

Honorable Thomas M. Barrett, 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 Comprehensive Annual Financial Report of the City of Milwaukee (the "City") for the fiscal year ended December 31, 2020. 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 Comprehensive Annual 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 Comprehensive Annual 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 Comprehensive Annual 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, 2020, 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, 2020, 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 Comprehensive Annual 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.

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020: Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation.

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

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, WI. It is the 31st largest city in the United States with a 2020 Wisconsin Department of Administration estimated population of 587,072. Milwaukee is the largest city, by population, and the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 2.05 million for the Milwaukee-Racine-Waukesha metropolitan area.

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

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Milwaukee plays an important role in international and domestic trade. Of vital importance to both the local and state economies, the Port of Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. The protected harbor permits year-round use of the port with access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through the Mississippi River. The Port of Milwaukee processed 2.8 million metric tons of cargo in 2020, up 5.4% from 2019. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. In 2019, the Port continued its ongoing repair and replacement of 14 miles of rail track on Jones Island, which includes the replacement of rail crossings. Interior improvements at the Lake Express Ferry Terminal building were completed in 2020. The Harbor Commission also facilitates public access including cultural and recreational activities for the public by leasing property to the Milwaukee Art Museum, Milwaukee World Festivals, Discovery World at Pier Wisconsin, cruise ships and the Lake Express high-speed ferry.

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

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. As of December 31, 2020, the City managed 30 active Business Improvement Districts, 9 Neighborhood Improvement Districts, 59 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 \$138 million as depicted in Note 14.

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

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

A new high-rise, known as the Couture, broke ground in 2021 along Milwaukee's lakefront. The project will include a 44-story, \$188 million mixed-use development with apartments and retail. It is expected to create more than 2,000 jobs, and similar to other downtown projects, has an emphasis on hiring residents during construction.

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

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

The Wisconsin Center District is entering Phase Three of their expansion and renovation. This phase is expected to double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Groundbreaking and construction is anticipated to commence in late 2021, with completion in 2024.

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

The City continues to progress in its Strong Neighborhoods plan. In 2020, City resources contributed to the creation of 200 new housing units, improvements to 278 existing housing units, and the assistance of 243 individuals in home buying.

The City's Commercial Corridor team provided 79 revitalization grants totaling more than \$750 thousand to business and commercial property throughout the City. These investments helped launch 63 new businesses, expand 16 businesses, and improve dozens of business sites.

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

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

The educational opportunities in Milwaukee offer a wide variety of choices within the City. The City's educational institutions include Alverno College, Cardinal Stritch University, Marquette University, the Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee School of Engineering, Mount Mary University, University of Wisconsin-Milwaukee, and Wisconsin Lutheran College. Additionally, Direct Supply has also opened a new technology center on the MSOE campus.

ECONOMIC OUTLOOK

For the year 2020, the City's unemployment rate averaged approximately 9.1% (see Table 13 in Statistical Section); compared to the State of Wisconsin average of 6.3% and the United States average of 8.1% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate increased from 4.4% in 2019 due in large part to the COVID-19 pandemic.

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain investment grade ratings of AA- from Fitch and A from S&P Global, for the City's most recent 2021 General Obligation Bonds and Notes. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best) rating with D being the lowest (worst). The AA-/A rating indicates the City's bonds are considered high credit quality investment grade issues. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies indicate that the ratings reflect a combination of strong liquidity, rapid debt repayment, manageable capital

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
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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 2020 property tax rate for 2021 purposes decreased to \$10.09 from \$10.58 compared to the prior year's per \$1,000 of assessed value. The 2021 budgetary City property tax levy of approximately \$299 million represents an \$8 million increase compared to the \$291 million in 2019. The estimated assessed value used for 2021 budget purposes increased to approximately \$30 billion from \$28 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2020 was 32.8% compared to 27.8% for 2019 as depicted in Exhibit E-1.

Property tax increases are limited by state legislation. The 2021 budget estimates intergovernmental revenues of \$272.9 million which is a decrease of \$523 thousand from 2020. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be \$219 million in 2021, which is the same as 2020. The state transportation aids (the second largest category) total \$30.3 million for 2021, a \$1.1 million decrease from 2020. Another large state aid is the Expenditure Restraint Payment. The intent of this program is to reward communities who control their General Fund expenditures and is estimated at about \$10.3 million for 2021. 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 2021 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of \$46.7 million and the stormwater management charges for services to the sewer fund of \$24.4 million. The snow and ice fee is estimated in 2021 to generate a total of \$10.3 million. The City implemented a new street lighting fee estimated to be \$9.7 million in the 2021 budget. Total Charges for Services are estimated to increase by \$8.5 million to \$143.2 million in 2021.

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 2020, this reserve has a year-end balance of \$30 million compared to \$24 million for 2019. The 2021 budget includes a withdrawal of \$6.5 million, leaving the portion of the Reserve for Tax Stabilization available for future years at \$19 million.

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

MAJOR CAPITAL PROJECTS

The 2020 capital budget includes funds for various infrastructure and building projects. For 2021, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals \$138.9 million, a decrease of 11% or \$17.1 million from the 2020 budget of \$155.6 million. Funding of \$40.8 million for various tax incremental districts and development projects comprises 29% of the total capital budget for 2021. The Department of Public Works budget for bridges (\$6.1 million), street/paving construction (\$43.5 million), various building, equipment and forestry projects (\$13.3 million) and City Hall Foundation (\$8.4 million), with a total of \$71.4 million or approximately 52% of the total 2021 capital budget. Police projects (\$6.3 million), Fire projects (\$1.8 million), and Library projects (\$1.7 million) in the aggregate total \$9.8 million or 7% of the total capital budget.

The annual plan for capital projects budget includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose components total at least \$2 million. Some major projects planned for 2021 include improving the useful life of 20 miles of streets and funding for 1,100 lead water service line replacements. The City has a Capital Improvements Committee to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works proprietary Fund and component entities that maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments by the City Treasurer was at 0.56% in 2020 compared to 2.27% in 2019. The City continued to use the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. The investable balance generates interest earnings for the City, which is used to offset the property tax levy. The City's long-term pooled cash investment program is in accordance with State Statute 66.0603, and earned an annualized net investment rate of return of 3.0% on about \$54.4 million in investments.

During 2020, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting ongoing cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled \$300 million, compared to \$300 million in 2019. The financing was accomplished through offerings of \$120 million Revenue Anticipation Notes and \$180 million School Revenue Anticipation Notes for school purposes. In addition, the City took advantage of low interest rates to convert the annual City Revenue Anticipation Notes to general obligation notes through 2030. The school purpose borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aid.

The City continued its use of the State of Wisconsin's Safe Drinking Water and Clean Water Funds to finance water and sewer system capital projects. Clean Water Fund loans of \$16.3 million were obtained during 2020, compared to \$15.4 million in 2019 for sewer projects. Safe Drinking Water loans of \$20.0 million were obtained during 2020 compared to \$12.8 million in 2019 for water projects. The Clean Water Fund and Safe Drinking Water Loan programs provide below market interest loans to communities to finance storm-water control projects and drinking water projects. For temporary borrowing purposes, the City had lines of credit in 2019 with \$94.4 million outstanding at year-end.

RISK MANAGEMENT

The City is self-insured for workers' compensation, health and dental insurance, uninsured motorist motor vehicle coverage for City employees, and general liability claims. With certain exceptions, it is the policy of the City not to purchase commercial insurance against property or liability risks. Instead, the City has found it is more economical to manage its risk internally, setting aside funds as needed for estimated current claim settlements and judgments through annual and supplemental appropriations as needed. The City also purchases and maintains limited coverage for certain facilities and employee bonding. Indemnity and insurance protection is also required of City contractors, vendors, lessees and permit holders.

ACKNOWLEDGEMENTS

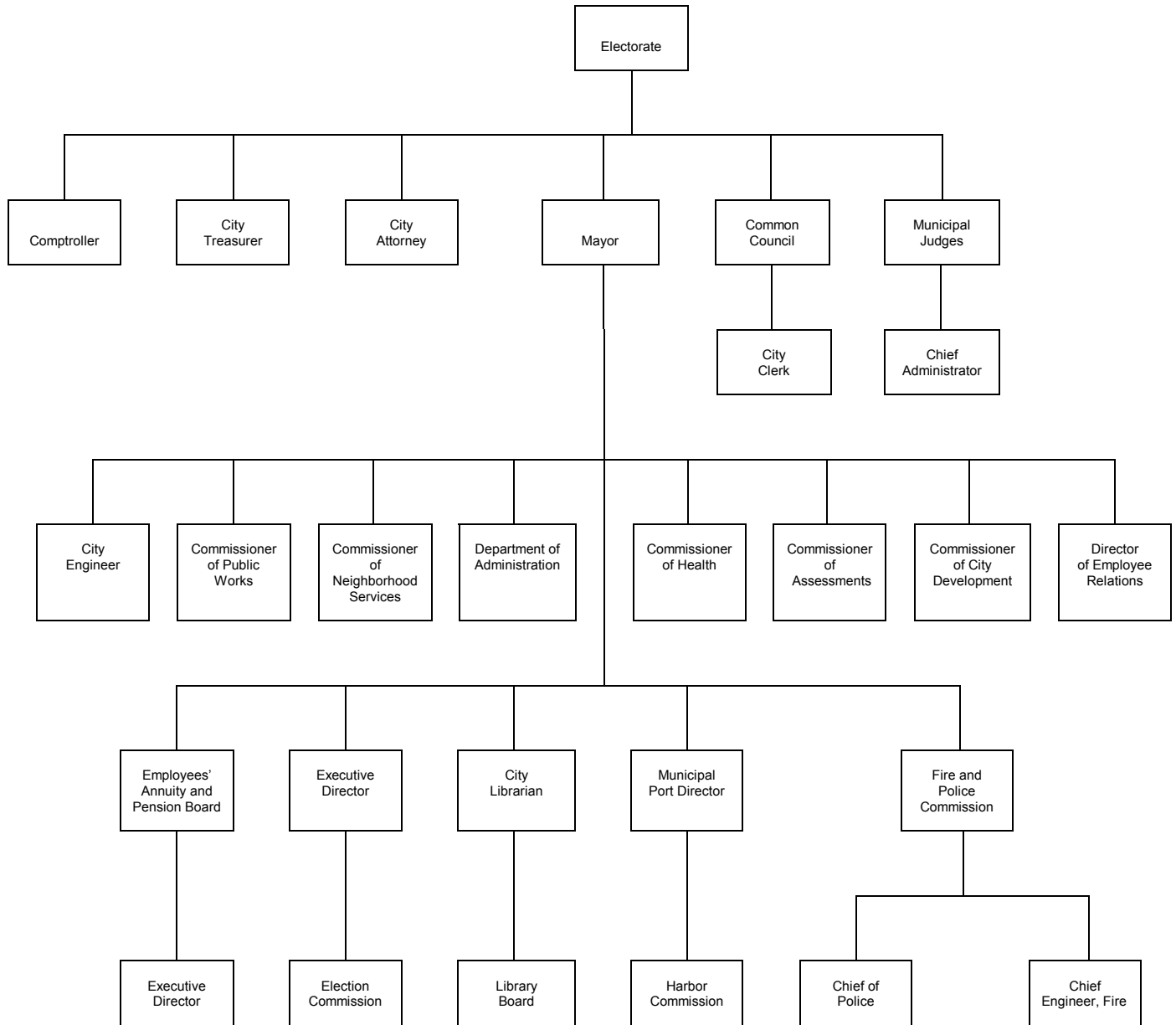
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, dedication, and extensive involvement of the entire staff of the Office of the Comptroller and the able assistance of our independent auditors, Baker Tilly US, LLP, as well as the accounting personnel of our component units. Special commendation and appreciation should be accorded to the dedicated staff of the Comptroller's Office in the preparation of this Comprehensive Annual 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,



Aysha Sawa, CPA, CIA
Comptroller

CITY OF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2020



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
 DECEMBER 31, 2020

ELECTED

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

COMMON COUNCIL

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

Aldermanic District

Alderman

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

FINANCE RELATED (Non-Elected)

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

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Milwaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin, as of December 31, 2020 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.

Emphasis of Matter

As discussed in Note 1, the City of Milwaukee adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
July 29, 2021

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (the "City") Comprehensive Annual Financial Report provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. The MD&A is an integral portion of the Comprehensive Annual 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 2020 was (\$688) million, a 75% decrease compared to the previous year's total of (\$392) million. This decrease was caused mainly by the changes to deferred inflows and outflows for the pension and other post employment benefits. Of the (\$688) million net position, a \$1.49 billion deficit was related to governmental activities and \$801 million was related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled (\$2.573) 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: \$1.717 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations: \$229 million.
 - Unrestricted net deficit: (\$2.634) billion.
- The 2020 year-end, net pension liability is \$851 million compared to the 2019 total of \$1.146 billion. This \$295 million decrease is due to a realized 2019 net investment return of 18.51% compared to the actuarial assumption of 7.5%. The 2020 liability is based on an actuarial valuation performed on January 1, 2019, rolled forward to December 31, 2019. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.
- Total 2020 long-term liabilities were \$4.262 billion of which \$163 million was short-term compared to the 2019 total of \$4.153 billion of which \$168 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>2020</u>	<u>2019</u>
Outstanding debt.....	\$ 1,626	\$ 1,473
OPEB.....	1,690	1,444
Pension.....	851	1,146
Compensated absences.....	51	50
Claims and judgments.....	44	40
Total.....	<u>\$ 4,262</u>	<u>\$ 4,153</u>

Statement of Activities

- Governmental expenses were \$1.356 billion while combined program revenues were \$327 million, a difference of \$1.029 billion. However, general revenues and transfers were \$733 million, resulting in a \$296 million decrease to net position for the year. Business-type activity expenses were \$228 million while combined program and general revenues were \$261 million plus \$2 million of miscellaneous revenue, resulting in a surplus of \$34 million. Transfers out reduced this excess by \$34 million, resulting in a no change in net position.
- Governmental revenues and transfers of \$1.06 billion, which supported 78% of the total 2020 governmental expenses of \$1.356 billion, were comprised of the following.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

Government type revenues

(Millions of Dollars)

	<u>Amount</u>	<u>Percentage of Total</u>	
		<u>Revenue</u>	<u>Expense</u>
Program revenues.....	\$ 327	31%	24%
Property and other taxes.....	353	33%	26%
State aids for the general fund.....	273	26%	20%
Miscellaneous revenues and transfers.....	107	10%	8%
Total.....	<u>\$ 1,060</u>	<u>100%</u>	<u>78%</u>

- Business-type activity program revenue of \$261 million, which supported 115% of the total 2020 business-type expenses of \$228 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.....	\$ 104	40%	46%
Sewer.....	70	27%	31%
Transportation.....	25	10%	11%
Port.....	9	3%	4%
MMSD sewer user charges.....	53	20%	23%
Total.....	<u>\$ 261</u>	<u>100%</u>	<u>115%</u>

Fund Financial Statements

- Total governmental fund, year-end 2020 fund balance was \$339 million, compared to the 2019 ending fund balance of \$206 million, an increase of \$133 million or 64%.
- The 2020 General Fund, year-end fund balance totaled \$188 million, a \$136 million increase compared to the 2019 balance of \$52 million. The 2020 ending Fund Balance is approximately 27% of the \$693 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were \$1.188 billion at year-end 2020, an increase of \$133 million compared to the 2019 total of \$1.055 billion. In addition, revenue bonds of \$141 million and state loans of \$209 million were outstanding at year-end. Total outstanding debt at the end of 2020, including unamortized premium, totaled \$1.626 billion, a \$153 million increase over the 2019 total of \$1.473 billion.

Required Supplementary Information

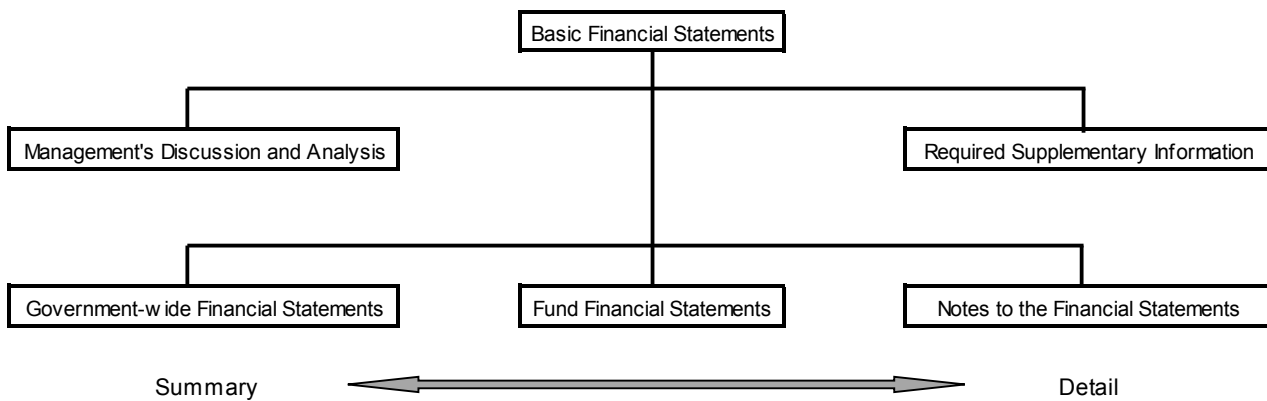
- General Fund operating revenues were \$22.8 million lower than budgeted while operating expenditures were \$30.6 million less than budgeted in 2020. Property taxes were \$33 thousand lower than budget while revenues other than property taxes were \$22.8 million lower than budget. All revenue sources, with the exception of other taxes, were under budget, with the primary cause being the reduction of and suspension of revenue sources due to COVID-19.
- Total OPEB liability increased \$246 million to \$1.69 billion as of December 31, 2020, compared to \$1.444 billion as of December 31, 2019.
- Due to a higher-than-expected net investment return, the 2020 pension liability decreased \$295 million to \$851 million compared to the 2019 pension liability of \$1.146 billion.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020
 (Unaudited)

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

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

Government-wide Financial Statements

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

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

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

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as the water, sewer user charge, sewer maintenance, Transportation, and port. User charges or fees primarily support these activities.
- The *component units* include two other entities in its report: 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, 2020
(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, 2020
 (Unaudited)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,103,146	\$ 913,495	\$ 147,887	\$ 126,598	\$ 1,251,033	\$ 1,040,093
Capital assets	1,358,424	1,343,169	1,262,517	1,231,217	2,620,941	2,574,386
Total assets	<u>2,461,570</u>	<u>2,256,664</u>	<u>1,410,404</u>	<u>1,357,815</u>	<u>3,871,974</u>	<u>3,614,479</u>
Deferred Outflow s of Resources:						
Loss on refunding.....	-	-	-	-	-	-
Deferred outflow s for pensions.....	420,800	760,981	13,562	23,917	434,362	784,898
Deferred outflow s for OPEB.....	308,506	190,633	16,520	11,233	325,026	201,866
Total deferred outflow s.....	<u>729,306</u>	<u>951,614</u>	<u>30,082</u>	<u>35,150</u>	<u>759,388</u>	<u>986,764</u>
Long-term obligations	3,721,941	3,623,779	539,980	528,472	4,261,921	4,152,251
Other liabilities	280,644	271,629	88,680	54,537	369,324	326,166
Total liabilities	<u>4,002,585</u>	<u>3,895,408</u>	<u>628,660</u>	<u>583,009</u>	<u>4,631,245</u>	<u>4,478,417</u>
Deferred Inflow s of Resources:						
Gain on Refunding.....	1,176	485	-	-	1,176	485
Deferred inflow s for grants.....	-	-	42	719	42	719
Subsequent years property taxes.....	362,345	346,410	-	-	362,345	346,410
Pension and OPEB related.....	314,246	159,366	10,766	8,300	325,012	167,666
Total deferred inflow s.....	<u>677,767</u>	<u>506,261</u>	<u>10,808</u>	<u>9,019</u>	<u>688,575</u>	<u>515,280</u>
Net position:						
Net investment in capital assets.....	877,376	841,714	839,337	820,749	1,716,713	1,662,463
Restricted	206,060	196,639	23,136	9,773	229,196	206,412
Unrestricted	<u>(2,572,912)</u>	<u>(2,231,744)</u>	<u>(61,455)</u>	<u>(29,585)</u>	<u>(2,634,367)</u>	<u>(2,261,329)</u>
Total net position	<u><u>\$(1,489,476)</u></u>	<u><u>\$(1,193,391)</u></u>	<u><u>\$ 801,018</u></u>	<u><u>\$ 800,937</u></u>	<u><u>\$ (688,458)</u></u>	<u><u>\$ (392,454)</u></u>

Net position of the City's governmental activities decreased to (\$1.49) billion for 2020. The portion of net position restricted as to use totaled \$206 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$877 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 \$2.573 billion at year-end does not imply that the City has inadequate financial resources to meet its current obligations. Rather, the deficit is caused, in part, by the full accrual of future expenses (expenditures) in the current year. The City's annual budgets, however, only include funding (revenue) for one year of multi-year liabilities such as property-casualty claims, employee leave balances and post-employment benefits. This difference between future expenditures and current year revenue is mostly responsible for the deficit.

The net position of business-type activities was \$801 million in 2020. 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 2020 long-term obligations for governmental activities were \$3.72 billion, an increase of 3% over the 2019 amount of \$3.62 billion. Most of this increase is attributable to the increases in general obligation bonds and other post employment benefits, offset by a decrease in pension liability. Year-end long-term obligations related to business-type activities were \$540 million, an increase of 2% over the 2019 amount of \$528 million. This \$12 million increase is due mainly to an increase in loans from the State.

Total 2020 primary government assets, including capital assets, were \$3.87 billion, an increase of \$257 million or 7% from the 2019 amount of \$3.61 billion. At year-end 2020, 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, 2020
 (Unaudited)

Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2020 totaled \$1.026 billion. This composition of this revenue, by category, is reported on Table 2a while the percentage of each revenue category to the total is shown on Chart 4.

Governmental Activity expenses include a wide range of services. Governmental Activity 2020 expenditures were \$1.356 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 15% (see Table 2b) of total governmental activity revenue. General revenues (taxes, State aids, grants, and miscellaneous) account for the remaining 85%.

Governmental Activity revenue for 2020 was \$330 million below expenditures, \$296 million below after a \$34 million transfer from business-type activities. Business-type activity revenues equaled expenditures and transfers in 2020. 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 157,196	\$ 164,558	\$ 251,028	\$ 261,966	\$ 408,224	\$ 426,524
Operating grants and contributions	165,929	44,728	-	-	165,929	44,728
Capital grants and contributions	3,827	1,278	9,722	8,907	13,549	10,185
General revenues:						
Property taxes and other taxes	352,910	329,601	-	-	352,910	329,601
State aids for General Fund	273,422	270,575	-	-	273,422	270,575
Miscellaneous	72,875	84,084	1,717	3,148	74,592	87,232
Total revenues	<u>1,026,159</u>	<u>894,824</u>	<u>262,467</u>	<u>274,021</u>	<u>1,288,626</u>	<u>1,168,845</u>
Expenses						
General government	249,456	363,272	-	-	249,456	363,272
Public safety	710,794	557,403	-	-	710,794	557,403
Public Works	233,775	206,475	-	-	233,775	206,475
Health	38,265	24,313	-	-	38,265	24,313
Culture and recreation	31,054	30,023	-	-	31,054	30,023
Conservation and development	67,345	47,529	-	-	67,345	47,529
Interest on long-term debt	25,542	23,710	-	-	25,542	23,710
Water	-	-	84,198	74,954	84,198	74,954
Sewer Maintenance	-	-	56,563	55,747	56,563	55,747
Transportation	-	-	28,772	27,931	28,772	27,931
Port of Milwaukee	-	-	4,900	4,724	4,900	4,724
Metropolitan Sewerage District User Charges.....	-	-	53,966	53,301	53,966	53,301
Total expenses	<u>1,356,231</u>	<u>1,252,725</u>	<u>228,399</u>	<u>216,657</u>	<u>1,584,630</u>	<u>1,469,382</u>
Increase (Decrease) in net position before transfers..	(330,072)	(357,901)	34,068	57,364	(296,004)	(300,537)
Transfers	33,987	34,471	(33,987)	(34,471)	-	-
Increase (decrease) in net position	(296,085)	(323,430)	81	22,893	(296,004)	(300,537)
Net position – Beginning.....	(1,193,391)	(869,961)	800,937	778,044	(392,454)	(91,917)
Net position – Ending	<u>\$ (1,489,476)</u>	<u>\$ (1,193,391)</u>	<u>\$ 801,018</u>	<u>\$ 800,937</u>	<u>\$ (688,458)</u>	<u>\$ (392,454)</u>

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

Governmental Activities

Revenues for the City's governmental activities totaled \$1.026 billion, while total expenses totaled \$1.356 billion for 2020, resulting in a deficit of \$330 million. Total revenues, excluding transfers, supported 76% of total expenses; 78% including transfers. Comparable data for 2019 indicates total revenues, excluding transfers supported 68% of expenses; 70% including transfers.

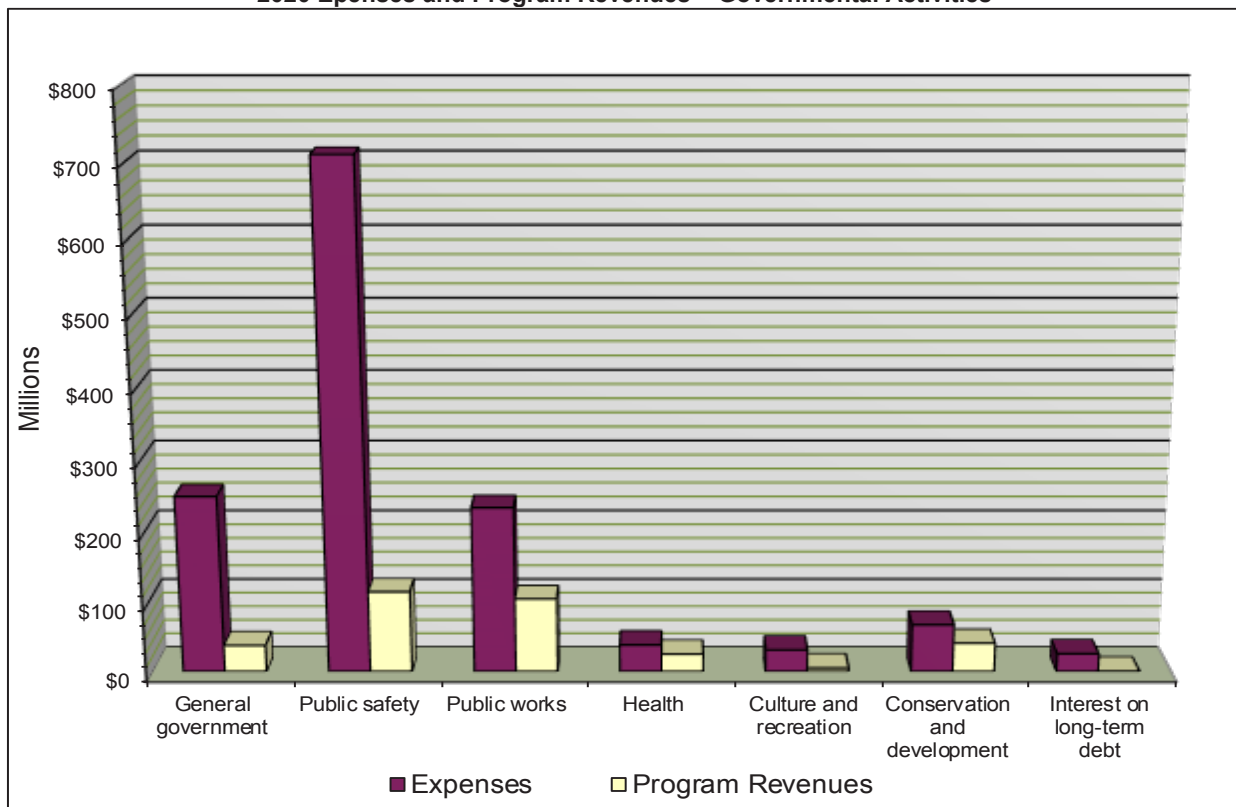
Revenue amounts for the current and prior year, by category, are summarized in Table 2b, below.

Table 2b
Governmental Activities Revenues
(Thousands of Dollars)

Category	2020		2019	
	Amount	% of Total	Amount	% of Total
Property taxes	\$ 352,910	34%	\$ 329,601	37%
State aids	273,422	27%	270,575	30%
Charges for services	157,196	15%	164,558	18%
Grants and contributions	169,756	17%	46,006	5%
Miscellaneous	72,875	7%	84,084	10%
Total	<u>\$ 1,026,159</u>	<u>100%</u>	<u>\$ 894,824</u>	<u>100%</u>

Total 2020 governmental activity expenditures increased \$104 million or 8% compared to 2019. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2020 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 cost of services not funded with direct program revenue for governmental activities decreased in 2020 to \$1.03 billion from \$1.04 billion in 2019, a 1% decrease.

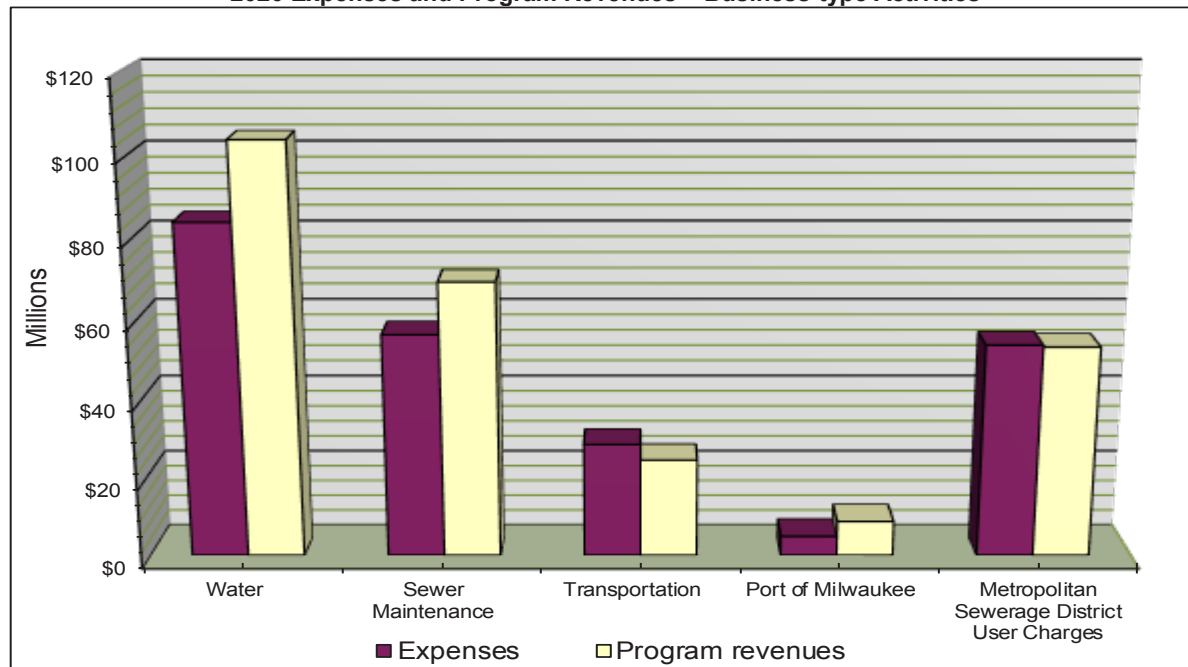
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	2020	% of Total	2019	% of Total	2020	2019
General government	\$ 249,456	18%	\$ 363,272	29%	\$ 211,994	\$ 323,130
Public safety	710,794	53%	557,403	45%	596,284	521,953
Public works	233,775	17%	206,475	16%	129,236	110,357
Health	38,265	3%	24,313	2%	13,296	13,061
Culture and recreation	31,054	2%	30,023	2%	26,323	23,953
Conservation and development ..	67,345	5%	47,529	4%	26,604	25,997
Interest on long-term debt	25,542	2%	23,710	2%	25,542	23,710
Total Governmental Activities ..	<u>\$ 1,356,231</u>	<u>100%</u>	<u>\$ 1,252,725</u>	<u>100%</u>	<u>\$ 1,029,279</u>	<u>\$ 1,042,161</u>

Business-type Activities

Revenues for the City's business-type activities totaled \$262 million, while expenses and transfers out also totaled \$262 million for 2020, resulting in no change to net position (see Table 3b). Total revenues supported 115% of total expenses excluding transfers out and 100% including transfers out. Comparable data for 2019 indicates total revenues supported 126% of expenses excluding transfers out; 109% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2020 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)

	Water Works	Sewer Maintenance
Revenues.....	\$ 98,587	\$ 68,720
Expenses.....	\$ 79,869	\$ 22,043
Net operating income.....	<u>\$ 18,718</u>	<u>\$ 46,677</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>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues.....	\$ 262,467	\$ 274,021	\$ (11,554)	-4%
Expenses/Transfers.....	\$ 262,386	\$ 251,128	\$ 11,258	4%
Net position.....	\$ 801,018	\$ 800,937	\$ 81	0%

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 2020, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$339 million, an increase of \$133 million or 64% from the 2019 balance of \$206 million. The factors impacting the change in fund balance are mainly due to issuance of bond, notes and debt refunding to take advantage of low interest rates available during 2020. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

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

	General		Public Debt	Economic	Grant and	Capital		
	Obligation	Debt Service	Amortization	Development	Aid	Projects	Nonmajor	Total
2020 ending balance.....	\$ 188,392	\$ 30,283	\$ 44,656	\$ 104,709	\$ (20,509)	\$ 16,913	\$ (25,460)	\$ 338,984
2019 ending balance.....	52,489	33,542	48,861	88,430	1,024	2,193	(20,203)	206,336
Increase (decrease).....	\$ 135,903	\$ (3,259)	\$ (4,205)	\$ 16,279	\$ (21,533)	\$ 14,720	\$ (5,257)	\$ 132,648
% increase/(decrease).....	259%	-10%	-9%	18%	-2103%	671%	26%	64%

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 \$60 million in 2020 compared to \$72 million in 2019.

Revenues for governmental functions overall totaled \$973 million in the fiscal year ended December 31, 2020, an increase of \$76 million compared to the 2019 total of \$897 million. Other financing sources were \$669 million, a \$216 million increase from the 2019 total of \$453 million. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from proprietary funds; and transfers of loan repayments received by the Neighborhood Improvement Development Corporation component unit. Governmental revenues, by source, are shown on Table 4b below.

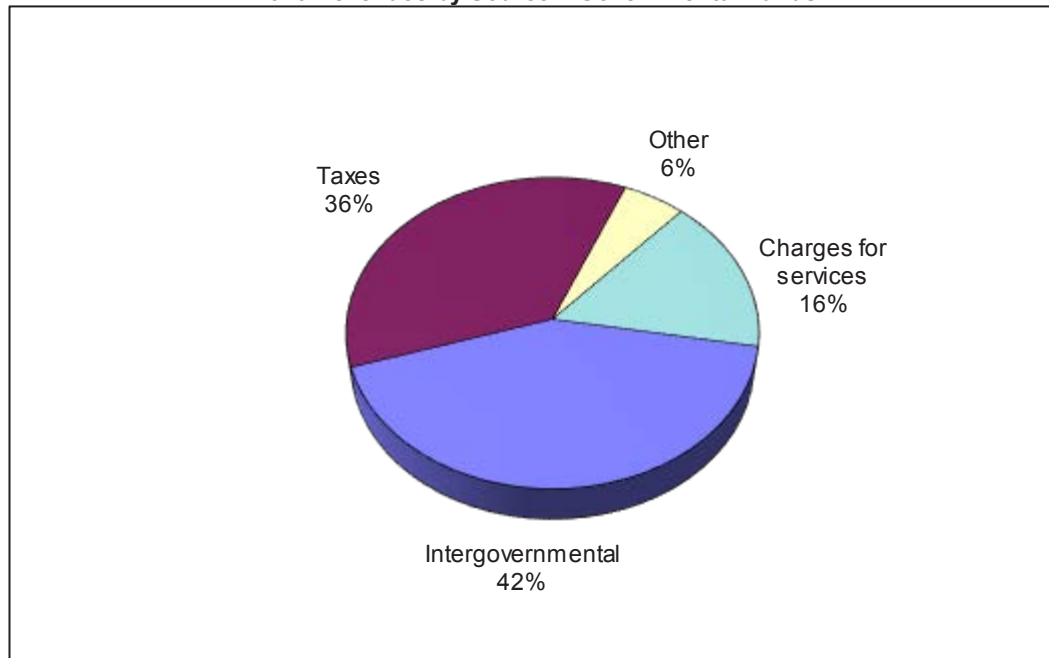
Table 4b
Governmental Fund Revenues by Source
(Thousands of Dollars)

	General		Public Debt	Economic	Grant and	Capital		
	Obligation	Debt Service	Amortization	Development	Aid	Projects	Nonmajor	Total
Intergovernmental.....	\$ 273,422	\$ -	\$ -	\$ -	\$ 127,147	\$ 7,414	\$ 3,911	\$ 411,894
Taxes.....	220,448	73,512	1,962	48,394	-	7,807	-	352,123
Charges for services.....	135,582	11,268	-	10,346	-	-	-	157,196
Other.....	29,120	2,529	4,338	-	-	10,603	5,558	52,148
Total revenues.....	658,572	87,309	6,300	58,740	127,147	25,824	9,469	973,361
Other sources.....	170,270	353,027	-	7,563	-	113,464	25,000	669,324
Total revenues & sources.....	\$ 828,842	\$ 440,336	\$ 6,300	\$ 66,303	\$ 127,147	\$ 139,288	\$ 34,469	\$ 1,642,685

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

Chart 3
2020 Revenues by Source – Governmental Funds



Expenditures for governmental funds totaled \$1.31 billion. Other financing uses totaled \$200 million, a \$113 million increase compared to the 2019 total of \$87 million. Expenditures exceeded revenues in 2020, creating a gap of \$336 million. The excess of other financing sources over other financing uses of \$469 million more than offset the gap. The net change in fund balances was an increase of \$133 million for the year compared to a decrease of \$39 million in 2019. Governmental expenditures, by function, are shown on Table 4c below.

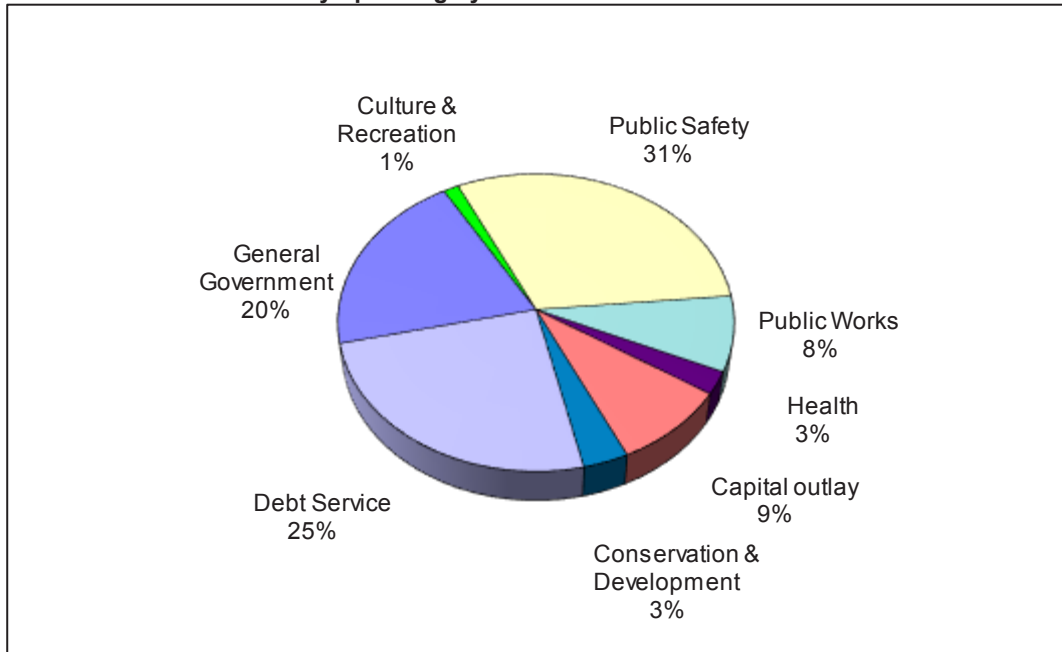
Table 4c
Governmental Fund Expenditures by Source
(Thousands of Dollars)

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Grant and Aid Projects	Capital Projects	Nonmajor	Total
General government.....	\$ 260,956	\$ 1,079	\$ 5	\$ -	\$ -	\$ -	\$ 3,098	\$ 265,138
Public safety.....	304,765	-	-	-	90,055	-	4,775	399,595
Public works.....	96,939	-	-	-	10,344	-	-	107,283
Health.....	8,575	-	-	-	23,585	-	-	32,160
Culture & recreation.....	15,484	-	-	-	933	-	1,429	17,846
Conservation & development..	4,111	-	-	10,335	23,250	-	7,035	44,731
Capital outlay.....	-	-	-	-	-	116,128	-	116,128
Debt service.....	-	326,860	-	-	-	-	-	326,860
Total expenditures.....	690,830	327,939	5	10,335	148,167	116,128	16,337	1,309,741
Other uses.....	2,109	115,656	10,500	39,689	513	8,440	23,389	200,296
Total expenditures & uses....	\$ 692,939	\$ 443,595	\$ 10,505	\$ 50,024	\$ 148,680	\$ 124,568	\$ 39,726	\$ 1,510,037

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
2020 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 \$136 million or 259%. Revenues and other financing sources totaled approximately \$829 million and expenditures and other financing uses totaled approximately \$693 million - detailed in Table 5 below. General Fund revenues decreased \$11 million due to decreases related to reductions or suspension of charges due to the COVID-19 pandemic.

Expenditures decreased \$65 million to \$691 million, compared to the 2019 total of \$756 million. This \$65 million is comprised of decreases in public safety, public works and health expenditures of \$16 million, \$10 million and \$3 million, respectively. The decrease in expenditures is due mainly to favorable experience in fringe benefit costs such as pension and health insurance. Total expenditures exceeded total revenues by \$32 million or 5%.

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 \$168 million not including the \$10 million transfer out of fund balance to fund expenditures. This \$10 million fund balance withdrawal was a \$6 million decrease from the 2019 transfer out of \$16 million.

Total General Fund revenues for 2020 were \$659 million. The largest revenue category is intergovernmental at \$273 million, representing 42% of the total. The second largest revenue source is Property Taxes with \$217 million or 33%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 20% or \$136 million. These three categories comprise 95% of the total 2020 revenues.

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

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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:	2020	2019	Percent Change	Expenditures:	2020	2019	Percent Change
Property taxes	\$ 216,940	\$ 204,786	5.9%	General government.....	\$ 260,956	\$ 292,067	-10.7%
Other taxes	3,508	3,821	-8.2%	Public safety.....	304,765	320,748	-5.0%
Licenses and permits	13,978	18,502	-24.5%	Public works.....	96,939	107,147	-9.5%
Intergovernmental	273,422	270,575	1.1%	Health.....	8,575	11,914	-28.0%
Charges for services	135,582	142,312	-4.7%	Culture and recreation	15,484	19,465	-20.5%
Fines and forfeits	2,008	2,633	-23.7%	Conservation and development	4,111	4,686	-12.3%
Contributions received	3,159	2,719	16.2%	Other	-	-	-
Other	9,975	23,971	-58.4%	Total Expenditures	690,830	756,027	-8.6%
Total Revenues	658,572	669,319	-1.6%	Other Financing Uses			
Excess of Revenues over Expenditures	(32,258)	(86,708)	62.8%	Transfers out	2,109	2,109	0.0%
Other Financing Sources				Total Expenditures			
Debt proceeds	19,234	25,050	-23.2%	Other Financing Uses ..	\$ 692,939	\$ 758,136	-8.6%
Transfers in	151,036	49,262	206.6%	Net Change in			
Total Revenues and Other Financing Sources ..	828,842	743,631	11.5%	Fund Balance	\$ 135,903	\$ (14,505)	1036.9%

During 2020, the City issued and repaid \$120 million of Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues. During 2020, \$300 million of RANS were issued and repaid, including notes issued for the Milwaukee Public Schools.

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

The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The 2020 fund balance of the General Obligation Debt Service Fund decreased \$3 million to \$30 million compared to the 2019 balance of \$33 million (see Table 4a).

Total revenues of the General Obligation Debt Service Fund increased \$3.6 million to \$87.3 million in 2020 from \$83.7 million in 2019. Revenues combined with Other Financing Sources totaled \$440.3 million (see table 4b) while expenditures combined with Other Financing Uses totaled \$443.6 million (see Table 4c); resulting in a decrease in Fund Balance for year-end 2020 of \$3.3 million (see Table 4a).

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 2020 PDAF fund balance was \$44.7 million, a \$4.2 million decrease from the 2019 balance of \$48.9 million – see Table 4a.

The Economic Development Fund is used to record Tax Incremental District (TID) non-capital transactions (i.e. receipt of taxes and other revenues, payment of debt service, refunds of excess revenue to overlying taxing jurisdictions). The fund is also used to record Business Improvement District (BID) and Neighborhood Improvement District (NID) assessments and payouts. The 2020 fund balance of the Economic Development fund increased \$16.3 million to \$104.7 million from the 2019 total of \$88.4 million.

The Grant and Aid Projects fund had revenue of \$127 million in 2020, an increase of \$103 million over the 2019 level. The increase is due to the federal government CARES act funding received in 2020. Total expenditures were \$148 million, an increase of \$122 million over 2019. The increase is related to COVID-19 expenditures, including wages and benefits, applied to this fund. The fund had a beginning fund balance of \$1 million, and with the deficit of \$21.5 million, Grant and Aid Projects ended 2020 with a net position of (\$20.5) million.

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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 2020, total debt proceeds amounted to \$113 million as compared to \$73 million in 2019, a 55% increase. Total revenues decreased \$11 million to \$26 million in 2020 from \$37 million in 2019; expenditures decreased \$1 million, to \$125 million in 2020 compared to \$126 million in 2019. The current year's revenues, transfers in and issuance of bonds and notes exceeded expenditures and transfers out, during 2020 for capital purposes resulting in a fund balance of \$17 million, a \$15 million increase compared to the 2019 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 \$801 million, unchanged from the 2019 balance of \$801 million. Changes in the individual components are, an increase of \$6.3 million in Water Works, \$13.3 million increase in the Sewer Maintenance fund, and a decrease of \$19.6 million in the Nonmajor Proprietary funds. The Nonmajor Proprietary funds decrease of \$19.6 million is a combination of a decrease of \$21 million in Transportation and a decrease of \$0.5 million in Metropolitan Sewerage District User Charge offset by a \$1.9 million increase in the Port of Milwaukee (see Table 6b for detail).

In 2020, operating revenues of the proprietary funds totaled \$251 million (a 4% decrease) while total operating expenses increased \$11 million to \$188 million. The Water Works is the largest proprietary activity of the City, comprising approximately 39% 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 2020, Water Works operating revenues were flat at \$99 million as water sales were unchanged. Sewer Maintenance operating revenues were up \$1 million to \$69 million or 1%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6a, detail presented in Table 6b) decreased \$11.2 million or 11.8% compared to 2019. This revenue decrease is the result of a decline of \$15.2 million in Transportation primarily attributable to a reduction in parking revenue due to COVID-19, offset by increases of \$1.4 million and \$2.6 million in the Port and Sewerage District User Charge funds, respectively.

The Water Works incurred total operating expenses of \$79.9 million for 2020, an increase of \$9.5 million compared to the 2019 total of \$70.4 million. This increase was mostly caused by an increase in administrative and general expense, including OPEB and Pension. Sewer Maintenance operating expenses totaled \$22 million in 2020, unchanged from the 2019 amount.

The 2020 combined operating expenses of all other proprietary funds increased \$1.4 million or 1.7% from the 2019 total of \$85 million. Table 6b below presents a summary of revenues and expenditures and changes in net position of the nonmajor proprietary funds. This \$1.5 million expense increase is the result of an increase of \$800 thousand for Transportation, no change for Port and \$600 thousand increase for Sewerage District User Charge funds. The Transportation increase was caused mainly by an increase in services, supplies and materials expense.

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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.....	\$ 98,587	\$ 68,720	\$ 83,721	\$ 251,028
Operating expenses.....	79,869	22,043	86,378	188,290
Operating income (loss).....	18,718	46,677	(2,657)	62,738
Nonoperating revenues (expenses).....	603	(33,383)	3,617	(29,163)
Income before contributions & transfers.....	19,321	13,294	960	33,575
Capital contributions and transfers.....	(13,007)	44	(20,531)	(33,494)
Increase (decrease) in net position.....	6,314	13,338	(19,571)	81
Net position 2019.....	459,176	290,494	51,267	800,937
Net position 2020.....	<u>\$ 465,490</u>	<u>\$ 303,832</u>	<u>\$ 31,696</u>	<u>\$ 801,018</u>

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

	Transportation	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total
Operating revenues.....	\$ 22,646	\$ 7,601	\$ 53,474	\$ 83,721
Operating expenses.....	28,196	4,216	53,966	86,378
Operating income (loss).....	(5,550)	3,385	(492)	(2,657)
Nonoperating revenues (expenses).....	3,074	543	-	3,617
Income before transfers.....	(2,476)	3,928	(492)	960
Transfers.....	(18,531)	(2,000)	-	(20,531)
Increase (decrease) in net position.....	(21,007)	1,928	(492)	(19,571)
Net position 2019.....	38,982	17,149	(4,864)	51,267
Net position 2020.....	<u>\$ 17,975</u>	<u>\$ 19,077</u>	<u>\$ (5,356)</u>	<u>\$ 31,696</u>

General Fund Budgetary Highlights

For the year ended December 31, 2020, the General Fund budgetary-basis actual revenues were \$22.8 million lower than budgeted revenues. All categories of revenues were under budget with the exception of other taxes which were \$367 thousand over budget. Amounts under budget are: Property taxes \$33 thousand, fines and forfeitures \$1.3 million, licenses & permits \$3.2 million, intergovernmental \$83 thousand, charges for services and other \$18.6 million. Actual total revenues decreased \$11 million to \$639 million in 2020 from \$650 million in 2019. Intergovernmental revenues increased \$3 million to \$273 million from \$270 million in 2019. The intergovernmental category includes financing from the State for shared taxes, local street aids, and payment for municipal services.

Operating expenditures were \$30.6 million less than budgeted. This favorable variance is due mainly to savings in the general government and public safety categories.

Final budget other financing sources and uses were \$33 million, an increase of \$7 million compared to the original budget of \$26 million. This change was due to the issuance of general obligation notes to finance the fiscal requirements of the City.

The original 2020 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2019 less the encumbrances carried over to 2021. The final budget includes the original budget, as defined above, plus appropriations authorized for carryover from 2019 by the Common Council less those appropriations authorized for carryover to 2021. 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

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appropriation adjustments are part of the final budget. As detailed in the Required Supplementary Information Section, Exhibit E-1 shows both the original 2020 General Fund expenditure budget of \$723 million and the final budget of \$703 million, which is a 5% decrease compared to the final 2019 budget of \$738 million. The final revenue budget of \$662 million is a 2% increase compared to the final 2019 revenue budget of \$646 million. Table 7 below presents a summary of 2020 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.....	\$662,274	\$ 662,274	\$639,438	\$ (22,836)
Operating expenses.....	<u>722,545</u>	<u>702,548</u>	<u>671,914</u>	<u>30,634</u>
Deficiency of revenues over expenditures.....	(60,271)	(40,274)	(32,476)	7,798
Other financing sources (uses).....	<u>26,295</u>	<u>33,294</u>	<u>178,379</u>	<u>145,085</u>
Net change in fund balance.....	(33,976)	(6,980)	145,903	152,883
Fund balance 2019.....	<u>42,489</u>	<u>42,489</u>	<u>42,489</u>	
Fund balance 2020.....	<u><u>\$ 8,513</u></u>	<u><u>\$ 35,509</u></u>	<u><u>\$ 188,392</u></u>	<u><u>\$ 152,883</u></u>

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

The General Fund's beginning Fund Balance of \$42 million, as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit A-3), differs from the General Fund's budgetary Fund Balance of \$52 million, reported in the Budgetary Comparison Schedule (Exhibit E-1,) by the \$10 million withdrawal from the Fund Balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2020 total \$2.6 billion (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$46 million. Governmental activities' capital assets increased \$15 million from 2019. Business-type activity capital assets increased \$31 million at the end of 2020. A schedule comparing the assets by type for 2020 and 2019 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 2020 additions were \$81 million and deletions were \$37 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 \$23 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 71% of its total capital assets with 23% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$8 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, 2020 was \$1.717 billion, an increase of \$54 million from the December 31, 2019 net investment of \$1.663 billion.

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Table 8
Net Capital Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	Primary Government	
	2020	2019	2020	2019	2020	2019
Capital assets not being depreciated:						
Land	\$ 166,651	\$ 165,465	\$ 19,252	\$ 19,252	\$ 185,903	\$ 184,717
Construction in progress	139,532	120,964	33,966	70,577	173,498	191,541
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:.....						
Buildings	387,655	385,746	133,703	133,073	521,358	518,819
Infrastructure.....	1,871,580	1,861,511	1,336,856	1,252,195	3,208,436	3,113,706
Improvements other than buildings.	12,175	12,175	11,419	11,206	23,594	23,381
Machinery and equipment	259,353	247,354	312,581	303,392	571,934	550,746
Intangible software.....	14,722	14,722	-	-	14,722	14,722
Nonutility property	-	-	3,918	3,918	3,918	3,918
Accumulated depreciation	(1,494,586)	(1,466,110)	(589,178)	(562,396)	(2,083,764)	(2,028,506)
Total	\$ 1,358,424	\$ 1,343,169	\$ 1,262,517	\$ 1,231,217	\$ 2,620,941	\$ 2,574,386
Net investment in capital assets.....	\$ 877,376	\$ 841,714	\$ 839,337	\$ 820,749	1,716,713	1,662,463

Debt

At year-end, the City owed \$1.19 billion in general obligation bonds and notes, \$209 million in State loans, and \$141 million in revenue bonds outstanding. Debt totals, excluding unamortized premium, are itemized in Table 9.

During 2020, \$460 million of general obligation bonds and notes and \$36 million of State loans were issued. Of the \$460 million of new general obligation bonds and notes issuances, \$425 million related to governmental activities and \$35 million was for business-type activities. All 2020 State loan issuances were for business-type activities.

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

The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2020, \$22.3 million of notes were issued to fund delinquent taxes. Delinquent tax collections, along with related interest and penalties, are used to pay the debt service requirements of the notes.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds and notes (backed by the City)	\$ 1,122,936	\$ 988,466	\$ 64,868	\$ 66,674	\$ 1,187,804	\$ 1,055,140
State loans	-	-	208,722	183,866	208,722	183,866
Revenue bonds (backed by specific fee revenues)	-	-	140,580	149,675	140,580	149,675
Total	\$ 1,122,936	\$ 988,466	\$ 414,170	\$ 400,215	\$ 1,537,106	\$ 1,388,681

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the City. The City's evaluation of the effects of these events is ongoing, however, it has impacted investment valuations, revenues, accounts receivables, and increased costs related to City operations. The majority of the City's revenue sources are fairly stable, as State law does not allow a local sales tax, which lessened the impact to the City on a financial basis. The City has received or been allocated \$171.4 million through the Coronavirus Aid, Relief, and Economic Security Act and \$394.2 million through the American Rescue Plan Act in assistance to cover costs associated with combating the virus and the associated economic losses.

The average unemployment rate within the City of Milwaukee for 2020 was 9.1%, compared to 4.5% for 2019. The City of Milwaukee per capita income for 2019 (the most recent fiscal year available) was \$49,098, compared to \$47,910 for 2018. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2021 adopted City Budget totals \$1.55 billion with a General Fund budget of \$759 million. The General Fund budget increased \$1 million from the 2020 budget of \$758 million. In 2021, the City expects to spend \$116 million for health insurance and related costs compared to \$112 million budgeted for 2020, a \$4 million increase.

The Public Works portion of the 2021 budget includes \$4 million to provide eligible home owners with financial assistance to replace lead service lines. In 2021 Milwaukee Water Works will replace 1,100 lead water service lines. In addition, funding of \$25 million to replace and line 10 miles of medium to large combined storm and sanitary sewer mains and an additional \$2 million to line 11 miles of small diameter sanitary sewer main and inspect sanitary sewer manholes. The Public Safety budget includes funding for an average of 1,682 sworn officers and the hiring of 30 new police officer recruits funded by a COPS grant at no cost to the City. In 2021, 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 2020 and 2021 to improve intake of new cases, assist families if they must temporarily or permanently vacate a property, and comply with program requirements.

The City of Milwaukee's share of the Tax Rate decreased to \$10.09 (per \$1,000 of Assessed Value) from the 2020 rate of \$10.58. The total City 2020 property tax levy increased \$8 million to \$299 million, compared to \$291 million in 2019, while the assessed valuation of all property within the City increased \$2 billion to approximately \$30 billion.

The 2020 property tax levy (which funds the 2021 budget) is shown in Table 10 below along with a comparison to the 2019 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	<u>Levy Year *</u>		<u>Increase</u>
	<u>2020</u>	<u>2019</u>	<u>(decrease)</u>
General city purposes.....	\$ 112,786	\$ 115,230	\$ (2,444)
Employee retirement.....	97,348	96,710	638
Capital improvements.....	620	566	54
Debt.....	83,447	73,512	9,935
Contingent fund.....	5,000	5,000	-
Total levy.....	<u>\$ 299,201</u>	<u>\$ 291,018</u>	<u>\$ 8,183</u>

*Levy year funds the next year's budget.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

The 2021 General City Purpose budget includes \$639 million in estimated revenue, an increase of \$1.6 compared to 2020. The sources of funds for the 2021 General City Purpose budget, by category, compared to the 2020 budget is shown in Table 11.

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

	<u>Budget Year*</u>		Increase
	<u>2021</u>	<u>2020</u>	<u>(decrease)</u>
Tax levy.....	\$ 112,786	\$ 115,230	\$ (2,444)
Taxes and PILOTS.....	20,123	18,031	2,092
Licenses and permits.....	17,314	17,165	149
Intergovernmental revenue.....	272,982	273,505	(523)
Charges for services.....	143,232	134,770	8,462
Transfers.....	22,500	26,110	(3,610)
Other.....	50,262	52,814	(2,552)
Total sources.....	<u>\$ 639,199</u>	<u>\$ 637,625</u>	<u>\$ 1,574</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, 2020
(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental	Business-type	Total	Component
	Activities	Activities		Units
ASSETS				
Cash and investments	\$ 400,798	\$ 45,143	\$ 445,941	\$ 9,736
Restricted cash and cash equivalents	29,570	24,325	53,895	39,672
Receivables (net):				
Taxes	284,820	-	284,820	-
Accounts	35,842	44,426	80,268	110
Unbilled accounts	6,315	19,992	26,307	-
Special assessments	8,810	-	8,810	-
Notes and loans	74,100	-	74,100	9,621
Accrued interest	408	167	575	893
Due from component units	9,195	-	9,195	-
Due from primary government	-	-	-	55
Due from other governmental agencies	238,609	9,108	247,717	103,554
Inventory of materials and supplies	10,125	3,770	13,895	-
Inventory of property for resale	26	-	26	8,199
Prepaid items	4,528	938	5,466	83
Other assets	-	18	18	-
Total Noncapital Assets	<u>1,103,146</u>	<u>147,887</u>	<u>1,251,033</u>	<u>171,923</u>
Capital assets:				
Capital assets not being depreciated:				
Land	166,651	19,252	185,903	10,593
Construction in progress	139,532	33,966	173,498	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	387,655	133,703	521,358	75,621
Infrastructure	1,871,580	1,336,856	3,208,436	333
Improvements other than buildings	12,175	11,419	23,594	4,264
Machinery and equipment	259,353	312,581	571,934	6
Intangible software.....	14,722	-	14,722	565
Nonutility property	-	3,918	3,918	-
Accumulated depreciation	<u>(1,494,586)</u>	<u>(589,178)</u>	<u>(2,083,764)</u>	<u>(29,391)</u>
Total Capital Assets	<u>1,358,424</u>	<u>1,262,517</u>	<u>2,620,941</u>	<u>61,991</u>
Total Assets	<u>2,461,570</u>	<u>1,410,404</u>	<u>3,871,974</u>	<u>233,914</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	420,800	13,562	434,362	-
Deferred outflows for OPEB	<u>308,506</u>	<u>16,520</u>	<u>325,026</u>	-
Total Deferred Outflows of Resources	<u>729,306</u>	<u>30,082</u>	<u>759,388</u>	<u>-</u>

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2020
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 79,125	\$ 25,443	\$ 104,568	\$ 1,490
Accrued expenses	35,968	1,805	37,773	1,065
Accrued interest payable	10,021	1,498	11,519	-
Internal balances	(50,450)	50,450	-	-
Due to component units	55	-	55	-
Due to other governmental agencies	11,127	2	11,129	1,628
Unearned revenues.....	14,798	9,482	24,280	454
Revenue anticipation notes payable	180,000	-	180,000	-
Other liabilities	-	-	-	2,271
Due to primary government:				
Due within one year	-	-	-	1,211
Due in more than one year	-	-	-	7,984
Long-term obligations:				
Due within one year	132,885	30,060	162,945	4,432
Due in more than one year	<u>3,589,056</u>	<u>509,920</u>	<u>4,098,976</u>	<u>163,947</u>
Total Liabilities	<u>4,002,585</u>	<u>628,660</u>	<u>4,631,245</u>	<u>184,482</u>
Deferred Inflows of Resources:				
Gain on refunding.....	1,176	-	1,176	-
Deferred inflows for grants.....	-	42	42	-
Subsequent years property taxes.....	362,345	-	362,345	-
Deferred inflows for pensions	233,543	8,172	241,715	-
Deferred inflows for OPEB	<u>80,703</u>	<u>2,594</u>	<u>83,297</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>677,767</u>	<u>10,808</u>	<u>688,575</u>	<u>-</u>
NET POSITION				
Net investment in capital assets.....	877,376	839,337	1,716,713	23,559
Restricted for:				
Debt service	64,918	23,136	88,054	-
Other purposes	141,142	-	141,142	12,975
Unrestricted (Deficit)	<u>(2,572,912)</u>	<u>(61,455)</u>	<u>(2,634,367)</u>	<u>12,898</u>
Total Net Position (Deficit)	<u>\$ (1,489,476)</u>	<u>\$ 801,018</u>	<u>\$ (688,458)</u>	<u>\$ 49,432</u>
The notes to the financial statements are an integral part of this statement.				

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 249,456	\$ 35,394	\$ 2,068	\$ -
Public safety	710,794	19,136	95,374	-
Public works	233,775	89,993	10,719	3,827
Health	38,265	1,370	23,599	-
Culture and recreation	31,054	850	3,881	-
Conservation and development	67,345	10,453	30,288	-
Interest on long-term debt	25,542	-	-	-
Total Governmental Activities	1,356,231	157,196	165,929	3,827
Business-type Activities:				
Water	84,198	98,587	-	5,425
Sewer Maintenance	56,563	68,720	-	920
Transportation	28,772	22,646	-	2,150
Port of Milwaukee	4,900	7,601	-	1,227
Metropolitan Sewerage District				
User Charges	53,966	53,474	-	-
Total Business-type Activities	228,399	251,028	-	9,722
Total Primary Government	\$ 1,584,630	\$ 408,224	\$ 165,929	\$ 13,549
Component units:				
Redevelopment Authority	\$ 11,574	\$ 5,763	\$ 1,364	\$ -
Neighborhood Improvement Development Corporation	331	170	102	-
Total Component Units	\$ 11,905	\$ 5,933	\$ 1,466	\$ -
General revenues:				
Property taxes and other taxes				
State aid for General Fund				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning.....				
Net Position (Deficit) - Ending				

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

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (211,994)		\$ (211,994)	
(596,284)		(596,284)	
(129,236)		(129,236)	
(13,296)		(13,296)	
(26,323)		(26,323)	
(26,604)		(26,604)	
<u>(25,542)</u>		<u>(25,542)</u>	
<u>(1,029,279)</u>		<u>(1,029,279)</u>	
-	\$ 19,814	19,814	
-	13,077	13,077	
-	(3,976)	(3,976)	
-	3,928	3,928	
-	<u>(492)</u>	<u>(492)</u>	
-	32,351	32,351	
<u>(1,029,279)</u>	<u>32,351</u>	<u>(996,928)</u>	
			\$ (4,447)
			<u>(59)</u>
			<u>(4,506)</u>
352,910	-	352,910	-
273,422	-	273,422	-
72,875	1,717	74,592	4,996
<u>33,987</u>	<u>(33,987)</u>	<u>-</u>	<u>-</u>
<u>733,194</u>	<u>(32,270)</u>	<u>700,924</u>	<u>4,996</u>
(296,085)	81	(296,004)	490
<u>(1,193,391)</u>	<u>800,937</u>	<u>(392,454)</u>	<u>48,942</u>
<u>\$ (1,489,476)</u>	<u>\$ 801,018</u>	<u>\$ (688,458)</u>	<u>\$ 49,432</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2020
 (Thousands of Dollars)

Exhibit A-1

	General	Obligation Debt Service
ASSETS		
Assets:		
Cash and investments	\$ 147,065	\$ 66,477
Restricted cash and cash equivalents.....	-	29,570
Receivables (net):		
Taxes	155,965	50,880
Accounts	35,373	-
Unbilled accounts	6,315	-
Special assessments	-	-
Notes and loans	-	55,435
Accrued interest	222	-
Due from other funds	115,483	-
Due from component units	647	-
Due from other governmental agencies	795	180,000
Advances to other funds	6,895	-
Inventory of materials and supplies	10,125	-
Inventory of property for resale	26	-
Prepaid items	4,160	-
Total Assets	\$ 483,071	\$ 382,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 30,214	\$ 297
Accrued expenses	32,498	-
Due to other funds	-	32,901
Due to component units	29	-
Due to other governmental agencies	9,491	-
Unearned revenue.....	762	-
Revenue anticipation notes payable	-	180,000
Advances from other funds	-	-
Total Liabilities	72,994	213,198
Deferred Inflows of Resources:.....	<u>221,685</u>	<u>138,881</u>
Fund Balances:		
Nonspendable	21,206	-
Restricted.....	-	30,283
Committed.....	123,007	-
Assigned	27,220	-
Unassigned (Deficit).....	<u>16,959</u>	<u>-</u>
Total Fund Balances	188,392	30,283
Total Liabilities, Deferred Inflows and Fund Balances	\$ 483,071	\$ 382,362

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
\$ 35,259	\$ 95,902	\$ 13,468	\$ 41,273	\$ 1,354	\$ 400,798
-	-	-	-	-	29,570
-	44,330	-	4,854	28,791	284,820
-	-	-	451	18	35,842
-	-	-	-	-	6,315
-	-	-	8,810	-	8,810
9,211	-	4,577	-	4,877	74,100
186	-	-	-	-	408
-	-	-	-	-	115,483
-	8,484	41	14	9	9,195
-	-	35,074	10,346	12,394	238,609
-	30,585	-	-	-	37,480
-	-	-	-	-	10,125
-	-	-	-	-	26
-	-	-	368	-	4,528
\$ 44,656	\$ 179,301	\$ 53,160	\$ 66,116	\$ 47,443	\$ 1,256,109
\$ -	\$ 10,306	\$ 18,704	\$ 16,645	\$ 2,959	\$ 79,125
-	-	2,976	292	202	35,968
-	-	13,435	726	37,568	84,630
-	-	-	26	-	55
-	-	-	282	1,354	11,127
-	-	13,468	85	483	14,798
-	-	-	-	-	180,000
-	-	-	6,895	10,988	17,883
-	10,306	48,583	24,951	53,554	423,586
-	64,286	25,086	24,252	19,349	493,539
-	-	-	368	-	21,574
44,656	124,692	4,577	6,996	4,877	216,081
-	-	-	27,397	-	150,404
-	-	-	-	-	27,220
-	(19,983)	(25,086)	(17,848)	(30,337)	(76,295)
44,656	104,709	(20,509)	16,913	(25,460)	338,984
\$ 44,656	\$ 179,301	\$ 53,160	\$ 66,116	\$ 47,443	\$ 1,256,109

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 338,984

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	166,651	
Buildings, net of \$156,587 accumulated depreciation	231,068	
Infrastructure, net of \$1,145,127 accumulated depreciation	726,453	
Improvements other than buildings, net of \$10,743 accumulated depreciation	1,432	
Machinery and equipment, net of \$173,522 accumulated depreciation	85,831	
Intangible assets net of \$8,607 accumulated depreciation	7,457	
Construction in progress	<u>139,532</u>	
		1,358,424

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

Taxes to be collected	14,499	
Grant revenues to be collected	44,474	
Notes and loans receivable to repay long-term bonds and notes	64,004	
Special assessments to be collected	<u>8,217</u>	
		131,194

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

Deferred inflows for Other Post Employment Benefits	(80,703)	
Deferred outflows for Other Post Employment Benefits	308,506	
Deferred inflows for pensions	(233,543)	
Deferred outflows for pensions	<u>420,800</u>	
		415,060

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	(10,021)	
Bonds and notes payable	(1,122,936)	
Gain on refunding	(1,176)	
Unamortized premiums	(79,775)	
Compensated absences	(47,032)	
Total other postemployment benefits liability	(1,604,177)	
Net pension liability	(823,807)	
Claims and judgments	<u>(44,214)</u>	
		<u>(3,733,138)</u>

Total net position of governmental activities (Exhibit 1) **\$ (1,489,476)**

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, 2020
 (Thousands of Dollars)

Exhibit A-3

	General	General Obligation Debt Service
Revenues:		
Property taxes	\$ 216,940	\$ 73,512
Other taxes	3,508	-
Special assessments	-	-
Licenses and permits	13,978	-
Intergovernmental	273,422	-
Charges for services	135,582	11,268
Fines and forfeits	2,008	-
Contributions received	3,159	-
Other	9,975	2,529
Total Revenues	<u>658,572</u>	<u>87,309</u>
Expenditures:		
Current:		
General government	260,956	1,079
Public safety	304,765	-
Public works	96,939	-
Health	8,575	-
Culture and recreation	15,484	-
Conservation and development	4,111	-
Capital outlay	-	-
Debt Service:		
Principal retirement	-	276,994
Interest	-	45,442
Bond issuance costs	-	4,424
Total Expenditures	<u>690,830</u>	<u>327,939</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(32,258)</u>	<u>(240,630)</u>
Other Financing Sources (Uses):		
General obligation bonds and notes issued	19,234	66,027
Issuance of refunding bonds	-	190,137
Loans receivable activities	-	(1,676)
Issuance premium	-	25,903
Transfers in	151,036	70,960
Transfers out	(2,109)	(113,980)
Total Other Financing Sources and Uses	<u>168,161</u>	<u>237,371</u>
Net Change in Fund Balances	135,903	(3,259)
Fund Balances (Deficit) - Beginning	<u>52,489</u>	<u>33,542</u>
Fund Balances (Deficit) - Ending	<u>\$ 188,392</u>	<u>\$ 30,283</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
\$ -	\$ 48,394	\$ -	\$ 7,563	\$ -	\$ 346,409
1,962	-	-	244	-	5,714
-	-	-	1,593	-	1,593
-	-	-	-	-	13,978
-	-	127,147	7,414	3,911	411,894
-	10,346	-	-	-	157,196
-	-	-	-	-	2,008
-	-	-	-	-	3,159
4,338	-	-	9,010	5,558	31,410
<u>6,300</u>	<u>58,740</u>	<u>127,147</u>	<u>25,824</u>	<u>9,469</u>	<u>973,361</u>
5	-	-	-	3,098	265,138
-	-	90,055	-	4,775	399,595
-	-	10,344	-	-	107,283
-	-	23,585	-	-	32,160
-	-	933	-	1,429	17,846
-	10,335	23,250	-	7,035	44,731
-	-	-	116,128	-	116,128
-	-	-	-	-	276,994
-	-	-	-	-	45,442
-	-	-	-	-	4,424
<u>5</u>	<u>10,335</u>	<u>148,167</u>	<u>116,128</u>	<u>16,337</u>	<u>1,309,741</u>
<u>6,295</u>	<u>48,405</u>	<u>(21,020)</u>	<u>(90,304)</u>	<u>(6,868)</u>	<u>(336,380)</u>
-	416	-	113,369	22,281	221,327
-	-	-	-	-	190,137
-	-	(513)	-	(137)	(2,326)
-	-	-	-	-	25,903
-	7,147	-	95	2,719	231,957
<u>(10,500)</u>	<u>(39,689)</u>	<u>-</u>	<u>(8,440)</u>	<u>(23,252)</u>	<u>(197,970)</u>
<u>(10,500)</u>	<u>(32,126)</u>	<u>(513)</u>	<u>105,024</u>	<u>1,611</u>	<u>469,028</u>
(4,205)	16,279	(21,533)	14,720	(5,257)	132,648
<u>48,861</u>	<u>88,430</u>	<u>1,024</u>	<u>2,193</u>	<u>(20,203)</u>	<u>206,336</u>
<u>\$ 44,656</u>	<u>\$ 104,709</u>	<u>\$ (20,509)</u>	<u>\$ 16,913</u>	<u>\$ (25,460)</u>	<u>\$ 338,984</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, 2020
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3) \$ 132,648

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 \$81,125 less additions from Construction-in-Progress (\$6,015) exceeded depreciation expense (\$59,837) in the current period less disposal of land (\$18). 15,255

Notes and loans receivable to repay long-term bonds and notes (4,553)

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	787	
Capital grants and contributions	34,570	
Unbilled Special assessments	<u>1,595</u>	
		36,952

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	(411,464)	
Issuance premiums	(25,903)	
Gain on refunding	(1,176)	
Repayments:		
Principal retirement	276,994	
Amortization:		
Premiums	19,999	
Gain/Loss on refunding	<u>485</u>	
		(141,065)

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

Compensated absences	(330)	
Total other postemployment benefits liability	(239,593)	
Net pension liability	286,411	
Deferred inflows for Other Post Employment Benefits	11,371	
Deferred outflows for Other Post Employment Benefits	117,873	
Deferred inflows for pensions	(166,251)	
Deferred outflows for pensions	(340,181)	
Claims and judgments	(4,276)	
Accrued interest on bonds and notes	<u>(346)</u>	
		(335,322)

Changes in net position of governmental activities (Exhibit 2) **\$ (296,085)**

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, 2020
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 42,624	\$ 1,099	\$ 1,420	\$ 45,143
Restricted cash and cash equivalents	2,853	21,472	-	24,325
Receivables (net):				
Accounts	14,575	15,724	14,127	44,426
Unbilled accounts	13,699	2,613	3,680	19,992
Accrued interest	-	167	-	167
Due from other funds	988	953	743	2,684
Due from other governmental agencies	-	5,746	3,362	9,108
Advances to other funds	28	-	-	28
Inventory of materials and supplies	3,408	362	-	3,770
Prepaid items	938	-	-	938
Other assets	18	-	-	18
Total Current Assets	79,131	48,136	23,332	150,599
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	17,461	19,252
Construction in progress	18,206	1,076	14,684	33,966
Capital assets being depreciated:				
Buildings	31,094	-	102,609	133,703
Infrastructure	516,854	798,526	21,476	1,336,856
Improvements other than buildings	-	-	11,419	11,419
Machinery and equipment	287,898	7,762	16,921	312,581
Nonutility property	3,918	-	-	3,918
Accumulated depreciation	(316,243)	(184,346)	(88,589)	(589,178)
Net Capital Assets	543,518	623,018	95,981	1,262,517
Total Noncurrent Assets	543,518	623,018	95,981	1,262,517
Total Assets	622,649	671,154	119,313	1,413,116
Deferred Outflows of Resources:				
Deferred outflows for pensions	8,264	2,604	2,694	13,562
Deferred outflows for OPEB.....	10,102	2,793	3,625	16,520
Total Deferred Outflows of Resources.....	18,366	5,397	6,319	30,082

CITY OF MILWAUKEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 11,253	\$ 2,920	\$ 11,270	\$ 25,443
Accrued expenses	1,073	275	457	1,805
Accrued interest payable	289	513	183	985
Compensated absences	2,328	691	659	3,678
Advances from other funds	-	-	28	28
Due to other funds	2,029	19,554	11,954	33,537
Due to other governmental agencies.....	-	-	2	2
Unearned revenue.....	-	5,728	3,754	9,482
General obligation debt payable - current	775	750	2,078	3,603
Total Current Liabilities	<u>17,747</u>	<u>30,431</u>	<u>30,385</u>	<u>78,563</u>
Current Liabilities Payable from Restricted Assets:				
Revenue bonds & State loans payable	3,886	18,893	-	22,779
Accrued interest payable	-	513	-	513
Total Current Liabilities Payable from Restricted Assets	<u>3,886</u>	<u>19,406</u>	<u>-</u>	<u>23,292</u>
Noncurrent Liabilities:				
General obligation debt payable	3,875	39,423	17,967	61,265
Advances from other funds	-	-	19,597	19,597
Revenue bonds & State loans payable	73,487	262,046	-	335,533
Other post employment benefits liability	53,700	14,130	18,348	86,178
Net pension liability	16,365	5,199	5,380	26,944
Total Noncurrent Liabilities	<u>147,427</u>	<u>320,798</u>	<u>61,292</u>	<u>529,517</u>
Total Liabilities	<u>169,060</u>	<u>370,635</u>	<u>91,677</u>	<u>631,372</u>
Deferred Inflows of Resources:				
Deferred inflows for gain on bond refunding	-	42	-	42
Deferred inflows for pensions	4,865	1,625	1,682	8,172
Deferred inflows for OPEB	1,600	417	577	2,594
Total Deferred Inflows of Resources	<u>6,465</u>	<u>2,084</u>	<u>2,259</u>	<u>10,808</u>
NET POSITION:				
Net investment in capital assets.....	461,495	301,906	75,936	839,337
Restricted for Debt Service	2,624	20,512	-	23,136
Unrestricted (Deficit).....	1,371	(18,586)	(44,240)	(61,455)
Total Net Position	<u>\$ 465,490</u>	<u>\$ 303,832</u>	<u>\$ 31,696</u>	<u>\$ 801,018</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, 2020
(Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 81,013	\$ -	\$ -	\$ 81,013
Statutory sewer user fee	-	-	52,860	52,860
Sewer maintenance fee	-	68,720	-	68,720
Rent	-	-	12,323	12,323
Fire protection service	9,639	-	-	9,639
Parking meters	-	-	2,685	2,685
Parking permits	-	-	3,100	3,100
Vehicle towing	-	-	3,305	3,305
Parking forfeitures	-	-	8,834	8,834
Other	7,935	-	614	8,549
Total Operating Revenues	<u>98,587</u>	<u>68,720</u>	<u>83,721</u>	<u>251,028</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ...	-	-	47,599	47,599
Employee services	-	5,285	11,591	16,876
Administrative and general	15,287	-	-	15,287
Depreciation	20,485	9,020	3,468	32,973
Transmission and distribution	21,103	-	-	21,103
Services, supplies, and materials	-	7,738	23,720	31,458
Water treatment	12,516	-	-	12,516
Water pumping	7,300	-	-	7,300
Billing and collection	3,178	-	-	3,178
Total Operating Expenses	<u>79,869</u>	<u>22,043</u>	<u>86,378</u>	<u>188,290</u>
Operating Income (Loss).....	<u>18,718</u>	<u>46,677</u>	<u>(2,657)</u>	<u>62,738</u>
Nonoperating Revenues (Expenses):				
Investment income	-	217	-	217
Grant revenue	4,931	920	3,377	9,228
Interest expense	(1,621)	(7,906)	(797)	(10,324)
Other	(2,707)	(26,614)	1,037	(28,284)
Total Net Nonoperating Revenues (Expenses) ...	<u>603</u>	<u>(33,383)</u>	<u>3,617</u>	<u>(29,163)</u>
Income before Contributions and Transfers.....	19,321	13,294	960	33,575
Capital contributions	493	-	-	493
Transfers in	-	1,293	741	2,034
Transfers out	<u>(13,500)</u>	<u>(1,249)</u>	<u>(21,272)</u>	<u>(36,021)</u>
Change in Net Position	6,314	13,338	(19,571)	81
Total Net Position - Beginning.....	<u>459,176</u>	<u>290,494</u>	<u>51,267</u>	<u>800,937</u>
Total Net Position - Ending	<u>\$ 465,490</u>	<u>\$ 303,832</u>	<u>\$ 31,696</u>	<u>\$ 801,018</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, 2020
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 93,603	\$ 69,178	\$ 82,919	\$ 245,700
Receipts from interfund services provided	6,667	-	-	6,667
Payments to suppliers	(31,782)	(10,154)	(70,743)	(112,679)
Payments to employees	(20,245)	(6,883)	(9,058)	(36,186)
Payments to other funds	-	(1,204)	(2,187)	(3,391)
Payments from other funds	<u>123</u>	<u>19,554</u>	<u>13,733</u>	<u>33,410</u>
Net Cash Provided by Operating Activities.....	<u>48,366</u>	<u>70,491</u>	<u>14,664</u>	<u>133,521</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	(699)	2,194	3,312	4,807
Other nonoperating expenses	1,772	(26,614)	-	(24,842)
Transfers from other funds	-	1,293	741	2,034
Transfers to other funds	<u>(13,500)</u>	<u>(1,249)</u>	<u>(21,272)</u>	<u>(36,021)</u>
Net Cash Used by Noncapital Financing Activities	<u>(12,427)</u>	<u>(24,376)</u>	<u>(17,219)</u>	<u>(54,022)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	19,974	39,548	7,039	66,561
Acquisition of property, plant, and equipment	(28,289)	(30,598)	(2,014)	(60,901)
Retirement of bonds, notes, and revenue bonds	(9,033)	(39,004)	(4,568)	(52,605)
Interest paid	(1,606)	(9,153)	(758)	(11,517)
Other	<u>64</u>	<u>(277)</u>	<u>1,118</u>	<u>905</u>
Net Cash Used for Capital and Related Financing Activities	<u>(18,890)</u>	<u>(39,484)</u>	<u>817</u>	<u>(57,557)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	-	128	-	128
Net Increase (Decrease) in Cash and Cash Equivalents	17,049	6,759	(1,738)	22,070
Cash and Cash Equivalents - Beginning	<u>28,428</u>	<u>15,812</u>	<u>3,158</u>	<u>47,398</u>
Cash and Cash Equivalents - Ending	<u>\$ 45,477</u>	<u>\$ 22,571</u>	<u>\$ 1,420</u>	<u>\$ 69,468</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	\$ 42,624	\$ 1,099	\$ 1,420	\$ 45,143
Restricted Cash	<u>2,853</u>	<u>21,472</u>	<u>-</u>	<u>24,325</u>
	<u>\$ 45,477</u>	<u>\$ 22,571</u>	<u>\$ 1,420</u>	<u>\$ 69,468</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 18,718	\$ 46,677	\$ (2,657)	\$ 62,738
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	20,485	9,020	3,468	32,973
Nonoperating income	452	-	-	452
Effect of changes in assets, liabilities, deferred inflows and deferred outflows:				
Receivables	2,767	458	(802)	2,423
Due from other funds	1,220	(1,204)	(2,595)	(2,579)
Inventories	130	36	-	166
Prepaid items	13	-	-	13
Other assets	51	-	-	51
Accounts payable	(1,337)	(2,452)	741	(3,048)
Accrued liabilities	-	120	170	290
Compensated absences	458	155	102	715
Net other postemployment benefits obligation	1,032	(2,002)	2,472	1,502
Net pension liability	4,377	(1,834)	(1,567)	976
Due to other funds	-	19,554	14,141	33,695
Deferred pension inflows	-	1,023	665	1,688
Deferred pension outflows	-	2,138	916	3,054
Deferred OPEB inflows	-	(683)	(197)	(880)
Deferred OPEB outflows	<u>-</u>	<u>(515)</u>	<u>(193)</u>	<u>(708)</u>
Net Cash Provided by Operating Activities	<u>\$ 48,366</u>	<u>\$ 70,491</u>	<u>\$ 14,664</u>	<u>\$ 133,521</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 \$430.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing \$37 with a net value of \$0.

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

Exhibit C-1

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CITY OF MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts	Custodial Funds
Additions			
Contributions:			
Plan members	\$ 4,610	\$ -	\$ 1,525
Private donations	-	1,556	-
Total Contributions	<u>4,610</u>	<u>1,556</u>	<u>1,525</u>
Property Taxes:			
Property Tax.....	-	-	1,418,031
Total Property Taxes	-	-	<u>1,418,031</u>
Investment earnings:			
Net appreciation in fair value of investments, dividends and interest	-	1	4
Total Additions	<u>4,610</u>	<u>1,557</u>	<u>1,419,560</u>
Deductions			
Benefits	4,530	-	-
Fees remitted to agency	-	1,291	1,529
Taxes remitted to other Governments	-	-	1,418,031
Other	-	501	-
Total Deductions	<u>4,530</u>	<u>1,792</u>	<u>1,419,560</u>
Change in Net Position	80	(235)	-
Net Position - Beginning	<u>1,436</u>	<u>3,938</u>	-
Net Position - Ending	<u>\$ 1,516</u>	<u>\$ 3,703</u>	<u>\$ -</u>

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

Exhibit D-1

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CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 1,457	\$ 33	\$ 1,490
Accrued expenses	1,065	-	1,065
Due to other governmental agencies	1,628	-	1,628
Unearned revenue.....	217	237	454
Other liabilities	1,911	360	2,271
Total Current Liabilities	6,278	630	6,908
Due to primary government:			
Due within one year	1,147	64	1,211
Due in more than one year	7,984	-	7,984
Total Due to Primary Government	9,131	64	9,195
Long-term obligations:			
Due within one year	4,432	-	4,432
Due in more than one year	163,947	-	163,947
Total Noncurrent Liabilities	168,379	-	168,379
Total Liabilities	183,788	694	184,482
NET POSITION:			
Net investment in capital assets.....	23,559	-	23,559
Restricted	12,367	608	12,975
Unrestricted	10,558	2,340	12,898
Total Net Position	\$ 46,484	\$ 2,948	\$ 49,432

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit D-2

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Redevelopment Authority				
Prevention and elimination of blight	\$ 11,574	\$ 5,763	\$ 1,364	\$ -
Neighborhood Improvement Development Corp.				
Housing improvements	<u>331</u>	<u>170</u>	<u>102</u>	<u>-</u>
Total Component Units	<u>\$ 11,905</u>	<u>\$ 5,933</u>	<u>\$ 1,466</u>	<u>\$ -</u>

General revenues:	
Miscellaneous	
Total General Revenues	
Change in Net Position	
Net Position - Beginning.....	
Net Position - Ending	

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

Net (Expense) Revenue and Changes in Net Position		
Redevelopment Authority	Neighborhood Improvement Development Corporation	Total
\$ (4,447)	\$ -	\$ (4,447)
<u>-</u>	<u>(59)</u>	<u>(59)</u>
<u>(4,447)</u>	<u>(59)</u>	<u>(4,506)</u>
 <u>4,734</u>	 <u>262</u>	 <u>4,996</u>
<u>4,734</u>	<u>262</u>	<u>4,996</u>
287	203	490
<u>46,197</u>	<u>2,745</u>	<u>48,942</u>
<u>\$ 46,484</u>	<u>\$ 2,948</u>	<u>\$ 49,432</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

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

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2020.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This Statement requires additional essential information related to debt be disclosed in notes to financial statements. This Statement was implemented January 1, 2020.

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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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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 are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

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

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

Economic Development Fund – This 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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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 2020 that will be collected in 2021 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to 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.

CITY OF MILWAUKEE
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- 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, 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, 2020 was approximately \$1,544,000. Accounts receivable are expected to be collected within one year. However, the collection of some receivables may take longer.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Nonmajor Proprietary funds allowances as of December 31, 2020 were approximately \$525,000, \$429,000 and \$715,000 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.

CITY OF MILWAUKEE
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J. Notes and Loan Receivables

The General Fund, the Special Revenue Fund - Community Development Block Grant, and Neighborhood Improvement Development Corporation hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the governmental funds are approximately \$22,000,000 as of December 31, 2020.

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

K. Inventories

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

L. Prepaid Items

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

M. Capital Assets

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

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

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

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

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N. Pension Contributions

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

O. Compensated Absences

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

City employees accrue sick leave in accordance with labor agreements or Section 350-37 of the Code of Ordinances.

P. Claims and Judgments

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

Q. Debt Premiums, Discounts, and Issuance Costs

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

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

R. Fund Balance-Governmental Funds

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

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

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

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

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

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

Unassigned – All other spendable amounts.

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

S. Net Position

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

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

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

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

T. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

U. Use of Estimates

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

V. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This section represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources

CITY OF MILWAUKEE
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(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 3.93 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.
- OPEB deferred outflows are related to the differences between expected and actual non-investment experience and plan assumption changes. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 6.51 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.

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

- Gain on refunding is a deferred revenue resulting from the difference between the carrying value of refunded debt and the refunding debt. The gain is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows for grants is the amount of grant funds received prior to meeting the eligibility requirements. This deferred inflow will be recognized as revenue when the funds are spent.
- Subsequent years property taxes is the amount of the current year property tax levy. This deferred inflow is recognized as revenue in the subsequent year.
- Pension deferred inflows are a reduction in pension expense due to: differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and changes of assumptions. Deferred inflows due to liabilities are amortized over the average expected service lives of all employees of 3.93 years. Deferred inflows due to the net difference between projected and actual earnings are amortized over 5.00 years.
- OPEB deferred inflows are related to the differences between expected and actual non-investment experience and plan assumption changes. Deferred outflows due to liabilities are amortized over the average expected service lives of all employees of 6.51 years. Deferred outflows due to the net difference between projected and actual earnings are amortized over 5.00 years.

W. Pension Obligations

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

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

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

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

CITY OF MILWAUKEE
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X. OPEB Obligations

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

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

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

Y. New Accounting Pronouncements

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

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

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This standard was implemented January 1, 2020.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement clarifies the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This statement will be effective for the year-end December 31, 2022 financial statements.

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

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

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

CITY OF MILWAUKEE
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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, 2020, 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	\$ 329,467	\$ 310,092	\$ 19,149	\$ -	\$ 226	see below
Segregated Deposits and Investments						
Interest Checking	1,208	1,208	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	98,644	98,644	-	-	-	not rated
Municipal Bonds	29,917	-	12,871	17,046	-	see below
Treasuries/Money Market (Fiscal Agent)	39,148	39,148	-	-	-	not rated
GNMA Bonds	1,452	-	-	1,452	-	Aaa
	<u>\$ 499,836</u>	<u>\$ 449,092</u>	<u>\$ 32,020</u>	<u>\$ 18,498</u>	<u>\$ 226</u>	
Fiduciary activities:						
Investment type						
Pooled Deposits and Investments	\$ 205,819	\$ 205,819	\$ -	\$ -	\$ -	see below
Segregated Deposits and Investments						
Wisconsin Local Government						
Investment Pool	933	933	-	-	-	not rated
	<u>\$ 206,752</u>	<u>\$ 206,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Credit Ratings

The Governmental and Business-type municipal bond holdings of \$29,917,000 were rated by Moody's as follows:
 Aaa (14.3%), Aa1 (4.4%), Aa2 (55.4%), Aa3 (3.8%) and Not Rated (22.1%).

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, 2020, the City had the following investments and maturities in the Pool:

	Investment Maturities (in Years)					
	(Thousands of Dollars)					
	Fair Value	Less than 1	1-5	6-10	Greater than 10	Credit Rating
Pooled Deposits and Investments						
Bank Demand Deposits	\$ 22,620	\$ 22,620	\$ -	\$ -	\$ -	not rated
Other Deposits	279	279	-	-	-	not rated
Deposits and Investments			-	-		
Interest Checking	25,592	25,592	-	-	-	not rated
Wisconsin Local Government			-	-		
Investment Pool	449,178	449,178	-	-	-	not rated
U.S. Bank Investment Portfolio			-	-		
Money Market.....	600	600	-	-	-	not rated
Corporate Bond.....	28,564	11,471	17,093	-	-	see below
FNMA Bond.....	224	-	-	-	224	Aaa
GNMA Bond.....	2	-	-	-	2	Aaa
Municipal Bond.....	4,138	4,138	-	-	-	not rated
Treasury Note.....	4,089	2,033	2,056	-	-	Aaa
	<u>\$ 535,286</u>	<u>\$ 515,911</u>	<u>\$ 19,149</u>	<u>\$ -</u>	<u>\$ 226</u>	

Investment Portfolio Ratings

Corporate bond holdings of \$28,564,000 were rated by S&P as follows: A+ (28.1%), AA+ (9.4%), AA- (18%), AAA (12.6%), A- (7.3%), A (7.1%) and Not Rated (17.5%).

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, 2020, \$128.1 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.

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.

CITY OF MILWAUKEE
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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, 2020:

1. Pooled deposits and investments of:
 - a. Corporate Bonds of \$23.2 million.
 - b. U.S. Treasury of \$4.1 million.
 - c. Municipal bonds of \$34 million.

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2020:

1. GNMA of \$1.5 million
2. Pooled deposits and investments of:
 - a. Corporate Bonds of \$5.4 million.
 - b. FNMA bonds of \$224 thousand.
 - c. GNMA bonds of \$2 thousand.

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, 2020:

	Investment Maturities (in Years)			Moody's Credit Rating
	(Thousands of Dollars)			
	Fair value	Less than 1	1-5	
Component Units:				
Bank Demand Deposits.....	\$ 12,541	\$ 12,541	\$ -	not rated
Local Government Investment Pool.....	233	233	-	not rated
U.S. Treasury Money Market Fund.....	1,208	1,208	-	Aaa
U.S. Treasury Notes.....	1,435	509	926	Aaa
U.S. Agencies.....	1,574	150	1,424	Aaa
U.S. Government Mortgage	20	-	20	Aaa
Municipal Bonds	2,423	337	2,086	Aa3
Corporate Bonds	616	380	236	Aa1
Certificates of Deposit.....	604	604	-	AA
Money Market.....	28,754	28,754	-	not rated
	<u>\$ 49,408</u>	<u>\$ 44,716</u>	<u>\$ 4,692</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, 2020 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	(Thousands of Dollars)	
Redevelopment Authority.....	\$ 11,973	\$ 10,146
Neighborhood Improvement Development Corporation.....	2,532	1,694

CITY OF MILWAUKEE
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As of December 31, 2020 Component Unit investment balances exposed to Custodial Credit Risk are as follows:

	Investment Balance	Uninsured and Uncollateralized
	<i>(Thousands of Dollars)</i>	
Redevelopment Authority.....	\$ 6,068	\$ 5,977

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, 2020:

1. U.S. Treasury notes of \$1.4 million
2. U.S. Agency bonds of \$1.6 million
3. U.S Government mortgage of \$20 thousand
4. Municipal bonds of \$2.4 million
5. Corporate bonds of \$616 thousand
6. Property Inventory of \$727 thousand

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, 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>		
2015 and prior	\$ 7,436	\$ 1,079	\$ 8,515
2016	2,852	401	3,253
2017	3,110	1,076	4,186
2018	5,451	1,981	7,432
2019	<u>12,546</u>	<u>6,350</u>	<u>18,896</u>
Total delinquent property taxes receivable	<u>\$ 31,395</u>	<u>\$ 10,887</u>	42,282
Property taxes receivable on foreclosed property			45,490
Less: Allowance for uncollectible taxes			<u>(40,522)</u>
Net delinquent property taxes receivable, including tax deeded property.....			<u>\$ 47,250</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
		<i>(Thousands of Dollars)</i>		
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 165,465	\$ 1,204	\$ 18	\$ 166,651
Construction in progress	120,964	24,583	6,015	139,532
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>287,771</u>	<u>25,787</u>	<u>6,033</u>	<u>307,525</u>
<i>Capital assets being depreciated:</i>				
Buildings	385,746	1,950	41	387,655
Infrastructure.....	1,861,511	39,593	29,524	1,871,580
Improvements other than buildings	12,175	-	-	12,175
Machinery and equipment	247,354	13,795	1,796	259,353
Intangible softw are.....	<u>14,722</u>	<u>-</u>	<u>-</u>	<u>14,722</u>
Total capital assets being depreciated	<u>2,521,508</u>	<u>55,338</u>	<u>31,361</u>	<u>2,545,485</u>
Less accumulated depreciation for:				
Buildings	144,252	12,376	41	156,587
Infrastructure	1,140,910	33,741	29,524	1,145,127
Improvements other than buildings	10,504	239	-	10,743
Machinery and equipment	163,674	11,644	1,796	173,522
Intangible softw are	<u>6,770</u>	<u>1,837</u>	<u>-</u>	<u>8,607</u>
Total accumulated depreciation	<u>1,466,110</u>	<u>59,837</u>	<u>31,361</u>	<u>1,494,586</u>
Total capital assets being depreciated, net	<u>1,055,398</u>	<u>(4,499)</u>	<u>-</u>	<u>1,050,899</u>
Government activity capital assets, net	<u>\$ 1,343,169</u>	<u>\$ 21,288</u>	<u>\$ 6,033</u>	<u>\$ 1,358,424</u>
Depreciation expense for governmental activities was charged to functions as follows:				
General government	\$ 1,843			
Public safety	8,121			
Public w orks	48,236			
Health	187			
Culture and recreation	<u>1,450</u>			
Total	<u>\$ 59,837</u>			

CITY OF MILWAUKEE
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	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Business-type activities				
Water Works				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,791	\$ -	\$ -	\$ 1,791
Construction in progress	57,213	71,433	110,440	18,206
Total capital assets not being depreciated	59,004	71,433	110,440	19,997
<i>Capital assets being depreciated:</i>				
Buildings	31,094	11	11	31,094
Infrastructure	463,294	55,753	2,193	516,854
Machinery and equipment	280,161	11,388	3,651	287,898
Nonutility property	3,918	-	-	3,918
Total capital assets being depreciated	778,467	67,152	5,855	839,764
Less accumulated depreciation for:				
Buildings	21,809	881	11	22,679
Infrastructure	124,619	6,802	2,218	129,203
Machinery and equipment	154,147	12,802	4,064	162,885
Nonutility property	1,337	-	(139)	1,476
Total accumulated depreciation	301,912	20,485	6,154	316,243
Total capital assets being depreciated, net	476,555	46,667	(299)	523,521
Water Works capital assets, net	535,559	118,100	110,141	543,518
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	520	1,076	520	1,076
Total capital assets not being depreciated	520	1,076	520	1,076
<i>Capital assets being depreciated:</i>				
Infrastructure	768,014	30,549	37	798,526
Machinery and equipment	7,268	494	-	7,762
Total capital assets being depreciated	775,282	31,043	37	806,288
Less accumulated depreciation for:				
Infrastructure	171,191	8,681	37	179,835
Machinery and equipment	4,172	339	-	4,511
Total accumulated depreciation	175,363	9,020	37	184,346
Total capital assets being depreciated, net	599,919	22,023	-	621,942
Sewer Maintenance capital assets, net	600,439	23,099	520	623,018

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
		<i>(Thousands of Dollars)</i>		
Other business-type activities				
<i>Capital assets not being depreciated:</i>				
Land	17,461	-	-	17,461
Construction in progress	12,844	2,782	942	14,684
 Total capital assets not being depreciated	<u>30,305</u>	<u>2,782</u>	<u>942</u>	<u>32,145</u>
 <i>Capital assets being depreciated:</i>				
Buildings	101,979	630	-	102,609
Infrastructure—port.....	20,887	589	-	21,476
Improvements other than buildings	11,206	213	-	11,419
Machinery and equipment	15,963	958	-	16,921
 Total capital assets being depreciated	<u>150,035</u>	<u>2,390</u>	<u>-</u>	<u>152,425</u>
 Less accumulated depreciation for:				
Buildings	54,970	2,162	-	57,132
Infrastructure—port.....	11,347	460	-	11,807
Improvements other than buildings	7,792	194	-	7,986
Machinery and equipment	11,012	652	-	11,664
 Total accumulated depreciation	<u>85,121</u>	<u>3,468</u>	<u>-</u>	<u>88,589</u>
 Total capital assets being depreciated, net	<u>64,914</u>	<u>(1,078)</u>	<u>-</u>	<u>63,836</u>
 Other business-type activities, net	<u>95,219</u>	<u>1,704</u>	<u>942</u>	<u>95,981</u>
 Business-type activity capital assets, net	<u><u>\$ 1,231,217</u></u>	<u><u>\$ 142,903</u></u>	<u><u>\$ 111,603</u></u>	<u><u>\$ 1,262,517</u></u>
 Depreciation expense for business-type activities was charged to functions as follows:				
Water Utility				
Depreciation	\$ 20,346			
Depreciation charged to Sanitary Sewer	139			
	20,485			
Sewer Maintenance	9,020			
Other business-type activities	3,468			
 Total	<u><u>\$ 32,973</u></u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
		<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	75,621	-	-	75,621
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	6	-	-	6
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>
Total capital assets being depreciated	<u>80,789</u>	<u>-</u>	<u>-</u>	<u>80,789</u>
Less accumulated depreciation for:				
Buildings	24,204	1,894	-	26,098
Infrastructure	164	14	-	178
Improvements other than buildings	2,311	261	-	2,572
Machinery and equipment	6	-	-	6
Intangibles.....	<u>481</u>	<u>56</u>	<u>-</u>	<u>537</u>
Total accumulated depreciation	<u>27,166</u>	<u>2,225</u>	<u>-</u>	<u>29,391</u>
Total capital assets being depreciated, net ...	<u>53,623</u>	<u>(2,225)</u>	<u>-</u>	<u>51,398</u>
Component units capital assets, net	<u><u>\$ 64,216</u></u>	<u><u>\$ (2,225)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,991</u></u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

5. DEFERRED INFLOWS OF RESOURCES

Unavailable revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of the deferred balances in the governmental funds as of December 31, 2020 is as follows:

	General	General Obligation Debt Service	Economic Development	Capital Projects	Grant and Aid Projects	Nonmajor Governmental Funds	Total
	(Thousands of Dollars)						
Subsequent years property taxes ..	\$ 215,134	\$ 83,446	\$ 55,802	\$ 7,963	\$ -	\$ -	\$ 362,345
Delinquent property taxes	6,466	-	-	-	-	8,033	14,499
Unavailable grant revenue	-	-	-	8,072	25,086	11,316	44,474
Long-term receivables	85	55,435	8,484	-	-	-	64,004
Unbilled special assessments	-	-	-	8,217	-	-	8,217
Total	<u>\$ 221,685</u>	<u>\$ 138,881</u>	<u>\$ 64,286</u>	<u>\$ 24,252</u>	<u>\$ 25,086</u>	<u>\$ 19,349</u>	<u>\$ 493,539</u>

6. SHORT-TERM DEBT

During 2020, the City issued and repaid \$120,000,000 of Revenue Anticipation Notes, Series 2020 R3 (R3 Notes). The R3 Notes were issued to finance the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November 2020. On December 1, 2020, the R3 Notes were paid off.

As of December 31, 2020, the City had outstanding \$180,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2020, the City repaid the outstanding balance and issued \$180,000,000 short-term RANs for the same purpose. The new notes of \$180,000,000 (2020 M8) bear an interest rate of 2.00% and mature on July 01, 2021. The liability and related receivable to repay the revenue anticipation notes are recorded in the General Obligation Debt Service Fund.

Following is a summary of the Revenue Anticipation Notes activity (in thousands) during 2020:

Balance 01/01/20	Additions	Deletions	Balance 12/31/20
<u>\$ 180,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 180,000</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2020 were as follows:

	Balance 01/01/20	Additions	Deductions	Balance 12/31/20	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	\$ 881,006	\$ 276,578	\$ 146,059	\$1,011,525	\$ 101,104
Milwaukee Public Schools	59,000	-	4,239	54,761	1,123
Unamortized premiums	73,871	25,903	19,999	79,775	-
Direct loans					
City	48,460	62,886	54,696	56,650	-
Milwaukee Public Schools	-	72,000	72,000	-	-
Compensated absences	46,702	29,048	28,718	47,032	28,883
Total other postemployment benefits liability	1,364,584	275,069	35,476	1,604,177	-
Net pension liability	1,110,218	555,959	842,370	823,807	-
Claims and judgments	39,938	10,836	6,560	44,214	1,775
Total governmental activities	<u>\$3,623,779</u>	<u>\$ 1,308,279</u>	<u>\$ 1,210,117</u>	<u>\$3,721,941</u>	<u>\$ 132,885</u>
Business-type activities					
Water Works					
General obligation bonds and notes	\$ 5,696	\$ -	\$ 1,046	\$ 4,650	\$ 775
Unamortized premiums	279	-	29	250	-
Direct Loans	5,000	-	5,000	-	-
State loans (direct)	51,452	19,975	2,544	68,883	3,436
Revenue bonds	8,685	-	445	8,240	450
Compensated absences	1,944	1,616	1,232	2,328	2,328
Total other postemployment benefits liability	47,576	8,520	2,396	53,700	-
Net pension liability	21,403	11,108	16,146	16,365	-
Total Water Works	<u>142,035</u>	<u>41,219</u>	<u>28,838</u>	<u>154,416</u>	<u>6,989</u>
Sewer Maintenance					
General obligation bonds and notes	\$ 4,404	\$ 3,748	\$ 4,404	\$ 3,748	\$ 750
Direct Loans	34,000	24,745	22,320	36,425	-
State loans (direct)	132,414	16,300	8,875	139,839	9,818
Revenue bonds	140,990	-	8,650	132,340	9,075
Unamortized premiums	9,976	-	1,216	8,760	-
Compensated absences	536	450	295	691	691
Total other postemployment benefits liability	16,132	2,327	4,329	14,130	-
Net pension liability	7,033	3,483	5,317	5,199	-
Total Sewer Maintenance	<u>345,485</u>	<u>51,053</u>	<u>55,406</u>	<u>341,132</u>	<u>20,334</u>

CITY OF MILWAUKEE
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	Balance 01/01/20	Additions	Deductions	Balance 12/31/20	Amounts Due within One Year
		(Thousands of Dollars)			
Other Proprietary Funds					
General obligation bonds and notes	\$ 15,574	\$ 5,689	\$ 2,568	\$ 18,695	\$ 2,078
Direct Loans	2,000	1,350	2,000	1,350	-
Compensated absences	555	473	369	659	659
Total other postemployment benefits liability	15,876	3,750	1,278	18,348	-
Net pension liability	6,947	3,934	5,501	5,380	-
Total Other Proprietary	<u>40,952</u>	<u>15,196</u>	<u>11,716</u>	<u>44,432</u>	<u>2,737</u>
Total business-type activities	<u>\$ 528,472</u>	<u>\$ 107,468</u>	<u>\$ 95,960</u>	<u>\$ 539,980</u>	<u>\$ 30,060</u>
Component Units					
Revenue bonds	\$ 166,533	\$ -	\$ 3,685	\$ 162,848	\$ 3,860
Unamortized premiums	5,609	-	591	5,018	572
Environmental remediation liability	952	-	439	513	-
Total component units	<u>\$ 173,094</u>	<u>\$ -</u>	<u>\$ 4,715</u>	<u>\$ 168,379</u>	<u>\$ 4,432</u>

B. General Obligation Bonds

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

As of December 31, 2020, the City general obligation bonds totaled \$378,060,000 of which \$316,387,847 is for Capital Improvements, \$49,300,000 for schools and \$12,372,153 for business-type activities. The interest rates are between 1.18% and 5.50% with a final maturity date of April 1, 2040.

During the year ended December 31, 2020, general obligation bonds totaling \$23,995,442 were issued of which \$22,276,084 was issued to finance capital improvements, and \$1,419,358 for business-type activities.

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

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2020, there was \$4,585,914 of debt outstanding. There is also \$54,760,868 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, 2020, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,237,794,000. These assets are excluded from the financial statements of the City.

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As of December 31, 2020, \$90,862,990 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$112,746,179. 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, 2020, the City has State loans totaling \$208,722,000 of which \$139,839,000 is for Sewer and \$68,883,000 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2040.

As of December 31, 2020, the City has Revenue Bonds totaling \$140,580,000 of which \$132,340,000 is for Sewer and \$8,240,000 is for Water. The interest rates are between 2.50% and 5.00% and the final maturity date is June 1, 2036.

During 2020, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling \$36,275,000 of which \$16,300,000 is for Sewer and \$19,975,000 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, 2020, the City had notes totaling \$809,745,000 of which \$466,299,370 is for Capital Improvements, \$5,460,868 for schools, \$52,496,062 for business-type activities, \$67,214,000 for the purchase of delinquent taxes and \$218,274,690 for general City. The interest rates are between 2.00% and 5.00% with a final maturity date of April 1, 2030.

As of December 31, 2020, the City had notes totaling \$5,460,868 for school purposes, issued under the City's 5% debt limit.

As of December 31, 2020, \$80,704,564 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$93,572,268.

During the year ended December 31, 2020, General Obligation notes totaling \$72,016,000 were issued, of which \$46,204,000 was issued to finance capital improvements, \$1,734,000 for General City, \$1,797,000 for business-type activities and \$22,281,000 to purchase 2019 delinquent taxes.

E. Direct Loans

As of December 31, 2020, the City had two outstanding revolving loan agreements (RLAs) with U.S. Bank National Association. The RLAs are secured by a General Obligation pledge of the City and may be drawn upon at any time for any public purpose. It is the intention of the City to pay off an RLA by its maturity date. However, if not paid by the maturity date, the RLA enters an amortization period with the principal due on the first business day of the 18th month following the maturity date. The RLA with U.S. Bank contains termination events which could lead to acceleration of the debt, however there are no specific provisions regarding default on the US Bank RLA debt.

The interest rates on the two U.S. Bank RLAs are tied to indexes which are reset monthly. The maximum available amounts, maturity dates, and indexes are as follows:

Amount	Maturity Date	Index
\$45,000,000	May 15, 2021	LIBOR
\$55,000,000	June 1, 2021	LIBOR

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During 2020, \$161.0 million was drawn on the Loans for the following purposes:

Loan Draws	
<i>(Thousands of Dollars)</i>	
Purpose	Amount
Capital expenditures.....	\$ 60,000
Legal settlements.....	4,000
General Purpose.....	13,500
Refund debt.....	11,481
Schools cash flow.....	72,000
	<u>\$ 160,981</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 01/01/20	Additions	Deletions	Balance 12/31/20
<u>\$ 89,460</u>	<u>160,981</u>	<u>156,016</u>	<u>\$ 94,425</u>

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F. Debt Service Requirements

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

	General Obligation Debt -				Total
	General Obligation Debt		Direct Loans		Debt
Year	Principal	Interest	Principal	Interest	Service
	(Thousands of Dollars)				
Governmental activities					
2021.....	\$ 102,227	\$ 40,563	\$ -	\$ 537	\$ 143,327
2022.....	92,067	36,921	56,650	625	186,263
2023.....	149,770	31,242	-	-	181,012
2024.....	86,224	25,725	-	-	111,949
2025.....	90,813	22,002	-	-	112,815
2026-2030.....	446,668	57,533	-	-	504,201
2031-2035.....	96,367	6,803	-	-	103,170
2036-2040.....	2,150	181	-	-	2,331
Total	<u>\$ 1,066,286</u>	<u>\$ 220,970</u>	<u>\$ 56,650</u>	<u>\$ 1,162</u>	<u>\$ 1,345,068</u>
Business-type activities					
Other Proprietary					
2021.....	\$ 2,078	\$ 768	\$ -	\$ 12	\$ 2,858
2022.....	2,033	674	1,350	13	4,070
2023.....	1,930	584	-	-	2,514
2024.....	1,851	499	-	-	2,350
2025.....	1,738	418	-	-	2,156
2026-2030.....	6,127	1,178	-	-	7,305
2031-2035.....	2,938	242	-	-	3,180
Total	<u>\$ 18,695</u>	<u>\$ 4,363</u>	<u>\$ 1,350</u>	<u>\$ 25</u>	<u>\$ 24,433</u>
Business-type activities					
Sewer Maintenance					
2021.....	\$ 750	\$ 169	\$ -	\$ 466	See next page
2022.....	750	131	36,425	501	
2023.....	750	94	-	-	
2024.....	749	56	-	-	
2025.....	749	19	-	-	
2026-2030.....	-	-	-	-	
2031-2035.....	-	-	-	-	
2036-2040.....	-	-	-	-	
Total	<u>\$ 3,748</u>	<u>\$ 469</u>	<u>\$ 36,425</u>	<u>\$ 967</u>	

CITY OF MILWAUKEE
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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							
Sewer Maintenance (Cont'd)							
2021.....	See		\$ 9,075	\$ 5,246	\$ 9,818	\$ 2,915	\$ 28,439
2022.....	previous		9,115	4,791	10,039	2,694	64,446
2023.....	page		9,560	4,324	10,265	2,465	27,458
2024.....			7,450	3,898	10,496	2,231	24,880
2025.....			7,825	3,525	10,733	1,992	24,843
2026-2030.....			45,040	11,946	48,831	6,398	112,215
2031-2035.....			38,070	3,609	29,900	2,310	73,889
2036-2040.....			6,205	93	9,757	249	16,304
Total			<u>\$ 132,340</u>	<u>\$ 37,432</u>	<u>\$ 139,839</u>	<u>\$ 21,254</u>	<u>\$ 372,474</u>
Water Works							
2021.....	\$ 775	\$ 214	\$ 450	\$ 323	\$ 3,436	\$ 1,197	\$ 6,395
2022.....	775	174	455	311	3,498	1,153	6,366
2023.....	775	136	460	293	3,561	1,089	6,314
2024.....	775	97	465	270	3,625	1,024	6,256
2025.....	775	58	475	246	3,691	958	6,203
2026-2030.....	775	19	2,500	928	19,481	3,755	27,458
2031-2035.....	-	-	2,825	411	20,027	1,929	25,192
2036-2040.....	-	-	610	12	11,564	419	12,605
Total	<u>\$ 4,650</u>	<u>\$ 698</u>	<u>\$ 8,240</u>	<u>\$ 2,794</u>	<u>\$ 68,883</u>	<u>\$ 11,524</u>	<u>\$ 96,789</u>
Total Component Units							
2021.....	\$ -	\$ -	\$ 3,860	\$ 5,734	\$ -	\$ -	\$ 9,594
2022.....	-	-	4,050	5,596	-	-	9,646
2023.....	-	-	5,750	5,420	-	-	11,170
2024.....	-	-	14,510	5,234	-	-	19,744
2025.....	-	-	4,760	5,038	-	-	9,798
2026-2030.....	-	-	45,028	21,835	-	-	66,863
2031-2035.....	-	-	42,835	15,099	-	-	57,934
2036-2040.....	-	-	4,055	10,006	-	-	14,061
2041-2045.....	-	-	38,000	981	-	-	38,981
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,848</u>	<u>\$ 74,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,791</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, 2020, the City's legal debt margin was \$969,378,000. Of this amount, \$594,927,000 was for school purposes and \$374,451,000 was for City purposes.

CITY OF MILWAUKEE
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H. Refinancing

During 2020, the City refinanced \$108,471,925 of General Obligation Debt with \$52,055,171 of Promissory Notes, Series 2020 N4, \$7,391,529 of Corporate Purpose Bonds, Series 2020 B5, \$5,010,000 of Promissory Notes, Series 2020 T6, \$694,000 of Corporate Purpose bonds, Series 2020 T7, \$13,500,000 of Promissory Notes, Series 2020 R9, \$5,000,000 of State loans for Water, and with \$17,050,703 of State Loans for Sewer. These issues provided long-term financing for interim debt of \$72,510,703 and reduced the interest cost of long-term debt in the principal amount of \$35,961,249 realizing a net present value savings of \$2,275,058.

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, 2020 is approximately \$261,000,000 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 2020 was \$82,533,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2019 and 2018 were \$71,526,000 and \$91,468,000 respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

CITY OF MILWAUKEE
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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, 2019, are summarized in the following table:

Asset Allocation Policy and Expected Return		
		Long-term Expected
<u>Asset Class</u>	<u>Policy</u>	<u>Rate of Return</u>
Public Equity.....	47.0%	7.3%
Fixed Income & Cash.....	25.0%	3.1%
Real Estate.....	7.7%	5.6%
Real Assets.....	3.3%	4.5%
Private Equity.....	8.0%	10.6%
Absolute Return.....	9.0%	2.9%
	100.0%	

Rate of Return – For the year ended December 31, 2019, the annual money-weighted rate of return, net of investment expense was 18.51%. 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, 2019, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2019, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

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Actuarial Assumptions	
Actuarial Valuation Date	January 1, 2019
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Investment Rate of Return:	7.50% per annum, compounded annually
Discount Rate:	7.50%
Projected Salary Increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption:	2.50%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table, using 111% of rates for males and 110% of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates are based on RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally using Scale MP-2016. Active mortality rates are based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2016.
Experience Study	The actuarial assumptions used in December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2012 - December 31, 2016.

Net Pension Liability – The components of the City's pension liability as of December 31, 2020, were as follows:

	Total
	(Thousands of Dollars)
Total pension liability	\$ 5,609,019
Plan fiduciary net position	<u>(4,758,268)</u>
Net pension liability	<u>\$ 850,751</u>
Plan fiduciary net position as a percentage of total pension liability	84.83%
Covered employee payroll	\$ 498,051
Net pension liability as a percentage	170.82%

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

CITY OF MILWAUKEE
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rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
	6.50%	7.50%	8.50%
	<i>(Thousands of Dollars)</i>		
City's net pension liability (asset).....	\$ 1,518,150	\$ 850,751	\$ 295,299

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 2019 actuarial employer contribution was \$77.295 million and the employer allocation percentage was 85.625% as compared to the prior year actuarial employer contribution of \$76.667 million and an employer allocation percentage of 85.564%..

Schedule of Pension Amounts – The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage. The City's proportionate share of Collective net pension liability, deferred outflows/inflows and pension expense was 85.625%. The Deferred Inflows and Outflows of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 3.93 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5.00 years.

The City's total Deferred Inflows and Outflows of Resources, to be recognized in the Future Pension Expense, are as follows:

Total Future Deferred Inflows/Outflows

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	<i>(Thousands of Dollars)</i>		
Differences between expected and actual experience.....	\$ 89,677	\$ (39,603)	\$ 50,074
Changes in assumptions.....	253,835	-	253,835
Contributions made after the measurement date.....	81,447	-	81,447
Net differences between projected and actual earnings on pension plan investments.....	-	(195,967)	(195,967)
Changes in proportion and differences between employer contributions and proportionate share of contributions....	9,403	(6,145)	3,258
Total.....	<u>\$ 434,362</u>	<u>\$ (241,715)</u>	<u>\$ 192,647</u>

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Deferred Outflows of \$81,447 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Annual Future Deferred Inflows/Outflows Net Deferred Outflows of Resources
	<i>(Thousands of Dollars)</i>
2020	\$ 116,863
2021	52,393
2022	35,894
2023	(93,950)
Total	<u>\$ 111,200</u>

The City's pension expense was determined as follows:

Calculation of Pension Expense <i>(Thousands of Dollars)</i>	Total
Service Cost.....	\$ 74,738
Interest cost on total pension liability.....	396,629
Projected earnings on plan investments.....	(308,888)
Contributions - Member.....	(27,942)
Administrative Expense.....	6,009
Plan Changes.....	-
Recognition of net deferred outflow s (inflow s)	
Changes in assumptions.....	-
Differences between expected and actual liability experience.....	26,231
Difference between projected and actual earnings.....	(91,196)
Other changes in fiduciary net position.....	-
Prior years' deferred outflow s.....	333,529
Prior years' deferred inflow s.....	(91,191)
Other changes in fiduciary net position.....	1,678
Total Pension Expense.....	<u>\$ 319,597</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

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for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City.

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

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

Fire and Police: In general, protective service sworn employees are eligible when they retire on a service retirement through the ERS with a minimum of 15 years of creditable service. The amount they pay is part of their collective bargaining agreement with the subsidy ranging from 100% to 65% until age 65, and varies with the type of employee group they belonged to and their sick leave balance at the time of retirement. Almost all retirees get a 25% subsidy once they attain Medicare age (65 years). Service retirement for Fire enrolled prior to July 30, 2016 is age 57 or age 49 with 22 years of service; for those enrolled on or after July 30, 2016 is age 57 or age 52 with 25 years of creditable Fire service. Service retirement for Police enrolled prior to December 20, 2015 is age 57 or 25 years of creditable service; for those enrolled on/after December 20, 2015 is age 57 or age 50 with 25 years of creditable Police service.

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

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

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

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

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

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

CITY OF MILWAUKEE
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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 2020, the City paid approximately \$32,540,364 and \$3,904,924, respectively, toward medical and life insurance for retirees.

Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2019, projected to measurement dates of December 31, 2019, and December 31, 2020, 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, 2019
Measurement Date of Net OPEB Liability	December 31, 2020
Plan Fiscal Year End	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Contribution Policy	Pay-as-you-go costs
Asset Valuation Method:	No Assets (pay-as-you-go)
Actuarial Assumptions:	
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Discount Rate	2.75% as of December 31, 2019; 2.00% as of December 31, 2020.
Projected Salary Increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Wage Inflation	2.5% for general employees and 4.0% for public safety employees.
Healthcare Cost Trend Rates	Pre-Medicare trend rates are 8.0% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2027. Post-Medicare trend rates are 9.50% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2030. Actual trend rates of 3.02% for pre-Medicare and 6.63% for post-Medicare are used in 2019.
Mortality Table	For regular retirees and for survivors, the RP-2014 Healthy annuitant Mortality Table (using 111% of rates for males and 110% of rates for females - base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females - base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2016) projected generationally with Scale MP-2016.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are reflected separately.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Total OPEB Liability – The changes and components of the December 31, 2020 OPEB liability, along with the total OPEB liability by year are shown in the schedules below:

Schedule of Changes in Total OPEB Liability		
<i>(Thousands of Dollars)</i>		Total
Total OPEB liability		
Service cost.....	\$	57,741
Interest.....		39,933
Differences between expected and actual experience.....		(5,316)
Changes of assumptions.....		190,275
Benefit payments.....		(36,445)
Net change in total OPEB liability.....		246,188
Total OPEB liability - January 1, 2020.....		1,444,167
Total OPEB liability - December 31, 2020.....	\$	<u>1,690,355</u>
Plan fiduciary net position		
Contributions - employer.....		36,445
Benefit payments.....		(36,445)
Total OPEB liability - ending.....	\$	<u>1,690,355</u>
Plan fiduciary net position as a percentage of total OPEB liability.....		0.00%
Covered employee payroll.....	\$	388,040
Total OPEB liability as a percentage of covered payroll.....		435.61%
Inactive plan members or beneficiaries currently receiving benefits....		3,369
Active plan members.....		<u>5,628</u>
		<u>8,997</u>
Discount rate - December 31, 2019.....		2.75%
Discount rate - December 31, 2020.....		2.00%

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:

CITY OF MILWAUKEE
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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

	1% Decrease to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
	1.00%	2.00%	3.00%
	(Thousands of Dollars)		
City's Total OPEB liability.....	\$ 2,095,438	\$ 1,690,355	\$ 1,489,229

Sensitivity of Total OPEB to the Healthcare Cost Trend Rate Assumption

	1% Decrease	Current Healthcare Cost Assumption	1% Increase
	(Thousands of Dollars)		
City's Total OPEB liability.....	\$ 1,491,276	\$ 1,690,355	\$ 2,115,610

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

Annual OPEB Expense	Total
(Thousands of Dollars)	
Service Cost.....	\$ 57,741
Interest cost on total pension liability.....	39,933
Recognition of outflow/(inflow) due to non-investment experience.....	(9,480)
Recognition of outflow/(inflow) due to assumption changes.....	57,076
Total OPEB Expense.....	<u>\$ 145,270</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	Total
(Thousands of Dollars)	
Total OPEB liability beginning of year.....	\$ 1,444,167
OPEB expense.....	145,270
Employer contributions.....	(36,445)
Change in outflow/(inflow) due to non-investment experience.....	4,163
Change in outflow/(inflow) due to assumption changes.....	133,200
Total OPEB liability end of year.....	<u>\$ 1,690,355</u>

Deferred Inflows and Outflows of Resources – For the plan year-end December 31, 2020, the actuarial discount rate decreased to 2.00 percent from 2.75 percent. Deferred inflows decreased \$14.2 million and deferred outflows increased \$123.2 million as a result of the updated actuarial analysis of the plan. Deferred inflows and outflows are amortized into annual OPEB expense using an amortization factor unique to each major employment group outlined in the report.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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 <u>Current Expense</u>	Outflows Recognized in <u>Current Expense</u>
Differences between expected and actual non-investment experience.....	\$ (9,490)	\$ 11
Changes in assumptions.....	(10,089)	67,165
Total.....	<u>\$ (19,579)</u>	<u>\$ 67,176</u>

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

(Thousands of Dollars)

Fiscal Year-end	<u>Non-investment Experience</u>			<u>Assumption Changes</u>			<u>Total</u>	
	<u>(Inflows)</u>	<u>Outflows</u>		<u>(Inflows)</u>	<u>Outflows</u>		<u>(Inflows)</u>	<u>Outflows</u>
December 31, 2021	\$ (9,490)	\$ 11	\$	(10,089)	\$ 67,165	\$	(19,579)	\$ 67,176
December 31, 2022	(9,490)	11		(10,089)	67,165		(19,579)	67,176
December 31, 2023	(8,989)	11		(9,149)	67,165		(18,138)	67,176
December 31, 2024	(6,918)	11		(7,524)	59,975		(14,442)	59,986
December 31, 2025	(6,344)	6		(3,119)	37,262		(9,463)	37,268
December 31, 2026	(1,990)	-		-	21,673		(1,990)	21,673
December 31, 2027	(106)	-		-	4,571		(106)	4,571
Total	<u>\$ (43,327)</u>	<u>\$ 50</u>	<u>\$</u>	<u>(39,970)</u>	<u>\$ 324,976</u>	<u>\$</u>	<u>(83,297)</u>	<u>\$ 325,026</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 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 2020, approximately \$9,672,945 was paid for sick leave from all funds. At December 31, 2020, accumulated sick leave earned but not taken totaled approximately \$150,212,367 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 2020, terminal leave payments totaled \$3,384,021 to employees retiring during the year. As of December 31, 2020, the City has accrued \$27,382,802 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$47,031,994 with the remainder accrued vacation leave of \$18,075,350 and estimated FICA taxes of \$1,573,842.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2020 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.....	\$ 6,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,895
Inventory.....	10,125	-	-	-	-	-	-	10,125
Inventory of property for resale..	26	-	-	-	-	-	-	26
Prepaid items.....	4,160	-	-	-	-	368	-	4,528
Spendable								
Restricted for:								
Future debt payments.....	-	30,283	44,656	-	-	-	-	74,939
Business Improvement Districts..	-	-	-	114	-	-	-	114
Grants.....	-	-	-	-	4,577	-	4,877	9,454
Tax increment financing.....	-	-	-	124,578	-	6,996	-	131,574
Committed to:								
Contributions.....	4,007	-	-	-	-	-	-	4,007
Capital projects.....	-	-	-	-	-	27,397	-	27,397
Future debt payments.....	119,000	-	-	-	-	-	-	119,000
Assigned to:								
Conservation and development...	878	-	-	-	-	-	-	878
General government.....	14,459	-	-	-	-	-	-	14,459
Health.....	746	-	-	-	-	-	-	746
Culture and recreation.....	337	-	-	-	-	-	-	337
Public safety.....	1,005	-	-	-	-	-	-	1,005
Public works.....	3,295	-	-	-	-	-	-	3,295
2021 budgetary financing.....	6,500	-	-	-	-	-	-	6,500
Unassigned	<u>16,959</u>	<u>-</u>	<u>-</u>	<u>(19,983)</u>	<u>(25,086)</u>	<u>(17,848)</u>	<u>(30,337)</u>	<u>(76,295)</u>
Total Fund Balance.....	<u>\$188,392</u>	<u>\$ 30,283</u>	<u>\$ 44,656</u>	<u>\$ 104,709</u>	<u>\$ (20,509)</u>	<u>\$ 16,913</u>	<u>\$ (25,460)</u>	<u>\$338,984</u>

Sinking Fund Deposits

The fund balance restricted for future debt payments within the general obligation debt service fund includes \$29,570,000 in sinking funds on deposit with a trustee for payment of Qualified School Construction Bonds (QSCBs) issued on behalf of Milwaukee Public Schools. The QSCBs were issued in 2009 and 2010 and have maturity payments in 2025 and 2027.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, the tax stabilization reserve was \$30,354,000. Of this amount, \$6,500,000 has been assigned to the funding of the 2021 General Fund budget and \$16,959,000 is unassigned for 2021 and subsequent years' budgets. This Reserve includes an amount for advances of \$6,895,000 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.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2020 were as follows:

		Due From				
		General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total
		(Thousands of Dollars)				
Due To	General Obligation Debt Service	\$ 31,913	\$ 988	\$ -	\$ -	\$ 32,901
	Capital Projects	726	-	-	-	726
	Grant and Aid Projects	13,435	-	-	-	13,435
	Nonmajor Governmental Funds.....	37,568	-	-	-	37,568
	Water Works	333	-	953	743	2,029
	Sewer Maintenance	19,554	-	-	-	19,554
	Nonmajor Proprietary Funds	11,954	-	-	-	11,954
	Totals	\$ 115,483	\$ 988	\$ 953	\$ 743	\$ 118,167

Balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) funds overdraw their share of pooled cash or when there are transactions between funds where one fund does not participate in the City's pooled cash.

The City of Milwaukee General Fund advances funds to the Special Assessments Capital Projects fund periodically to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2020, the outstanding balance was \$6,895,000.

The City of Milwaukee Economic Development Fund advanced \$10,988,000 to the Delinquent Tax Fund, \$5,356,000 to the Metro Sewer User Fund and \$14,241,000 to the Transportation Fund to finance cash flows in 2020. These advances are non-interest bearing and will be repaid from the issuance of debt, service revenues, tax-levy and sewer user rate increases.

The City of Milwaukee Water Fund advanced \$272,286 to the Transportation Fund in 2012. This advance is non-interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2020, the outstanding balance was \$28,000.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Interfund transfers for the year ended December 31, 2020 were as follows (*in thousands*):

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt Service.....	\$ 110,214	Funding for Revenue Anticipation Notes
	General Obligation Debt Service.....	211	Funding for operations
	Nonmajor Governmental Funds.....	6,902	Subsidize uncollected property taxes
	Water Works.....	13,500	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	1,358	Payment in Lieu of taxes
	Nonmajor Proprietary Funds.....	18,575	Subsidy for operations
	Nonmajor Proprietary Funds.....	276	Excess earnings of Port
	Subtotal General Fund.....	<u>151,036</u>	
General Obligation Debt Service	General.....	2,109	Funding for debt payments
	Economic Development.....	39,689	Funding for debt payments
	Public Debt Amortization.....	10,500	Funding for debt payments
	Nonmajor Governmental Funds.....	16,350	Funding for debt payments
	Sewer Maintenance.....	1,249	Funding for debt payments
	Nonmajor Proprietary Funds.....	1,063	Funding for debt payments
	Subtotal Debt Service.....	<u>70,960</u>	
Nonmajor Governmental Funds	General Obligation Debt Service.....	2,719	Funding for operations
	Subtotal Nonmajor Governmental Funds	<u>2,719</u>	
Economic Development	Capital Funds.....	7,147	Close surplus revenues
	Subtotal Economic Development.....	<u>7,147</u>	
Capital Projects	General Obligation Debt Service.....	95	Funding for operations
	Subtotal Capital Projects.....	<u>95</u>	
Sewer Maintenance Fund	Capital Funds.....	1,293	Close surplus revenues
	Subtotal Sewer Maintenance.....	<u>1,293</u>	
Nonmajor Proprietary	General Obligation Debt Service.....	741	Funding for debt payments
	Subtotal Nonmajor Proprietary.....	<u>741</u>	
	Total Interfund Transfers.....	<u>\$ 233,991</u>	

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2020 were as follows:

Component Unit Payable	Primary Government's Receivable <i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	\$ 647
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	8,484
Due from NIDC for strong home loan repayments.....	<u>64</u>
Total	<u>\$ 9,195</u>

Component Unit Receivable	Primary Government's Payable <i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	\$ 29
Due to RACM for blight elimination	<u>26</u>
Total	<u>\$ 55</u>

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2020 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

Scheduled minimum lease payments receivable for years ending December 31 are as follows:

Year	Amount
	<i>(Thousands of Dollars)</i>
2021.....	\$ 4,397
2022.....	4,225
2023.....	4,272
2024.....	4,002
2025.....	5,199
2026-2030.....	18,816
2031-2035.....	4,574
2036-2040.....	<u>5,149</u>
Total.....	<u>\$ 50,634</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

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

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

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

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

Claim and Legal Liability Balances

	2020	2019
General liability claims	\$ 28,222,325	\$ 24,903,177
Workers' compensation claims	14,853,535	13,912,000
Unemployment claims	550,000	437,000
Pollution remediation obligation.....	587,904	686,000
Total.....	<u>\$ 44,213,764</u>	<u>\$ 39,938,177</u>

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

Claim and Legal Liability Activity

	2020	2019
Beginning of year liability	\$ 39,938,177	\$ 42,330,000
Current year claims and changes in estimates	10,835,878	10,627,177
Claim payments	(6,560,291)	(13,019,000)
End of year liability	<u>\$ 44,213,764</u>	<u>\$ 39,938,177</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

	2020	2019
Beginning of year liability	\$ 8,578,186	\$ 8,581,937
Current year claims and changes in estimates	95,804,663	104,100,971
Claim payments	(94,987,954)	(104,104,722)
End of year liability	<u>\$ 9,394,895</u>	<u>\$ 8,578,186</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020, the City's estimated liability for pollution remediation-related activities decreased \$98,000. At December 31, 2020, the City has an outstanding liability of \$588,000 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City spent \$36,566 in post-closure care of solid waste landfills during 2020. 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, 2020.

Commitments

The following is a list of encumbrances by function at December 31, 2020:

	General Fund	Capital Projects	Water Works	Total
	<i>(Thousands of Dollars)</i>			
General government.....	\$ 401	\$ -	\$ -	\$ 401
Conservation and development.....	645	14,341	-	14,986
Health.....	2	-	-	2
Culture and Recreation.....	83	1,597	-	1,680
Public safety.....	454	3,691	-	4,145
Public works.....	3,195	-	-	3,195
Infrastructure.....	-	39,546	6,565	46,111
Total.....	<u>\$ 4,780</u>	<u>\$ 59,175</u>	<u>\$ 6,565</u>	<u>\$ 70,520</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, 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 2020 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, 2020.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Tax Abatement Activity		2020 Taxes	2020
	2019	Additions	Refunded	Remaining
	Remaining			
Program 1, Developer-Financed		<i>(Thousands of Dollars)</i>		
TID 52.....	\$ 776	\$ 36	\$ (504)	\$ 308
TID 57.....	1,909	89	(449)	1,549
TID 64.....	11,985	255	(255)	11,985
TID 78.....	46,341	2,178	(4,901)	43,618
TID 80.....	2,301	95	(271)	2,125
TID 83.....	4,458	26	(158)	4,326
TID 84.....	8,000	1,000	-	9,000
TID 86.....	1,500	32	(64)	1,468
TID 87.....	1,158	14	(76)	1,096
TID 90.....	635	4	(46)	593
TID 93.....	575	17	(44)	548
TID 94.....	3,800	-	-	3,800
TID 95.....	500	-	-	500
TID 96.....	25,000	-	-	25,000
TID 97.....	9,000	-	-	9,000
TID 99.....	2,450	-	-	2,450
TID 102.....	15,000	-	-	15,000
TID 103.....	1,050	-	-	1,050
TID 104.....	-	460	-	460
TID 105.....	-	3,150	-	3,150
Total Program 1.....	\$ 136,438	\$ 7,356	\$ (6,768)	\$ 137,026
Program 2, Grant				
TID 63.....	1,425	-	(74)	1,351
TID 77.....	101	-	(101)	-
Total Program 2.....	\$ 1,526	\$ -	\$ (175)	\$ 1,351
Total tax abatements.....	<u>\$ 137,964</u>	<u>\$ 7,356</u>	<u>\$ (6,943)</u>	<u>\$ 138,377</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

15. SUBSEQUENT EVENTS

On January 13, 2021 and February 10, 2021, the City received \$1,488,044 and \$3,707,329 respectively, on the Series 2020 W2 from the Safe Drinking Water Loan (SDWL) program for water capital purposes. The Series 2020 W2 matures in each of the years 2021-2040.

On February 24, 2021, the City received \$2,477,531 on the Series 2021 S1 from the Clean Water Fund (CWF) program for sewer refunding purposes. \$750,000 was immediately forgiven by the State. The Series 2021 S1 matures in each of the years 2021-2040. On February 25, 2021, \$2,500,000 of the proceeds and cash on hand was used to pay down on the Series 2019 N9 Revolving Loan Agreement With US Bank National Association (2019 N9 RLA).

On March 11, 2021, the federal government passed the American Rescue Plan Act to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City's estimated award is \$394 million, which will be used to combat the negative effects of the public health emergency in the local economy. The City received 50% or \$197 million of the funds on May 19, 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

On May 6, 2021, the City drew \$4,000,000 on the Series 2019 T10 Revolving Loan Agreement with US Bank National Association (2019 T10 RLA) for water purposes.

On May 14, 2021, the City issued \$56,435,000 of Sewerage System Revenue Bonds, Series 2021 S2, for sewer capital purposes and refunding purposes. The Series 2021 S2 mature in each of the years 2023 through 2046. On May 14, 2021, \$4,500,000 and \$29,425,000 of the proceeds was used to pay down on the Series 2020 N13 Revolving Loan Agreement with US Bank National Association (2020 N13 RLA) and pay off the 2019 N9 RLA respectively. On June 1, 2021, \$21,300,000 of proceeds and cash on hand were used to pay off the Series 2011 S2 Sewerage System Revenue Bonds.

On May 17, 2021, the City issued \$106,645,000 of general obligation promissory notes, Series 2021 N3, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2022 through 2031.

On May 17, 2021, the City issued \$26,250,000 of general obligation corporate purpose bonds, Series 2021 B4 for capital project and refunding purposes. The bonds mature in each of the years 2032 through 2041.

On May 17, 2021, the City issued \$21,625,000 of taxable general obligation promissory notes, Series 2021 T5, for capital project and refunding purposes. The notes mature in each of the years 2022 through 2031.

On May 17, 2021, the City issued \$13,670,000 taxable corporate purpose bonds, Series 2021 T6 for capital project and refunding purposes. The bonds mature in each of the years 2032 through 2041.

On May 17, 2021, the City paid off \$40,500,000 of the 2020 N13 RLA and paid down \$17,500,000 on the 2019 T10 RLA.

On May 26, 2021, June 9, 2021, and July 14, 2021 the City received \$5,984,131, \$13,093,176, and \$445,382 respectively, on the Series 2021 W7 from the SDWL program for water capital and refunding purposes. The Series 2021 W7 matures in each of the years 2022-2041. On May 26, 2021, \$4,000,000 of the proceeds was used to pay off on the 2019 T10 RLA.

On June 7, 2021, with proceeds of the Series 2021 N3 and Series 2021 T5 General Obligation Promissory Notes and cash on hand, the City paid off the \$28,890,000 Series 2011 B4 and \$18,315,000 Series 2011 T5 General Obligation Corporate Purpose Bonds.

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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, 2020
 (Thousands of Dollars)

Exhibit E-1

	Budgeted Amounts		Actual -	Variance
	Original	Final	Amounts	Positive
	Budget	Budget	Budgetary	(Negative)
			Basis	
Revenues:				
Property taxes	\$ 216,973	\$ 216,973	\$ 216,940	\$ (33)
Other taxes	3,141	3,141	3,508	367
Licenses and permits	17,166	17,166	13,977	(3,189)
Intergovernmental	273,505	273,505	273,422	(83)
Charges for services	128,286	128,286	119,608	(8,678)
Fines and forfeits	3,276	3,276	2,008	(1,268)
Other	19,927	19,927	9,975	(9,952)
Total Revenues	662,274	662,274	639,438	(22,836)
Expenditures:				
Current:				
General government	276,574	255,236	244,495	10,741
Public safety	313,090	314,424	304,221	10,203
Public works	98,615	99,059	96,564	2,495
Health	11,790	11,301	8,561	2,740
Culture and recreation	18,362	18,148	13,965	4,183
Conservation and development	4,114	4,380	4,108	272
Total Expenditures	722,545	702,548	671,914	30,634
Deficiency of Revenues over Expenditures	(60,271)	(40,274)	(32,476)	7,798
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	5,945	19,234	13,289
Transfers in	17,010	17,010	151,036	134,026
Transfers out	(1,200)	(1,200)	(2,109)	(909)
Contributions received	25,504	25,504	19,134	(6,370)
Contributions used	(25,019)	(23,965)	(18,916)	5,049
Use of fund balance - reserved for tax stabilization ...	10,000	10,000	10,000	-
Total Other Financing Sources and Uses	26,295	33,294	178,379	145,085
Net Change in Fund Balance	(33,976)	(6,980)	145,903	152,883
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	42,489	42,489	42,489	-
Fund Balance - Ending	\$ 8,513	\$ 35,509	\$ 188,392	\$ 152,883

Explanation of Differences of Budget to GAAP:

For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is \$10 million at January 1, 2020.

Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit E-2

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 48,394	\$ 48,394	\$ -
Other	<u>11,484</u>	<u>10,346</u>	<u>(1,138)</u>
Total Revenues	<u>59,878</u>	<u>58,740</u>	<u>(1,138)</u>
Expenditures:			
Current:			
Conservation and development	<u>11,484</u>	<u>10,335</u>	<u>\$ 1,149</u>
Excess of Revenues over Expenditures	48,394	48,405	11
Other Financing Sources (Uses):			
General obligation bonds and notes issued	416	416	-
Transfers in	7,147	7,147	-
Transfers out	<u>(39,689)</u>	<u>(39,689)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(32,126)</u>	<u>(32,126)</u>	<u>-</u>
Net Change in Fund Balance	16,268	16,279	11
Fund Balance - Beginning	<u>88,430</u>	<u>88,430</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 104,698</u>	<u>\$ 104,709</u>	<u>\$ 11</u>

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

TOTAL OPEB LIABILITY

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

SCHEDULE OF OPEB CONTRIBUTIONS

FY ending <u>December 31</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>Excess</u>	Covered <u>Payroll</u>	Actual Contribution as a % of Covered <u>Payroll</u>	Total OPEB Liability as a % of Covered <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%

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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-employee payroll.....	\$ 444,719	\$ 445,615	\$ 483,819	\$ 483,261	\$ 491,477
Plan fiduciary net position as a percentage of the total pension liability (asset).....	97.76%	91.95%	91.98%	93.70%	78.70%

12/31/20

The City's proportion of the net pension liability (asset).....	85.63%
The City's proportionate share of the net pension liability (asset).....	850,751
The City's covered-employee payroll.....	498,051
Plan fiduciary net position as a percentage of the total pension liability (asset).....	84.83%

SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS

Employees' Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Legally required contributions.....	\$ 65,474	\$ 66,333	\$ 66,401	\$ 74,811	\$ 74,884
Contributions in relation to the required contributions.....	\$ 61,130	\$ 59,985	\$ 61,390	\$ 65,410	\$ 69,940
Contribution deficiency (excess).....	\$ 4	\$ 6,348	\$ 5,011	\$ 9,401	\$ 4,944
City's pensionable - covered payroll.....	\$ 375,751	\$ 380,976	\$ 383,845	\$ 422,717	\$ 483,261
Contributions as a percentage of covered payroll.....	16.27%	15.75%	15.99%	15.47%	14.47%

2019

2020

Legally required contributions.....	\$ 76,657	\$ 77,295
Contributions in relation to the required contributions.....	\$ 71,160	\$ 82,533
Contribution deficiency (excess).....	\$ 5,507	\$ (5,238)
City's pensionable - covered payroll.....	\$ 491,477	\$ 498,051
Contributions as a percentage of covered payroll.....	14.48%	16.57%

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, 2020

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2019
Measurement date	December 31, 2020
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	2.0%
Wage inflation	2.5% for general employees and 4.0% for public safety employees.
Salary increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45. For public safety employees, salary increases start at 13.4% at age 20 and decrease steadily to 4.0% at age 55.
Health care inflation rate	Pre-Medicare trend rates are 8.0% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2027. Post-Medicare trend rates are 9.50% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2030. Actual trend rates of 3.02% for pre-Medicare and 6.63% for post-Medicare were used in 2019.
Retirement Age	Based upon rates from the December 31, 2018 actuarial Valuation report.
Mortality	Assumed life expectancies were based on the Wisconsin 2018 Mortality Table

Changes of assumptions: The discount rate changed from 2.75% to 2.0%.

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, 2019
Measurement date	December 31, 2019
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Level percent of payroll, closed
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value.
Investment rate of return	7.50% per annum, compounded annually.
Projected salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation assumption	2.50%

Changes of assumptions: The discount rate 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.

See Ch.36 of the City Ordinances - City requirement is to contribute 100% of pension liability.

CITY OF MILWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Budgets and Budgetary Accounting

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

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

See accompanying independent auditors' report.

**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, 2020
 (Thousands of Dollars)

Exhibit F-1

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 1,354	\$ -	\$ 1,354
Receivables (net):			
Taxes	-	28,791	28,791
Accounts	18	-	18
Notes and loans	4,877	-	4,877
Due from component units	9	-	9
Due from other governmental agencies	12,394	-	12,394
Total Assets	\$ 18,652	\$ 28,791	\$ 47,443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,959	\$ -	\$ 2,959
Accrued expenses	202	-	202
Advance from other funds	-	10,988	10,988
Due to other funds	8,777	28,791	37,568
Due to other governmental agencies	1,354	-	1,354
Unearned revenue.....	483	-	483
Total Liabilities	13,775	39,779	53,554
Deferred Inflows of Resources:			
Unavailable revenue	11,316	8,033	19,349
Fund Balances (Deficit):			
Restricted.....	4,877	-	4,877
Unassigned (Deficit).....	(11,316)	(19,021)	(30,337)
Total Fund Balances (Deficit).....	(6,439)	(19,021)	(25,460)
Total Liabilities, Deferred Inflows and Fund Balances ..	\$ 18,652	\$ 28,791	\$ 47,443
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, 2020
(Thousands of Dollars)

Exhibit F-2

	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 3,911	\$ -	\$ 3,911
Other	<u>-</u>	<u>5,558</u>	<u>5,558</u>
Total Revenues	<u>3,911</u>	<u>5,558</u>	<u>9,469</u>
Expenditures:			
Current:			
General government	1,955	1,143	3,098
Public safety	4,775	-	4,775
Culture and recreation	1,429	-	1,429
Conservation and development	<u>7,035</u>	<u>-</u>	<u>7,035</u>
Total Expenditures	<u>15,194</u>	<u>1,143</u>	<u>16,337</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,283)</u>	<u>4,415</u>	<u>(6,868)</u>
Other Financing Sources (Uses):			
General obligation bonds and notes issued .	-	22,281	22,281
Loans receivable activities.....	(137)	-	(137)
Transfers in	-	2,719	2,719
Transfers out	<u>-</u>	<u>(23,252)</u>	<u>(23,252)</u>
Total Other Financing Sources (Uses)	<u>(137)</u>	<u>1,748</u>	<u>1,611</u>
Net Change in Fund Balances.....	(11,420)	6,163	(5,257)
Fund Balances - Beginning (Deficit).....	<u>4,981</u>	<u>(25,184)</u>	<u>(20,203)</u>
Fund Balances - Ending (Deficit).....	<u>\$ (6,439)</u>	<u>\$ (19,021)</u>	<u>\$ (25,460)</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, 2020
(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	\$ 1,340	\$ 80	\$ -	\$ 1,420
Receivables (net):				
Accounts	198	2,751	11,178	14,127
Unbilled accounts	-	-	3,680	3,680
Due from other funds	-	-	743	743
Due from other governmental agencies	3,284	78	-	3,362
Total Current Assets	<u>4,822</u>	<u>2,909</u>	<u>15,601</u>	<u>23,332</u>
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	9,007	8,454	-	17,461
Construction in progress	14,684	-	-	14,684
Capital assets being depreciated:				
Buildings	87,769	14,840	-	102,609
Infrastructures	-	21,476	-	21,476
Improvements other than buildings	5,194	6,225	-	11,419
Machinery and equipment	8,034	8,887	-	16,921
Accumulated depreciation	<u>(58,825)</u>	<u>(29,764)</u>	<u>-</u>	<u>(88,589)</u>
Total Noncurrent Assets	<u>65,863</u>	<u>30,118</u>	<u>-</u>	<u>95,981</u>
Total Assets.....	<u>70,685</u>	<u>33,027</u>	<u>15,601</u>	<u>119,313</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	2,203	491	-	2,694
Deferred outflows for other post employment benefits	<u>3,002</u>	<u>623</u>	<u>-</u>	<u>3,625</u>
Total Deferred Outflows of Resources.....	<u>5,205</u>	<u>1,114</u>	<u>-</u>	<u>6,319</u>

Exhibit G-1

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, 2020
 (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	\$ -	\$ -	\$ 52,860	\$ 52,860
Rent	4,722	7,601	-	12,323
Parking meters	2,685	-	-	2,685
Parking permits	3,100	-	-	3,100
Vehicle towing	3,305	-	-	3,305
Parking forfeitures	8,834	-	-	8,834
Other	-	-	614	614
Total Operating Revenues	<u>22,646</u>	<u>7,601</u>	<u>53,474</u>	<u>83,721</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	47,599	47,599
Employee services	10,043	1,440	108	11,591
Depreciation	2,278	1,190	-	3,468
Services, supplies and materials	15,875	1,586	6,259	23,720
Total Operating Expenses	<u>28,196</u>	<u>4,216</u>	<u>53,966</u>	<u>86,378</u>
Operating Income (Loss)	<u>(5,550)</u>	<u>3,385</u>	<u>(492)</u>	<u>(2,657)</u>
Nonoperating Revenues (Expenses):				
Grant revenue	2,150	1,227	-	3,377
Interest expense	(576)	(221)	-	(797)
Other	1,500	(463)	-	1,037
Total Nonoperating Revenues (Expenses)	<u>3,074</u>	<u>543</u>	<u>-</u>	<u>3,617</u>
Income (Loss) before Transfers	<u>(2,476)</u>	<u>3,928</u>	<u>(492)</u>	<u>960</u>
Transfers in	-	741	-	741
Transfers out	<u>(18,531)</u>	<u>(2,741)</u>	<u>-</u>	<u>(21,272)</u>
Change in Net Position	<u>(21,007)</u>	<u>1,928</u>	<u>(492)</u>	<u>(19,571)</u>
Total Net Position (Deficit) - Beginning.....	<u>38,982</u>	<u>17,149</u>	<u>(4,864)</u>	<u>51,267</u>
Total Net Position (Deficit) - Ending	<u>\$ 17,975</u>	<u>\$ 19,077</u>	<u>\$ (5,356)</u>	<u>\$ 31,696</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	\$ 22,855	\$ 6,510	\$ 53,554	\$ 82,919
Payments to suppliers	(15,504)	(1,872)	(53,367)	(70,743)
Payments to employees	(7,139)	(1,918)	(1)	(9,058)
Payments from(to) other funds	<u>12,512</u>	<u>(780)</u>	<u>(186)</u>	<u>11,546</u>
Net Cash Provided by Operating Activities	<u>12,724</u>	<u>1,940</u>	<u>-</u>	<u>14,664</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating revenues (expenses)	2,084	1,228	-	3,312
Transfers from other funds	-	741	-	741
Transfers to other funds	<u>(18,531)</u>	<u>(2,741)</u>	<u>-</u>	<u>(21,272)</u>
Net Cash Used for Noncapital Financing Activities	<u>(16,447)</u>	<u>(772)</u>	<u>-</u>	<u>(17,219)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	5,994	1,045	-	7,039
Acquisition of property, plant and equipment	(567)	(1,447)	-	(2,014)
Retirement of bonds, notes and revenue bonds	(3,855)	(713)	-	(4,568)
Interest paid	(537)	(221)	-	(758)
Other	<u>950</u>	<u>168</u>	<u>-</u>	<u>1,118</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>1,985</u>	<u>(1,168)</u>	<u>-</u>	<u>817</u>
Net Decrease in Cash and Cash Equivalents	(1,738)	-	-	(1,738)
Cash and Cash Equivalents - Beginning	<u>3,078</u>	<u>80</u>	<u>-</u>	<u>3,158</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,340</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 1,420</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (5,550)	\$ 3,385	\$ (492)	\$ (2,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,278	1,190	-	3,468
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:				
Receivables	209	(1,091)	80	(802)
Due from other funds	(1,731)	(567)	(297)	(2,595)
Accounts payable	371	(229)	599	741
Accrued liabilities	151	20	(1)	170
Compensated absences	102	-	-	102
Net other postemployment benefits obligation	2,867	(395)	-	2,472
Net pension liability.....	(1,169)	(398)	-	(1,567)
Due to other funds	14,243	(213)	111	14,141
Deferred pension inflows	476	189	-	665
Deferred pension outflows	477	439	-	916
Deferred OPEB inflows	-	(197)	-	(197)
Deferred OPEB outflows	<u>-</u>	<u>(193)</u>	<u>-</u>	<u>(193)</u>
Net Cash Provided by Operating Activities	<u>\$ 12,724</u>	<u>\$ 1,940</u>	<u>\$ -</u>	<u>\$ 14,664</u>

See accompanying independent auditors' report.

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Custodial Funds

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

Exhibit H-1

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Exhibit H-2

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-1

	Real Estate	Personal Property	Total
Year Levied			
2008.....	\$ 329	\$ -	\$ 329
2009	510	-	510
2010	517	-	517
2011	581	-	581
2012	794	-	794
2013	1,181	-	1,181
2014	1,782	172	1,954
2015	2,456	193	2,649
2016	3,025	228	3,253
2017	3,956	230	4,186
2018	7,167	265	7,432
2019	<u>18,553</u>	<u>343</u>	<u>18,896</u>
Delinquent Taxes Receivable	<u>\$ 40,851</u>	<u>\$ 1,431</u>	42,282
Add: Property taxes receivable on foreclosed property (A)			<u>45,490</u>
Total Delinquent Taxes Receivable			87,772
Less: Estimated uncollectible taxes			<u>(40,522)</u>
Net Delinquent Taxes Receivable			<u>\$ 47,250</u>

(A) Property taxes receivable on foreclosed property is valued at the cost of delinquent taxes and assessments on acquired property.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT
 DECEMBER 31, 2020
 (Thousands of Dollars)

Exhibit I-2

Cash and Cash Equivalents:

Cash	\$ 24,856	
Local Government Pooled - Investment Fund ...	548,755	
Institutional Money Market Fund	24,843	
Cash with Fiscal Agent	<u>39,148</u>	
Total Cash and Cash Equivalents		\$ 637,602

Investments:

Municipal Bonds.....	29,917	
Certificates of Deposit	-	
Investment Portfolio	37,617	
Other	<u>1,452</u>	
Total Investments		<u>68,986</u>

Total Cash and Cash Equivalents and Investments		<u>\$ 706,588</u>
---	--	-------------------

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	\$ 147,065	\$ -	\$ -	\$ 147,065
General Obligation Debt Service	66,477	-	29,570	96,047
Public Debt Amortization	3,891	31,368	-	35,259
Economic Development	95,902	-	-	95,902
Capital Projects	41,273	-	-	41,273
Grant and Aid Projects	13,468	-	-	13,468
Nonmajor Governmental Funds	1,354	-	-	1,354
Water Works	42,624	-	2,853	45,477
Sewer Maintenance	1,099	-	21,472	22,571
Nonmajor Proprietary Funds	1,420	-	-	1,420
Fiduciary Funds	<u>206,752</u>	<u>-</u>	<u>-</u>	<u>206,752</u>
Total Cash and Cash Equivalents and Investments - Fund	<u>\$ 621,325</u>	<u>\$ 31,368</u>	<u>\$ 53,895</u>	<u>\$ 706,588</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 5,250	\$ 2,153	\$11,373	\$ 3,057	\$ 1,892	\$ 776
2022	13,933	1,917	9,900	2,540	3,292	686
2023	4,780	1,598	8,750	2,078	1,665	588
2024	4,779	1,374	8,645	1,643	1,665	509
2025	5,000	1,149	6,108	1,275	1,798	428
2026	4,265	936	6,108	969	1,798	347
2027	3,989	750	6,108	664	1,496	276
2028	3,709	588	3,997	411	1,410	218
2029	3,137	445	3,997	211	1,397	161
2030	2,547	323	2,228	56	966	114
2031	1,970	225	-	-	746	79
2032	1,645	149	-	-	570	52
2033	1,536	86	-	-	444	32
2034	875	39	-	-	387	17
2035	602	12	-	-	251	5
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
Totals	<u>58,017</u>	<u>11,744</u>	<u>67,214</u>	<u>12,904</u>	<u>19,777</u>	<u>4,288</u>
Total Requirements	<u>\$69,761</u>		<u>\$80,118</u>		<u>\$24,065</u>	

See accompanying independent auditors' report.

						Local Improvement Projects/ Special Assessments	
Harbor		Library					
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 581	\$ 210	\$ 2,841	\$ 1,130	\$ 597	\$ 106		
548	187	2,944	1,014	597	84		
542	165	2,770	894	597	60		
539	143	2,702	772	597	36		
543	121	2,648	650	596	12		
508	100	2,503	532	-	-		
470	80	2,086	435	-	-		
405	64	2,039	356	-	-		
385	50	1,975	278	-	-		
283	37	1,910	201	-	-		
268	26	1,541	132	-	-		
215	16	901	84	-	-		
167	9	828	48	-	-		
113	4	457	24	-	-		
58	1	372	7	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
<u>5,625</u>	<u>1,213</u>	<u>28,517</u>	<u>6,557</u>	<u>2,984</u>	<u>298</u>		
<u>\$6,838</u>		<u>\$35,074</u>		<u>\$3,282</u>			

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Playgrounds/ Recreational Facilities		Police	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,440	\$ 5,463	\$ 421	\$ 129	\$ 4,358	\$ 1,905
2022	19,939	6,216	421	110	8,481	1,704
2023	63,564	4,323	421	92	4,127	1,465
2024	2,439	2,677	384	74	4,126	1,271
2025	2,439	2,559	360	59	4,116	1,079
2026	2,439	2,442	313	44	3,829	892
2027	1,991	2,334	212	34	3,494	725
2028	1,774	2,239	152	28	3,241	581
2029	1,225	2,164	152	23	2,988	451
2030	120,025	1,067	152	16	2,775	330
2031	-	-	151	12	2,364	225
2032	-	-	93	7	1,963	141
2033	-	-	84	4	1,398	81
2034	-	-	75	2	1,100	37
2035	-	-	31	-	460	9
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040						
2041	-	-	-	-	-	-
Totals	218,275	31,484	3,422	634	48,820	10,896
Total Requirements	<u>\$249,759</u>		<u>\$4,056</u>		<u>\$59,716</u>	

See accompanying independent auditors' report.

Public Buildings		Schools		Sewer Maintenance	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 19,683	\$ 5,589	\$ 1,123	\$ 2,313	\$ 750	\$ 635
23,633	4,783	1,208	2,259	37,175	632
14,420	4,006	1,243	2,205	750	94
12,968	3,366	1,057	2,155	749	56
11,076	2,810	12,830	2,116	749	19
10,848	2,309	-	1,958	-	-
10,674	1,834	37,300	980	-	-
9,295	1,412	-	-	-	-
8,428	1,039	-	-	-	-
7,298	708	-	-	-	-
4,840	453	-	-	-	-
3,252	292	-	-	-	-
3,102	171	-	-	-	-
2,102	77	-	-	-	-
1,026	22	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
142,645	28,871	54,761	13,986	40,173	1,436
<u>\$171,516</u>		<u>\$68,747</u>		<u>\$41,609</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Streets		Tax Incremental Districts		Transportation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 25,924	\$ 10,628	\$ 20,320	\$ 6,499	\$ 1,497	\$ 570
2022	39,747	9,431	18,625	5,648	2,835	500
2023	24,945	8,102	17,439	4,857	1,388	419
2024	24,848	6,928	16,992	4,116	1,312	356
2025	23,920	5,792	14,988	3,437	1,195	297
2026	22,852	4,703	15,245	2,801	1,031	246
2027	20,242	3,738	15,296	2,174	902	202
2028	17,045	2,959	14,581	1,569	804	165
2029	15,768	2,285	8,385	1,135	723	132
2030	13,493	1,669	7,195	870	616	102
2031	11,814	1,142	6,548	637	541	75
2032	8,962	727	6,773	411	475	53
2033	7,855	403	5,107	217	459	34
2034	4,352	178	1,367	116	366	18
2035	2,480	50	557	83	276	6
2036	-	-	445	67	-	-
2037	-	-	435	52	-	-
2038	-	-	445	36	-	-
2039	-	-	465	20	-	-
2040	-	-	360	6	-	-
2041	-	-	-	-	-	-
Totals	<u>264,247</u>	<u>58,735</u>	<u>171,568</u>	<u>34,751</u>	<u>14,420</u>	<u>3,175</u>
Total Requirements	<u>\$322,982</u>		<u>\$206,319</u>		<u>\$17,595</u>	

See accompanying independent auditors' report.

Urban Renewal		Water		Total Requirements	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 6,005	\$ 1,352	\$ 775	\$ 214	\$ 105,830	\$ 42,729
5,997	1,154	775	174	190,050	39,039
5,049	974	775	136	153,225	32,056
5,022	804	775	97	89,599	26,377
4,934	636	775	58	94,075	22,497
3,081	497	775	19	75,595	18,795
1,855	408	-	-	106,115	14,634
1,843	344	-	-	60,295	10,934
1,790	282	-	-	50,350	8,656
1,727	218	-	-	161,215	5,711
1,692	153	-	-	32,475	3,159
1,691	92	-	-	26,540	2,024
1,060	47	-	-	22,040	1,132
686	19	-	-	11,880	531
257	4	-	-	6,370	199
-	-	-	-	445	67
-	-	-	-	435	52
-	-	-	-	445	36
-	-	-	-	465	20
-	-	-	-	360	6
-	-	-	-	-	-
42,689	6,984	4,650	698	1,187,804	228,654
<u>\$49,673</u>		<u>\$5,348</u>		<u>\$1,416,458</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
2021	\$ 450	\$ 323	\$ 3,436	\$ 1,197	\$ 3,886	\$ 1,520
2022	455	311	3,498	1,153	3,953	1,464
2023	460	293	3,561	1,089	4,021	1,382
2024	465	270	3,625	1,024	4,090	1,294
2025	475	246	3,691	958	4,166	1,204
2026	480	222	3,758	891	4,238	1,113
2027	490	203	3,826	822	4,316	1,025
2028	500	187	3,895	752	4,395	939
2029	510	168	3,965	681	4,475	849
2030	520	148	4,037	609	4,557	757
2031	535	127	4,110	535	4,645	662
2032	550	105	4,184	460	4,734	565
2033	565	83	4,260	383	4,825	466
2034	580	60	3,957	309	4,537	369
2035	595	36	3,516	242	4,111	278
2036	610	12	3,578	179	4,188	191
2037	-	-	2,743	122	2,743	122
2038	-	-	2,435	74	2,435	74
2039	-	-	1,780	35	1,780	35
2040	-	-	1,028	9	1,028	9
	<u>\$ 8,240</u>	<u>\$ 2,794</u>	<u>\$ 68,883</u>	<u>\$ 11,524</u>	<u>\$ 77,123</u>	<u>\$ 14,318</u>
<p><i>Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2020 consisted of gross revenues plus interest income in the amount of \$98,587, less operating expenses (excluding depreciation and the payment in lieu of taxes) of \$59,386. As a result, the net revenue available for debt service was \$39,201. Debt service requirements consists of \$5,406 for 2021. At the end of the year, bond coverage computes to 7.25.</i></p> <p><i>See accompanying independent auditors' report.</i></p>						

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
2021	\$ 9,075	\$ 5,246	\$ 9,818	\$ 2,915	\$ 18,893	\$ 8,161
2022	9,115	4,791	10,039	2,694	19,154	7,485
2023	9,560	4,324	10,265	2,465	19,825	6,789
2024	7,450	3,898	10,496	2,231	17,946	6,129
2025	7,825	3,525	10,733	1,992	18,558	5,517
2026	8,220	3,139	10,975	1,747	19,195	4,886
2027	8,615	2,760	11,223	1,496	19,838	4,256
2028	9,000	2,397	10,553	1,251	19,553	3,648
2029	9,400	2,017	8,503	1,039	17,903	3,056
2030	9,805	1,633	7,577	865	17,382	2,498
2031	10,200	1,260	6,333	719	16,533	1,979
2032	7,860	941	6,466	585	14,326	1,526
2033	8,145	677	6,601	449	14,746	1,126
2034	5,845	454	5,200	329	11,045	783
2035	6,020	277	5,300	228	11,320	505
2036	6,205	93	4,124	138	10,329	231
2037	-	-	2,971	73	2,971	73
2038	-	-	1,768	31	1,768	31
2039	-	-	894	7	894	7
	<u>\$ 132,340</u>	<u>\$ 37,432</u>	<u>\$ 139,839</u>	<u>\$ 21,254</u>	<u>\$ 272,179</u>	<u>\$ 58,686</u>

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of \$68,937 less operating expenses (excluding depreciation) of \$13,023. As a result, the net revenue available for debt service was \$55,914. Debt service requirements consisted of \$27,054 for 2021. At the end of the year, bond coverage computes to 2.07.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2020
 (Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$ 5,562	\$ 811	\$ 962	\$ 186	\$ 1,894
Receivables (net):					
Taxes	-	69	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	340	-	-	526	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$5,902</u>	<u>\$ 880</u>	<u>\$ 962</u>	<u>\$ 712</u>	<u>\$ 1,894</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 626	\$ -	\$ 987	\$ 234	\$ 20
Accrued expenses	20	2	-	6	18
Due to other funds	-	-	-	-	-
Due to component units	-	-	-	-	-
Due to other governmental agencies	120	-	-	-	-
Unearned revenue.....	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>766</u>	<u>2</u>	<u>987</u>	<u>240</u>	<u>38</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>169</u>	<u>114</u>	<u>-</u>	<u>526</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed.....	4,967	764	-	-	1,856
Unassigned.....	-	-	(25)	(54)	-
Total Fund Balances	<u>4,967</u>	<u>764</u>	<u>(25)</u>	<u>(54)</u>	<u>1,856</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$5,902</u>	<u>\$ 880</u>	<u>\$ 962</u>	<u>\$ 712</u>	<u>\$ 1,894</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ -	\$ 7,749	\$ 11,678	\$ 9,279	\$ 3,152	\$ -	\$ 41,273
-	217	91	-	4,477	-	4,854
-	-	-	451	-	-	451
-	-	-	-	-	8,810	8,810
-	-	14	-	-	-	14
-	-	-	9,480	-	-	10,346
-	-	-	102	266	-	368
<u>\$ -</u>	<u>\$ 7,966</u>	<u>\$ 11,783</u>	<u>\$ 19,312</u>	<u>\$ 7,895</u>	<u>\$ 8,810</u>	<u>\$ 66,116</u>
\$ 539	\$ 2,890	\$ 688	\$ 7,178	\$ 3,264	\$ 219	\$ 16,645
-	17	16	203	10	-	292
726	-	-	-	-	-	726
-	-	26	-	-	-	26
-	-	-	162	-	-	282
-	-	14	71	-	-	85
-	-	-	-	-	6,895	6,895
<u>1,265</u>	<u>2,907</u>	<u>744</u>	<u>7,614</u>	<u>3,274</u>	<u>7,114</u>	<u>24,951</u>
<u>-</u>	<u>356</u>	<u>150</u>	<u>7,378</u>	<u>7,343</u>	<u>8,216</u>	<u>24,252</u>
-	-	-	102	266	-	368
-	-	-	-	6,996	-	6,996
-	4,703	10,889	4,218	-	-	27,397
(1,265)	-	-	-	(9,984)	(6,520)	(17,848)
<u>(1,265)</u>	<u>4,703</u>	<u>10,889</u>	<u>4,320</u>	<u>(2,722)</u>	<u>(6,520)</u>	<u>16,913</u>
<u>\$ -</u>	<u>\$ 7,966</u>	<u>\$ 11,783</u>	<u>\$ 19,312</u>	<u>\$ 7,895</u>	<u>\$ 8,810</u>	<u>\$ 66,116</u>

CITY OF MILWAUKEE
**SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
 CAPITAL PROJECTS BY PURPOSE**
 FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ -	\$ 116	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	187	-	-	-	-
Other	-	-	-	125	2,835
Total Revenues	187	116	-	125	2,835
Expenditures:					
Capital outlay	11,819	114	3,439	1,777	2,854
Excess (deficiency) of Revenues over Expenditures	(11,632)	2	(3,439)	(1,652)	(19)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	18,496	-	4,445	2,417	455
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	18,496	-	4,445	2,417	455
Net Change in Fund Balance	6,864	2	1,006	765	436
Fund Balance (Deficit) - Beginning	(1,897)	762	(1,031)	(819)	1,420
Fund Balance (Deficit) - Ending	\$ 4,967	\$ 764	\$ (25)	\$ (54)	\$ 1,856
See accompanying independent auditors' report.					

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ -	\$ 300	\$ -	\$ 150	\$ -	\$ 6,997	\$ -	\$ 7,563
-	-	-	-	-	244	-	244
-	-	-	-	-	-	1,593	1,593
-	-	-	46	6,042	1,139	-	7,414
-	366	-	319	2,705	2,660	-	9,010
-	666	-	515	8,747	11,040	1,593	25,824
5,647	20,926	-	4,709	46,286	16,353	2,204	116,128
(5,647)	(20,260)	-	(4,194)	(37,539)	(5,313)	(611)	(90,304)
8,233	20,688	-	4,255	49,110	5,270	-	113,369
-	-	-	-	9	86	-	95
-	-	(1,293)	-	-	(7,147)	-	(8,440)
8,233	20,688	(1,293)	4,255	49,119	(1,791)	-	105,024
2,586	428	(1,293)	61	11,580	(7,104)	(611)	14,720
(3,851)	4,275	1,293	10,828	(7,260)	4,382	(5,909)	2,193
\$ (1,265)	\$ 4,703	\$ -	\$ 10,889	\$ 4,320	\$ (2,722)	\$ (6,520)	\$ 16,913

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 120,263	\$ 120,230	\$ (33)
Provision for Employees' Retirement	96,710	96,710	-
Total Property Taxes	<u>216,973</u>	<u>216,940</u>	<u>(33)</u>
Other Taxes:			
Payment in lieu of taxes	1,170	1,487	317
Interest on city tax certificates and other taxes	1,971	2,021	50
Total Other Taxes	<u>3,141</u>	<u>3,508</u>	<u>367</u>
Licenses and Permits:			
Licenses:			
Business and occupational	5,583	1,334	(4,249)
Other	92	86	(6)
Permits:			
Building	10,315	11,567	1,252
Zoning	280	233	(47)
Other	896	757	(139)
Total Licenses and Permits	<u>17,166</u>	<u>13,977</u>	<u>(3,189)</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	230,496	230,585	89
Local street aids	31,330	31,368	38
Payment for municipal services	2,450	4,056	1,606
Other	9,229	7,413	(1,816)
Total Intergovernmental	<u>273,505</u>	<u>273,422</u>	<u>(83)</u>
Charges for Services:			
General government	9,041	8,152	(889)
Public safety	24,837	19,136	(5,701)
Public works	92,040	89,993	(2,047)
Health	1,253	1,370	117
Culture and recreation	1,007	850	(157)
Conservation and development	108	107	(1)
Total Charges for Services	<u>128,286</u>	<u>119,608</u>	<u>(8,678)</u>
Fines and Forfeits:			
Court and contract forfeitures	3,276	2,005	(1,271)
Other	-	3	3
Total Fines and Forfeits	<u>3,276</u>	<u>2,008</u>	<u>(1,268)</u>
Other:			
Interest on temporary investments	2,675	1,840	(835)
Miscellaneous	17,252	8,135	(9,117)
Total Other	<u>19,927</u>	<u>9,975</u>	<u>(9,952)</u>
Total	<u>\$ 662,274</u>	<u>\$ 639,438</u>	<u>\$(22,836)</u>
See accompanying independent auditors' report.			

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousands of Dollars)

Exhibit I-9

		2020 Actual				
	Final Budget	Salaries and Wages	Other Operating Costs	Equipment	Total	Variance - Favorable (Unfavorable)
General Government:						
Administration	\$ 10,550	\$ 5,861	\$ 4,339	\$ 199	\$ 10,399	\$ 151
Assessor's Office	3,224	2,909	315	-	3,224	-
City Attorney	13,605	4,644	8,647	48	13,339	266
City Treasurer	74,603	1,526	69,332	25	70,883	3,720
Common Council - City Clerk	6,901	5,098	1,088	31	6,217	684
Comptroller	21,834	3,036	17,788	5	20,829	1,005
Election Commission	3,210	2,292	761	-	3,053	157
Employee Relations	109,066	2,513	102,972	2	105,487	3,579
Employee's Retirement	4,153	-	3,882	-	3,882	271
Interest Expense	3,713	-	3,713	-	3,713	-
Mayor	993	784	25	-	809	184
Municipal Court	3,143	1,498	962	2	2,462	681
Zoning Appeals	241	182	16	-	198	43
Total General Government	255,236	30,343	213,840	312	244,495	10,741
Public Safety:						
Fire and Police Commission	2,239	933	1,164	4	2,101	138
Fire Department	82,475	69,424	5,982	862	76,268	6,207
Neighborhood Services	14,795	10,579	3,603	-	14,182	613
Police Department	214,915	195,678	15,880	112	211,670	3,245
Total Public Safety	314,424	276,614	26,629	978	304,221	10,203
Public Works:						
General Office	2,187	1,898	279	-	2,177	10
Infrastructure	31,643	15,571	13,220	367	29,158	2,485
Operations	65,229	31,509	30,867	2,853	65,229	-
Total Public Works	99,059	48,978	44,366	3,220	96,564	2,495
Health	11,301	5,481	3,056	24	8,561	2,740
Culture and Recreation:						
Public Library	18,148	9,317	2,911	1,737	13,965	4,183
Conservation and Development:						
Department of City Development	4,380	3,004	1,104	-	4,108	272
Total	\$ 702,548	\$ 373,737	\$ 291,906	\$ 6,271	\$ 671,914	\$ 30,634

See accompanying independent auditors' report.

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Statistical Section (Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Table 1

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets.....	\$ 645,761	\$ 686,492	\$ 706,111	\$ 748,374	\$ 769,340
Restricted	206,053	211,440	216,314	211,316	209,116
Unrestricted	(614,761)	(616,111)	(723,716)	(745,740)	(739,204)
Total governmental activities net position .	<u>237,053</u>	<u>281,821</u>	<u>198,709</u>	<u>213,950</u>	<u>239,252</u>
Business-type activities					
Net investment in capital assets.....	618,625	623,909	648,594	669,428	675,510
Restricted	15,034	-	770	930	1,174
Unrestricted	58,195	87,435	74,764	57,112	68,134
Total business-type activities net position .	<u>691,854</u>	<u>711,344</u>	<u>724,128</u>	<u>727,470</u>	<u>744,818</u>
Primary government					
Net investment in capital assets.....	1,264,386	1,310,401	1,354,705	1,417,802	1,444,850
Restricted	221,087	211,440	217,084	212,246	210,290
Unrestricted	(556,566)	(528,676)	(648,952)	(688,628)	(671,070)
Total primary government net position	<u>\$ 928,907</u>	<u>\$ 993,165</u>	<u>\$ 922,837</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>
	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets.....	\$ 816,916	\$ 836,422	\$ 812,090	\$ 841,714	\$ 877,376
Restricted	176,923	161,592	202,334	196,639	206,060
Unrestricted	(856,449)	(1,076,694)	(1,884,385)	(2,231,744)	(2,572,912)
Total governmental activities net position .	<u>137,390</u>	<u>(78,680)</u>	<u>(869,961)</u>	<u>(1,193,391)</u>	<u>(1,489,476)</u>
Business-type activities					
Net investment in capital assets.....	684,085	734,161	801,685	820,749	839,337
Restricted	1,229	2,209	10,461	9,773	23,136
Unrestricted	74,720	59,824	(34,102)	(29,585)	(61,455)
Total business-type activities net position .	<u>760,034</u>	<u>796,194</u>	<u>778,044</u>	<u>800,937</u>	<u>801,018</u>
Primary government					
Net investment in capital assets.....	1,501,001	1,570,583	1,613,775	1,662,463	1,716,713
Restricted	178,152	163,801	212,795	206,412	229,196
Unrestricted	(781,729)	(1,016,870)	(1,918,487)	(2,261,329)	(2,634,367)
Total primary government net position	<u>\$ 897,424</u>	<u>\$ 717,514</u>	<u>\$ (91,917)</u>	<u>\$ (392,454)</u>	<u>\$ (688,458)</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			
	2011	2012	2013	2014
Expenses				
Governmental Activities				
General government	\$ 245,191	\$ 221,740	\$ 305,744	\$ 251,538
Public safety	326,879	328,677	320,317	315,952
Public works	166,787	158,527	169,250	170,054
Health	21,137	22,020	19,743	18,852
Culture and recreation	19,864	20,512	20,348	21,503
Conservation and development	67,171	56,872	45,605	57,617
Capital contribution to Milwaukee Public Schools	4,386	4,853	278	-
Contributions	23,382	22,803	22,331	24,001
Interest on long-term debt	28,047	31,105	28,275	23,105
Total Governmental Activities Expenses.....	<u>902,844</u>	<u>867,109</u>	<u>931,891</u>	<u>882,622</u>
Business-type Activities				
Water	69,196	66,571	68,728	72,540
Sewer Maintenance	40,813	41,430	44,795	46,840
Transportation	25,267	26,101	24,248	24,053
Other activities	46,780	47,744	47,592	48,382
Total Business-type Activities	<u>182,056</u>	<u>181,846</u>	<u>185,363</u>	<u>191,815</u>
Total Primary Government Expenses	<u>1,084,900</u>	<u>1,048,955</u>	<u>1,117,254</u>	<u>1,074,437</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	10,148	10,428	10,131	10,344
Public safety	19,049	20,785	23,759	23,833
Public works	71,348	74,168	75,968	78,520
Health	1,297	1,101	877	923
Culture and recreation	1,239	1,239	1,137	1,114
Conservation and development	412	469	9	9
Grants and contributions	105,422	118,869	77,283	104,073
Total Governmental Activities Program Revenues.....	<u>208,915</u>	<u>227,059</u>	<u>189,164</u>	<u>218,816</u>
Business-type Activities				
Charges for services				
Water	84,394	88,122	85,034	88,013
Sewer Maintenance	51,788	54,956	57,270	59,121
Transportation	44,148	42,730	43,256	41,411
Other activities	52,796	54,288	48,920	47,457
Capital grants and contributions	4,393	5,133	3,852	799
Total Business-type Activities Program Revenues.....	<u>237,519</u>	<u>245,229</u>	<u>238,332</u>	<u>236,801</u>
Total Primary Government Program Revenues	<u>446,434</u>	<u>472,288</u>	<u>427,496</u>	<u>455,617</u>
Net (Expense)/Revenue				
Governmental Activities	(693,929)	(640,050)	(742,727)	(663,806)
Business-type Activities	55,463	63,383	52,969	44,986
Total primary government net expense	<u>\$ (638,466)</u>	<u>\$ (576,667)</u>	<u>\$ (689,758)</u>	<u>\$ (618,820)</u>

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 204,691	\$ 255,177	\$ 274,652	\$ 309,828	\$ 363,272	\$ 249,456
399,620	423,903	485,016	437,746	557,403	710,794
182,340	174,470	206,205	192,613	206,475	233,775
20,249	21,594	23,655	21,789	24,313	38,265
25,315	24,375	28,193	26,866	30,023	31,054
88,252	77,670	65,175	47,904	47,529	67,345
-	-	-	-	-	-
-	-	-	-	-	-
24,749	25,109	22,097	21,451	23,710	25,542
<u>945,216</u>	<u>1,002,298</u>	<u>1,104,993</u>	<u>1,058,197</u>	<u>1,252,725</u>	<u>1,356,231</u>
72,141	73,620	70,219	78,310	74,954	84,198
49,661	53,002	59,823	58,550	55,747	56,563
25,233	25,005	25,287	25,031	27,931	28,772
50,855	52,577	54,423	58,612	58,025	58,866
<u>197,890</u>	<u>204,204</u>	<u>209,752</u>	<u>220,503</u>	<u>216,657</u>	<u>228,399</u>
<u>1,143,106</u>	<u>1,206,502</u>	<u>1,314,745</u>	<u>1,278,700</u>	<u>1,469,382</u>	<u>1,584,630</u>
31,100	27,733	27,180	27,538	37,984	35,394
26,711	25,438	23,382	19,862	21,898	19,136
81,325	80,352	83,344	87,817	91,842	89,993
1,081	1,164	1,267	1,332	1,992	1,370
1,092	1,057	1,024	1,023	989	850
9	10	19	8	9,853	10,453
<u>70,122</u>	<u>89,457</u>	<u>44,568</u>	<u>66,114</u>	<u>46,006</u>	<u>169,756</u>
<u>211,440</u>	<u>225,211</u>	<u>180,784</u>	<u>203,694</u>	<u>210,564</u>	<u>326,952</u>
96,687	97,850	97,833	100,661	99,015	98,587
60,695	62,954	65,141	66,585	68,058	68,720
42,532	38,286	37,557	39,045	37,793	22,646
51,129	53,541	55,958	57,518	57,100	61,075
<u>2,740</u>	<u>4,965</u>	<u>26,066</u>	<u>41,788</u>	<u>8,907</u>	<u>9,722</u>
<u>253,783</u>	<u>257,596</u>	<u>282,555</u>	<u>305,597</u>	<u>270,873</u>	<u>260,750</u>
<u>465,223</u>	<u>482,807</u>	<u>463,339</u>	<u>509,291</u>	<u>481,437</u>	<u>587,702</u>
(733,776)	(777,087)	(924,209)	(854,503)	(1,042,161)	(1,029,279)
<u>55,893</u>	<u>53,392</u>	<u>72,803</u>	<u>85,094</u>	<u>54,216</u>	<u>32,351</u>
<u>\$ (677,883)</u>	<u>\$ (723,695)</u>	<u>\$ (851,406)</u>	<u>\$ (769,409)</u>	<u>\$ (987,945)</u>	<u>\$ (996,928)</u>

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

Table 2 (continued)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	\$ 276,168	\$ 279,588	\$ 276,193	\$ 284,664
State aids for General Fund	273,240	260,141	259,735	260,886
Miscellaneous	64,214	81,153	82,059	88,718
Transfers	44,346	44,643	41,628	43,115
Total Governmental Activities	<u>657,968</u>	<u>665,525</u>	<u>659,615</u>	<u>677,383</u>
Business-type Activities				
Miscellaneous	3,932	750	1,443	1,471
Transfers	(44,346)	(44,643)	(41,628)	(43,115)
Total Business-type Activities	<u>(40,414)</u>	<u>(43,893)</u>	<u>(40,185)</u>	<u>(41,644)</u>
Total Primary Government	<u>617,554</u>	<u>621,632</u>	<u>619,430</u>	<u>635,739</u>
Change in Net Position				
Governmental Activities	(35,961)	25,475	(83,112)	15,241
Business-type Activities	15,049	19,490	12,784	3,342
Total Primary Government	<u>\$ (20,912)</u>	<u>\$ 44,965</u>	<u>\$ (70,328)</u>	<u>\$ 18,583</u>

See accompanying independent auditors' report.

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 287,602	\$ 286,513	\$ 307,828	\$ 316,655	\$ 329,601	\$ 352,910
263,350	265,191	265,700	268,792	270,575	273,422
89,487	83,919	97,757	115,735	84,084	72,875
43,038	39,602	36,854	37,801	34,471	33,987
<u>683,477</u>	<u>675,225</u>	<u>708,139</u>	<u>738,983</u>	<u>718,731</u>	<u>733,194</u>
1,709	1,426	211	1,638	3,148	1,717
<u>(43,038)</u>	<u>(39,602)</u>	<u>(36,854)</u>	<u>(37,801)</u>	<u>(34,471)</u>	<u>(33,987)</u>
<u>(41,329)</u>	<u>(38,176)</u>	<u>(36,643)</u>	<u>(36,163)</u>	<u>(31,323)</u>	<u>(32,270)</u>
<u>642,148</u>	<u>637,049</u>	<u>671,496</u>	<u>702,820</u>	<u>687,408</u>	<u>700,924</u>
(50,299)	(101,862)	(216,070)	(115,520)	(323,430)	(296,085)
<u>14,564</u>	<u>15,216</u>	<u>36,160</u>	<u>48,931</u>	<u>22,893</u>	<u>81</u>
<u>\$ (35,735)</u>	<u>\$ (86,646)</u>	<u>\$ (179,910)</u>	<u>\$ (66,589)</u>	<u>\$ (300,537)</u>	<u>\$ (296,004)</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			
	2011	2012	2013	2014
Revenues:				
Property taxes	\$ 242,631	\$ 244,038	\$ 245,254	\$ 250,036
Other taxes	30,706	34,172	31,156	34,475
Special assessments	3,163	2,344	1,986	1,945
Licenses and permits	13,289	14,410	15,030	16,063
Intergovernmental	360,287	346,116	329,892	317,987
Charges for services	188,312	115,901	116,813	131,147
Fines and forfeits	5,076	5,042	4,492	4,587
Contributions received	24,021	21,826	21,871	23,752
Other	38,483	43,575	38,577	52,464
Total Revenues	<u>905,968</u>	<u>827,424</u>	<u>805,071</u>	<u>832,456</u>
Expenditures:				
Current:				
General government	259,089	235,936	322,431	268,263
Public safety	283,282	291,787	287,330	283,599
Public works	103,585	96,991	102,657	106,779
Health	20,129	20,963	18,821	18,088
Culture and recreation	18,124	18,565	18,560	19,330
Conservation and development	41,459	42,366	30,616	32,583
Capital outlay	96,870	87,429	98,913	139,898
Debt Service:				
Principal retirement	331,960	417,107	531,243	385,884
Interest	37,184	37,992	36,887	37,322
Bond issuance costs	1,040	933	755	447
Total Expenditures	<u>1,192,722</u>	<u>1,250,069</u>	<u>1,448,213</u>	<u>1,292,193</u>
Excess (deficiency) of Revenues over Expenditures	(286,754)	(422,645)	(643,142)	(459,737)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	231,652	301,084	410,945	332,444
Refunding bonds issued	80,648	189,590	182,341	41,216
Payment to escrow agent on advance refundings ...	-	(63,884)	-	-
Payment - current refunding	(41,949)	(34,134)	-	-
Loans receivable activities	(8,783)	2,317	635	(2,506)
Issuance premium	17,079	21,038	14,345	12,783
Transfers in	195,101	198,576	230,452	235,824
Transfers out	(150,755)	(153,933)	(188,824)	(192,709)
Total Other Financing Sources and Uses.....	<u>322,993</u>	<u>460,654</u>	<u>649,894</u>	<u>427,052</u>
Net Change in Fund Balances	<u>\$ 36,239</u>	<u>\$ 38,009</u>	<u>\$ 6,752</u>	<u>\$ (32,685)</u>
Debt service as a percentage of noncapital expenditures	<u>32.7%</u>	<u>38.7%</u>	<u>41.0%</u>	<u>36.9%</u>

See accompanying independent auditors' report.

Table 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 253,815	\$ 252,986	\$ 299,552	\$ 310,933	\$ 325,039	\$ 346,409
32,861	34,921	6,699	5,093	6,208	5,714
4,666	1,945	2,019	1,724	2,449	1,593
16,629	16,767	15,597	17,232	18,502	13,978
322,763	323,161	338,615	332,632	331,473	411,894
154,402	147,480	156,785	159,473	164,558	157,196
4,110	3,534	3,357	3,297	2,633	2,008
2,588	2,378	3,022	3,205	2,719	3,159
42,188	43,477	36,054	46,274	43,190	31,410
<u>834,022</u>	<u>826,649</u>	<u>861,700</u>	<u>879,863</u>	<u>896,771</u>	<u>973,361</u>
254,168	248,581	253,638	297,229	296,385	265,138
307,185	334,411	326,962	330,227	332,900	399,595
103,512	107,649	103,324	106,636	110,131	107,283
18,014	19,688	20,182	19,698	21,078	32,160
20,190	21,128	21,168	21,774	23,159	17,846
29,178	28,565	28,717	27,708	26,023	44,731
155,227	139,236	172,270	165,877	125,788	116,128
414,499	442,671	259,911	271,569	321,761	276,994
36,606	36,889	40,366	40,619	44,144	45,442
1,180	1,305	329	245	133	4,424
<u>1,339,759</u>	<u>1,380,123</u>	<u>1,226,867</u>	<u>1,281,582</u>	<u>1,301,502</u>	<u>1,309,741</u>
(505,737)	(553,474)	(365,167)	(401,719)	(404,731)	(336,380)
380,522	266,452	176,997	266,889	229,888	221,327
106,316	196,659	76,243	57,273	85,416	190,137
-	-	-	-	-	-
-	-	-	-	-	-
(4,972)	(1,587)	(1,876)	(1,772)	(2,205)	(2,326)
12,645	15,956	23,601	31,626	18,527	25,903
214,406	138,397	229,508	198,721	119,457	231,957
<u>(171,368)</u>	<u>(98,795)</u>	<u>(192,654)</u>	<u>(160,920)</u>	<u>(84,986)</u>	<u>(197,970)</u>
<u>537,549</u>	<u>517,082</u>	<u>311,819</u>	<u>391,817</u>	<u>366,097</u>	<u>469,028</u>
<u>\$ 31,812</u>	<u>\$ (36,392)</u>	<u>\$ (53,348)</u>	<u>\$ (9,902)</u>	<u>\$ (38,634)</u>	<u>\$ 132,648</u>
<u>36.9%</u>	<u>38.7%</u>	<u>27.3%</u>	<u>28.0%</u>	<u>31.1%</u>	<u>27.4%</u>

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

Table 4

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 15,044	\$ 15,721	\$ 15,389	\$ 17,301	\$ 17,094
Restricted.....	-	-	-	-	-
Committed.....	2,995	1,835	1,741	1,587	2,035
Assigned	26,778	35,915	43,172	44,150	46,404
Unassigned.....	27,169	52,319	43,232	50,006	61,715
Total General Fund.....	<u>\$ 71,986</u>	<u>\$ 105,790</u>	<u>\$ 103,534</u>	<u>\$ 113,044</u>	<u>\$ 127,248</u>
All Other Governmental Funds					
Nonspendable	\$ 886	\$ 565	\$ 254	\$ -	\$ -
Restricted.....	5,855	9,774	230,642	214,932	227,376
Committed.....	223,000	227,769	21,249	8,489	5,264
Assigned	-	-	-	-	-
Unassigned.....	(1,003)	(5,165)	(10,194)	(23,665)	(15,276)
Total all other governmental funds	<u>\$ 228,738</u>	<u>\$ 232,943</u>	<u>\$ 241,951</u>	<u>\$ 199,756</u>	<u>\$ 217,364</u>
	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 16,127	\$ 18,401	\$ 19,476	\$ 21,621	\$ 21,206
Restricted.....	-	-	-	-	-
Committed.....	2,266	3,444	3,066	2,949	123,007
Assigned	38,802	37,281	26,450	20,580	27,220
Unassigned.....	50,737	38,350	18,002	7,339	16,959
Total General Fund.....	<u>\$ 107,932</u>	<u>\$ 97,476</u>	<u>\$ 66,994</u>	<u>\$ 52,489</u>	<u>\$ 188,392</u>
All Other Governmental Funds					
Nonspendable	\$ 7	\$ 3,684	\$ 1,160	\$ 397	\$ 368
Restricted.....	215,480	188,578	211,324	206,314	216,081
Committed.....	-	-	20,817	18,578	27,397
Assigned	-	-	-	-	-
Unassigned.....	(15,199)	(34,866)	(55,325)	(71,442)	(93,254)
Total all other governmental funds	<u>\$ 200,288</u>	<u>\$ 157,396</u>	<u>\$ 177,976</u>	<u>\$ 153,847</u>	<u>\$ 150,592</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

	Real Estate			Personal Property		
Budget Year	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other
2011	\$ 17,156,627	\$ 9,202,213	\$ 732,280	\$ 219,340	\$ 605,115	\$ 132,890
2012	\$ 17,069,535	\$ 9,191,349	\$ 746,955	\$ 214,901	\$ 571,664	\$ 123,239
2013	\$ 14,750,295	\$ 8,992,762	\$ 707,124	\$ 214,694	\$ 538,278	\$ 118,947
2014	\$ 14,265,491	\$ 9,195,174	\$ 709,328	\$ 216,866	\$ 525,387	\$ 121,913
2015	\$ 14,198,159	\$ 9,178,216	\$ 707,901	\$ 293,288	\$ 424,803	\$ 222,175
2016	\$ 14,254,964	\$ 9,430,293	\$ 726,810	\$ 215,006	\$ 430,290	\$ 205,599
2017	\$ 14,438,034	\$ 9,964,809	\$ 765,075	\$ 209,206	\$ 427,626	\$ 205,720
2018	\$ 14,854,224	\$ 10,496,051	\$ 765,075	\$ 212,186	\$ 423,911	\$ 185,913
2019	\$ 15,647,626	\$ 11,255,216	\$ 763,523	\$ 74,475	\$ 431,067	\$ 176,661
2020	\$ 16,098,609	\$ 11,915,466	\$ 790,548	\$ 79,091	\$ 433,110	\$ 173,022
						Ratio of Total Assessed to Total Estimated Actual Value
Budget Year	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value		
2011	\$ 28,048,464		\$9.12	\$ 29,520,783		95.0%
2012	\$ 27,917,642		\$9.25	\$ 27,954,670		99.9%
2013	\$ 25,322,101		\$10.25	\$ 26,421,932		95.8%
2014	\$ 25,034,158		\$10.58	\$ 26,089,611		60.0%
2015	\$ 25,024,542		\$10.71	\$ 26,138,108		95.7%
2016	\$ 25,262,963		\$10.61	\$ 25,980,470		97.2%
2017	\$ 25,974,258		\$10.75	\$ 27,042,047		96.1%
2018	\$ 26,937,359		\$10.76	\$ 26,903,885		100.0%
2019	\$ 28,348,568		\$10.59	\$ 28,340,401		100.0%
2020	\$ 29,489,846		\$10.58	\$ 29,746,346		99.1%
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.						

Table 6

See accompanying independent auditors' report.

Table 7

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Table 8

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

Table 9

Governmental Activities						
	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Total	Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
Year						
2011	\$ 825,574	\$ 67,264	\$ 758,310	\$ 29,520,783	2.57%	\$ 1,272.33
2012	785,867	67,971	717,896	27,954,670	2.57%	1,206.55
2013	822,046	178,068	643,978	26,421,932	2.44%	1,081.41
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28
2016	949,001	143,918	805,083	25,980,470	3.10%	1,353.99
2017	942,330	138,682	803,648	27,042,047	2.97%	1,359.58
2018	994,923	112,631	882,292	26,903,885	3.28%	1,481.60
2019	988,466	153,782	834,684	28,340,401	2.95%	1,413.52
2020	1,122,936	74,939	1,047,997	29,746,346	3.52%	1,785.04
Business-Type Activities						
	General Obligation Bonds and Notes	Revenue Bonds	State Loans (Revenue Bonds)	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
Year						
2011	\$ 88,956	\$ 74,815	\$ 80,513	\$ 962,180	2.71%	\$ 1,622.74
2012	43,318	65,579	77,083	829,958	2.33%	1,519.12
2013	39,334	98,871	82,736	860,598	2.21%	1,446.90
2014	35,247	94,624	92,100	895,391	2.17%	1,525.16
2015	31,822	95,459	107,533	1,039,897	2.20%	1,928.37
2016	52,139	190,086	101,612	1,147,485	2.78%	1,932.26
2017	38,875	200,156	114,308	1,235,631	2.88%	2,090.39
2018	34,172	158,360	166,243	1,193,459	2.64%	2,004.13
2019	66,674	149,675	183,866	1,234,899	2.66%	2,091.28
2020	64,869	140,580	208,722	1,462,168	Not Available	2,490.49
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				
	2011	2012	2013	2014	2015
Debt limit	\$ 2,066,455	\$ 1,956,827	\$ 1,849,535	\$ 1,826,273	\$ 1,829,668
Total net debt applicable to limit	<u>789,308</u>	<u>695,488</u>	<u>683,312</u>	<u>696,614</u>	<u>622,044</u>
Legal debt margin	<u>\$ 1,277,147</u>	<u>\$ 1,261,339</u>	<u>\$ 1,166,223</u>	<u>\$ 1,129,659</u>	<u>\$ 1,207,624</u>
Total net debt applicable to the limit as a percentage of debt limit ...	38.20%	35.54%	36.95%	38.14%	34.00%
	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 1,818,633	\$ 1,892,943	\$ 1,883,272	\$ 1,983,828	\$ 2,082,244
Total net debt applicable to limit	<u>857,223</u>	<u>905,647</u>	<u>876,597</u>	<u>901,358</u>	<u>1,112,866</u>
Legal debt margin	<u>\$ 961,410</u>	<u>\$ 987,296</u>	<u>\$ 1,006,675</u>	<u>\$ 1,082,470</u>	<u>\$ 969,378</u>
Total net debt applicable to the limit as a percentage of debt limit ...	47.14%	47.84%	46.55%	45.44%	53.45%

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

Table 10

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value		<u>\$ 29,489,846</u>
Equalized Value		<u>29,746,346</u>
Debt Limit 7% of Equalized Value		2,082,244
Amount of Debt Applicable to Debt Limit:		
General Obligation bonds	320,076	
General Obligation notes	802,860	
Parking bonds and notes	14,420	
Harbor bonds and notes	5,625	
Water Works bonds	4,651	
Sewer Maintenance bonds and notes.....	<u>40,173</u>	
Total Debt		1,187,805
Deduct:		
Assets in Debt Service Funds		<u>74,939</u>
Total Amount of Debt Applicable to Debt Limit		<u>1,112,866</u>
Legal Debt Margin		<u><u>\$ 969,378</u></u>

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

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. The legal debt margin as of December 31, 2020 was \$594,927 for school purposes and \$374,451 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2020
(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)	\$ 869,708	100%	\$ 1,112,866
Overlapping Debt:			
Milwaukee Area Technical College District	100,970	35%	35,340
County of Milwaukee	496,443	44%	220,178
Milwaukee Metropolitan Sewerage Area (B)	761,624	45%	<u>342,731</u>
Total Direct and Overlapping Debt			<u>\$ 1,711,115</u>
Sources: Estimated Actual (Equalized) Values used to estimate applicable percentages provided by the State Supervisor of Assessments. Debt outstanding data provided by each governmental unit.			
Note:	Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Milwaukee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.		
(A)	Excludes \$77,123 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.		
(B)	Includes \$443,814 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.		
(C)	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.		
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		
2011	84,406	65,213	19,193	964	211	1,175	16.33
2012	88,136	65,547	22,589	989	185	1,174	19.24
2013	85,043	65,661	19,382	1,015	158	1,173	16.52
2014	88,013	67,166	20,847	1,264	216	1,480	14.09
2015	96,711	67,396	29,315	1,335	225	1,560	18.79
2016	97,881	55,229	42,652	2,205	672	2,877	14.83
2017	97,910	51,676	46,234	3,126	938	4,064	11.38
2018	100,876	59,548	41,328	2,411	1,047	3,458	11.95
2019	99,170	50,809	48,361	2,988	1,226	4,214	11.48
2020	98,587	59,386	39,201	3,886	1,520	5,406	7.25

Sewer Revenue Bonds							
Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
2011	54,667	14,691	39,976	6,792	4,616	11,408	3.50
2012	54,140	15,440	38,700	7,032	4,400	11,432	3.39
2013	57,300	15,873	41,427	8,603	5,726	14,329	2.89
2014	59,125	16,443	42,682	9,398	5,889	15,287	2.79
2015	60,713	17,256	43,457	10,471	6,085	16,556	2.62
2016	63,050	17,879	45,171	13,575	9,263	22,838	1.98
2017	65,275	20,207	45,068	14,893	9,123	24,016	1.88
2018	66,838	17,021	49,817	16,274	8,874	25,148	1.98
2019	68,400	13,450	54,950	17,519	8,546	26,065	2.11
2020	68,937	13,023	55,914	18,893	8,161	27,054	2.07

Note: Water Revenue Bonds issued in 1998, 2013, 2014, 2017 and 2018. Sewer Revenue bonds issued in 2011, 2013 and 2016. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include nonoperating interest income. Operating expenses do not include interest, depreciation, amortization expenses or the transfer for Payment in Lieu of Taxes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Table 13

County of Milwaukee						
Year	Population (A)	Personal Income (Thousands of Dollars) (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2011	595,525	\$ 37,568,920	\$ 39,491	30.3	80,098	10.9%
2012	595,425	\$ 39,413,180	\$ 41,288	33.7	78,461	10.1%
2013	596,500	\$ 38,992,729	\$ 40,726	33.7	78,502	8.7%
2014	595,993	\$ 40,369,737	\$ 42,121	33.8	77,391	7.2%
2015	595,787	\$ 41,855,717	\$ 43,672	34.0	75,568	6.7%
2016	594,667	\$ 41,916,298	\$ 43,899	34.2	76,856	5.8%
2017	591,076	\$ 43,095,621	\$ 45,356	34.3	77,215	4.6%
2018	595,555	\$ 45,369,518	\$ 47,910	34.6	75,081	3.6%
2019	590,547	\$ 46,433,612	\$ 49,098	35.1	74,633	4.5%
2020	587,072	Not available	Not available	35.1	71,867	9.1%
(A)	The December 31, 2011 through 2020 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)	Prior to 2012, Median age of the population was determined only during a census. These figures represent the data collected by the American Community Survey.					
(E)	Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.					
(F)	Unemployment Rate is the annual average from the Wisconsin's Workforce, Wisconsin Worknet and Labor Market Information System.					
See accompanying independent auditors' report.						

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 14

Employer	2020 Estimates (1)			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Advocate Aurora Health	28,557	1	6.71 %	22,000	1	5.08
Froedtert and Community Health	13,472	2	3.17	8,000	5	1.85
Ascension Wisconsin	10,746	3	2.53			
Roundy's Supermarkets Inc.	8,400	4	1.97	6,800	8	1.57
Medical College of Wisconsin	6,324	5	1.49			
Children's Hospital and Health System	5,436	6	1.28			
Northwestern Mutual Life	5,000	7	1.18			
U.S. Bank NA	3,700	8	0.87			
Rockwell Automation Inc	3,600	9	0.85			
The Marcus Corp.	3,098	10	0.73			
U.S. Government (Includes Zablocki V.A. Medical Center)				10,800	2	2.49
Milwaukee Public Schools				9,142	3	2.11
Wheaton Franciscan Healthcare				8,356	4	1.93
Kohl's Corp				7,700	5	1.78
Wal-Mart Store				7,360	7	1.70
Quad Graphics				6,700	8	1.55
City of Milwaukee				6,400	10	1.48
Total	<u>88,333</u>		<u>20.78</u>	<u>93,258</u>		<u>21.54</u>
(1) Reflects full-time equivalent employees of businesses and industrial firms, does not include Government employers						
Note: Data includes all of Milwaukee County and areas contiguous to Milwaukee County,						
Source: The 2020 Business Journal of Greater Milwaukee as of May 17, 2021.						
The 2011 data was from the 2012 Business Journal Book of Lists.						
Total employment data (2011 = 433,145) (2020 = 425,483) from the State of Wisconsin Workforce Development.						
See accompanying independent auditors' report.						

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

Table 15

Functions/Programs	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	700	719	707	728	736	750	741	766	786	773
Temporary - Election Commission	8	2,145	819	2,389	823	2,473	820	2,250	1,505	2,523
Public Safety										
Fire										
Fire Fighting Force	951	911	911	900	875	876	810	765	736	739
Civilians	76	105	116	112	118	131	133	133	135	135
Police										
Law Enforcement	2,034	2,034	2,013	1,978	1,942	1,979	1,989	1,955	1,954	1,956
Civilian	619	619	608	618	625	619	598	636	633	631
School Crossing Guards	251	251	251	252	242	241	241	241	241	241
Neighborhood Services	247	251	269	272	283	293	289	280	292	289
Public Works										
Administrative Services	64	58	46	47	48	49	43	45	46	45
Infrastructure Services	804	803	802	810	801	790	805	815	822	820
Operations	1,381	1,438	1,438	1,433	1,436	1,437	1,443	1,440	1,435	1,396
Winter relief	66	-	-	-	-	-	-	-	-	-
Health	272	268	254	252	251	252	252	254	280	285
Culture and recreation	378	376	372	370	371	358	364	375	377	364
Conservation and development	179	163	142	134	135	133	121	127	125	121
Youth initiative positions	25	-	-	-	-	-	-	-	-	-
Water	382	367	369	369	371	381	395	406	430	436
Sewer Maintenance	164	164	146	146	146	146	145	144	147	148
Parking	131	122	120	120	121	121	118	118	126	127
Port of Milwaukee	35	36	37	37	37	37	37	35	35	35
Subtotal	8,767	10,830	9,420	10,967	9,361	11,066	9,344	10,785	10,105	11,064
Less Temporary Positions	(8)	(2,145)	(819)	(2,631)	(1,055)	(2,703)	(1,050)	(2,491)	(1,746)	(2,764)
Total Budgeted Positions	8,759	8,685	8,601	8,336	8,306	8,363	8,294	8,294	8,359	8,300

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Investment portfolio return	0.21%	0.22%	0.22%	0.20%	0.23%	0.43%	0.88%	1.96%	2.27%	0.56%
Courtroom cases	121,234	104,170	119,761	93,577	80,821	84,464	74,120	80,870	61,284	19,908
Public safety										
Police										
Dispatched assignments	238,657	248,678	241,423	247,552	260,860	284,893	249,855	255,599	264,969	271,530
Traffic citations	103,311	94,442	73,325	53,744	55,592	46,969	71,655	69,048	50,072	41,524
Homicide clearance rates	72%	70%	64%	60%	58%	67%	70%	76%	77%	55%
Fire										
Number of medical emergency assists	56,085	59,487	60,499	62,766	70,504	78,484	76,793	71,323	70,461	67,559
Number of fires extinguished	2,643	2,841	2,444	2,419	2,351	2,198	2,017	1,749	1,580	2,241
Civilian fire deaths	10	8	2	10	10	5	7	9	7	6
Building Inspection										
Complaints reported	35,910	35,404	37,212	36,567	34,933	36,548	36,938	38,788	41,699	39,414
Orders issued	71,356	68,613	67,457	58,217	60,106	43,499	25,949	25,821	36,825	31,488
Public Works										
Major streets paving (miles)	1.05	5.7	17.12	24.60	33.50	35.4	34.0	29.0	28.0	23.3
Asphalt patching/pot holes (tons)	18,952	16,010	15,845	17,025	18,816	18,857	22,257	19,019	17,460	12,794
Refuse tonnage	262,265	252,987	256,411	253,997	243,478	248,083	256,599	259,450	268,162	276,982
Recycling tonnage	22,837	24,147	25,052	25,273	25,105	25,232	25,325	25,505	24,258	26,432
Health										
Food inspections	4,615	7,637	8,735	8,556	9,236	10,087	8,208	9,775	9,525	3,957
Immunizations	21,953	18,882	16,417	10,912	10,561	8,360	8,271	5,921	6,859	4,818
Culture and Recreation										
Library hours of operation	27,844	31,092	30,914	30,846	30,866	32,282	32,282	33,440	31,546	17,520
Collections size	2,587,412	2,441,757	2,364,905	2,306,138	2,308,825	2,323,743	2,293,455	2,571,761	2,703,907	2,771,656
Public computers	725	757	754	723	752	682	600	655	681	527
Conservation and Development										
Jobs created	534	324	2,198	834	2,337	2,063	1,140	1,327	606	915
Jobs retained	1,382	1,965	2,800	1,626	2,535	1,960	1,355	2,715	641	624
New housing units	503	687	402	331	2,340	2,081	1,265	1,720	1,271	782
Water										
Millions gallons sold	32,246	32,909	30,560	29,894	29,657	29,440	28,761	28,730	27,708	27,179
Population served	861,249	862,524	864,715	864,653	865,109	864,144	868,882	866,933	863,921	860,919
Sewer Maintenance										
Sewer service backups	24	23	25	31	22	23	26	33	30	20
Street flooding complaints	3,293	4,775	3,092	3,023	3,096	1,808	2,523	3,350	2,448	1,935
Parking										
Citations issued	823,999	778,288	770,430	743,038	705,850	626,333	594,360	636,117	572,070	303,087
Vehicle tows	25,762	26,910	32,631	33,416	34,892	32,185	31,204	29,291	25,268	15,873
Port										
Metric tonnage total	2,808,801	1,915,419	2,618,312	3,022,657	2,711,347	2,441,072	2,573,475	2,393,877	2,668,624	2,812,008
Sources: Various city departments										
See accompanying independent auditors' report.										

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

Table 17

Functions/Programs	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	556	501	537	521	504	505	505	418	426	415
Patrol motorcycles	55	55	56	55	55	56	56	56	56	63
Fire Stations	36	36	36	36	36	36	36	30	30	30
Public Works										
Streets - paved	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
Streets - unpaved	15	15	15	15	15	15	15	15	15	15
Alleys	414	414	414	414	414	414	414	414	414	414
Street lights	68,073	68,540	68,698	68,698	68,856	69,111	69,111	69,195	69,235	69,845
Alley lights	8,810	8,820	8,815	8,815	8,786	8,797	8,797	9,014	9,014	8,879
Garbage/snow trucks	181	180	180	180	180	192	183	177	180	183
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	276	276	130	138	138	138	138	138	138	144
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,960	1,961	1,962	1,963	1,962	1,962	1,961	1,961	1,961	1,960
Hydrants	19,867	19,869	19,870	19,870	19,846	19,862	19,861	19,865	19,876	19,889
Million gallons pumped	36,992	37,920	36,490	37,460	35,872	35,447	34,456	35,506	33,839	32,532
Million gallons consumed	32,246	32,909	30,560	29,894	29,657	29,440	28,760	28,967	27,905	27,337
Miles of Sewers										
Storm	962	964	965	965	966	967	967	968	968	963
Sanitary	941	943	943	943	944	945	945	945	945	978
Combined	547	547	547	547	551	551	551	551	551	557
Parking										
Parking lots	45	44	45	45	44	44	45	42	42	42
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	6	7	7	7	7	7	7	7	7	7
Rental warehouses and buildings	5	10	10	10	11	11	10	11	11	11
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	10	11	11	11	11	11	11	11	9	9
Vessel berths	14	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.