Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2015

Office of the Comptroller

Martin Matson
Comptroller

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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Martin Matson
Comptroller

Glenn Steinbrecher, CPA
Deputy Comptroller

Aycha Sirvanci, CPA
Special Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Office of the Comptroller

July 15, 2016

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

Dear Mayor and Council Members:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Milwaukee for the fiscal year ended December 31, 2015. 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. The CAFR reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's Annual Budget.

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

An independent firm of licensed certified public accountants, CliftonLarsonAllen 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, 2015, 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 unqualified opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2015, 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 can be found immediately following the report of the independent auditors.

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

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 City of Milwaukee held a general election for these positions in April 2016. 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 the report are the enterprise operations of the Metropolitan Sewerage District User Charge, Parking, Port, Sewer Maintenance, 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 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 2015: Century City Redevelopment Corporation, City of Milwaukee Redevelopment Authority 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 enterprise 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 that this be done 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 budgets. Once adopted, Common Council approval is required to amend the total appropriations by a department, the legal level of control for each budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object class (i.e., salaries, operating expenditures, equipment) for each department for the general fund and enterprise funds. Project life rather than the standard current fiscal year is utilized for capital funds and special revenue funds. The City of Milwaukee also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Budget-to-actual comparisons are provided in the Required Supplemental Information Section of this report for the General Fund.

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 2015 U.S. Census estimated population of 600,155. Due to its large population, it is the largest city in the State and also 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 2.04 million for the Milwaukee-Racine-Waukesha metropolitan area. Milwaukee also is an international seaport.

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

Milwaukee is the economic hub of the southeast region and entire state of Wisconsin. It is a premiere center for advanced manufacturing, fresh water research and development, clean and green technology, health care,

biomedical technology and financial services. These core industries spur innovation, business formation and growth, a strong and growing entrepreneurial climate, and provide a boost to Milwaukee's national and global competitiveness. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth and economic development.

Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In the past few decades, major new additions to the City include the Milwaukee Riverwalk, the Wisconsin Center, Miller Park, the Calatrava, an internationally renowned addition the Milwaukee Art Museum and Pier Wisconsin, as well as major renovations to the University of Wisconsin – Milwaukee Panther Arena. Many new condos, lofts, and apartments have been constructed and continue to be constructed 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 provides facilities to trade bulk and breakbulk cargoes as well as providing heavy-lift cranes to serve major manufacturing companies in the area. A protected harbor permits year-round navigation through 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 over 2 million metric tons of cargo in 2015. The port is served by Union Pacific Railroad and the Canadian Pacific Railway and has convenient, non-congested 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 the U.S. Coast Guard, and the U.S. Naval Reserve. The Harbor Commission also facilitates public access, cultural and recreational activities for the general 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 through the growth of employment opportunities for the citizens of Milwaukee and supports private investment that grows the City's tax base. Four key approaches are utilized: 1) direct financial assistance to small businesses that helps clients 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 major private investments that will contribute significantly to the growth of the tax base, employment or availability of commercial services in underserved areas; 3) partnerships with organizations that represent businesses and employers to improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects that invest City resources 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, provide permit assistance to new businesses, and seek out appropriate sites for these businesses. The City currently has 31 active Business Improvement Districts and 48 active Tax Incremental Districts and manages various Development Fund Projects to promote urban renewal throughout the City. The City of Milwaukee cooperates with surrounding governmental jurisdictions, working together to promote economic development. That approach won praise recently from the Brookings Institution's Vice President and Director of its Metropolitan Policy Program, Amy Liu (http://www.brookings.edu/blogs/the-avenue/posts/2016/04/27-milwaukee-economic-development-liu). Quoting Ms. Liu: "...this region is proving that it's possible for jurisdictions, businesses, and nonprofit organizations to join forces and remake economic development—embracing shared assets—to create durable, inclusive growth."

Many things are happening with the City's revitalization efforts, and there is currently a building boom going on in downtown Milwaukee. The recently completed 833 East Michigan, is an 18 story multi-tenant office tower and the newest addition to Milwaukee's skyline. Northwestern Mutual is changing the city's skyline with a 32 story office tower that will have over a million square feet of office space. It will be the largest office structure in the state of Wisconsin. As of the date of this letter, construction crews are just topping-out the tower. Additionally, Northwestern Mutual is building a 33 story upscale apartment tower downtown with an estimated cost of $100 million. The city has now put a shovel in the ground in 2016 to begin construction on the first phase of the Milwaukee Streetcar, with one expansion already approved, and more on the drawing board. The City, County and State worked together to approve a financing package for a new Milwaukee Bucks basketball arena. The public financing is limited to $250 million, and the current estimated cost is $534 million. Both the Northwestern project; and the new Buck's arena have residential preference goals, meaning local residents will be employed during construction. Over the next two years, a new high-rise along Milwaukee's lakefront, the Couture, will be

developed into a 44-story, $122 million mixed use development project with apartments and retail. It is expected to create more than 2,000 jobs, and similar to other downtown projects, have an emphasis on hiring residents during construction. In 2016 there are 2,196 units of housing either completed or under construction in the greater downtown area. City-wide, approximately 14,000 new housing units have been constructed in the last twelve years. Also, 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. The City of Milwaukee continues its effort to market and develop land along the 30th Street Industrial Corridor known as the Century City Business Park, as a major modern employment center and economic hub. Century City encompasses 60 acres of industrial use land. A 53,000 square foot industrial building is now completed and ready for occupancy. A new round of construction is about to begin with a greenway and other infrastructure improvements to include new landscaping, sidewalks and street entrance to the business park. The North End is a development project that runs along the Milwaukee River on the north end of downtown. Phase II was completed with 155 residential units. Phase III, a $53 million project that includes a mix of 168 residential units, retail that includes a 28,000 square foot organic supermarket and parking is now nearing completion. Phase IV broke ground in January 2016 for a six-story, 155 unit apartment building.

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 about 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. Some of Milwaukee's ethnic festivals include the largest Native American festival in the country, America's largest Polish festival, America's largest Italian festival, America's largest 3-day German festival, and the largest Irish festival in the world.

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

ECONOMIC OUTLOOK

For the year 2015, the City's unemployment rate averaged approximately 6.7%; compared to the State of Wisconsin average of 4.6% and the United States average of 5.0% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate decreased from 8.0% during 2014.

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain high investment grade ratings of AA from Fitch and Standard & Poor's, for the City's most recent 2016 General Obligation Bonds and Notes. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best) rating with D being the lowest (worst). The AA rating indicates high credit quality investment grade. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City issued any refunding securities for the purpose of preventing default in the principal or interest on its debt obligations.

The 2015 property tax rate for 2016 purposes is $10.61 compared to the prior year's $10.71 per $1,000 of assessed value. The 2016 budgetary City property tax levy of approximately $256.7 million represents a slight decrease compared to the $256.8 million in 2015. The estimated assessed value used for 2016 budget purposes remained at approximately $25 billion. Property taxes revenue funding as a portion of total General Fund budgetary expenditures for 2015 was 28.6% compared to 27.4% for 2014 as depicted in Exhibit E-1

Property tax increases have been limited by state legislation and the 2016 anticipated state aids increased only $400,000. The 2016 budget estimates intergovernmental revenues of $262.7 million, of which three specific state aids comprise 97% of this amount. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be $219 million

in 2016. The state transportation aids (the second largest category) total $26.4 million for 2016. 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 $8.7 million for 2016. 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 2016 revenue in the Charges for Services category are the solid waste fee, including the extra cart fee of $38.6 million and street sweeping including leaf collection and tree pruning charges to the Sewer Fund of $18.1 million. Total Charges for Services are estimated to increase $4.2 million to $126.8 million in 2016.

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 2015, this reserve was increased by $15.8 million to a year-end balance of $89.1 million compared to $73.3 million for 2014. The 2016 budget includes a withdrawal of $21 million, leaving that portion of the Reserve for Tax Stabilization available for future years at $68.1 million.

MAJOR CAPITAL PROJECTS

The 2016 capital budget includes funds for various infrastructure and building projects. For 2016, the City capital improvements budget, not including enterprise funds and grants and aid funding, totals $169.6 million, an increase of 30% or $39.7 million from the 2015 budget of $129.9 million. Funding of $61.8 million for various tax incremental district's and development projects comprises 36% of the total capital budget for 2016. $47 million of that financing is related to the new arena district. The Department of Public Works budget for bridges ($4.3 million), street/paving construction ($37.8 million), various building, equipment and forestry projects ($12.9 million) and City Hall Foundation ($13 million), total $68 million or approximately 40% of the total 2016 capital budget. Police projects ($9 million), Fire projects ($3.2 million) and Library projects ($5.8 million) in the aggregate total $18 million or 11% 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. The major projects planned for 2016 total $20.8 million and are comprised of five major street projects. The City has a Capital Improvements Committee to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Enterprise 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 approximately 0.227% in 2015 as compared to 0.197% in 2014. 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 Statue 66.0603, and earned an annualized net investment rate of return of .813% on about $77.5 million in investments.

During 2015, 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 $375 million, compared to $330 million in 2014. The financing was accomplished through offerings of $125 million Revenue Anticipation Notes, $180 million School Revenue Anticipation Notes and $70 million of Extendable Municipal Commercial Paper in September and October 2015 for school purposes. The school purpose borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aid.

The City continued its use of the State of Wisconsin's Clean Water Fund to finance sewer system capital projects. Clean Water Fund loans of $20 million were obtained during 2015, compared to $14 million in 2014. Safe Drinking Water loans of $7 million were obtained during 2015 compared to $1 million in 2014. 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 has $200 million available under an Extendable Municipal Commercial Paper (EMCP) program, and $50 million under a bank line of credit. As of December 31, 2015, there was $166 million of EMCP outstanding, with no outstanding balance for the line of credit.

RISK MANAGEMENT

The City is self-insured for workers' compensation, employee Basic Plan 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

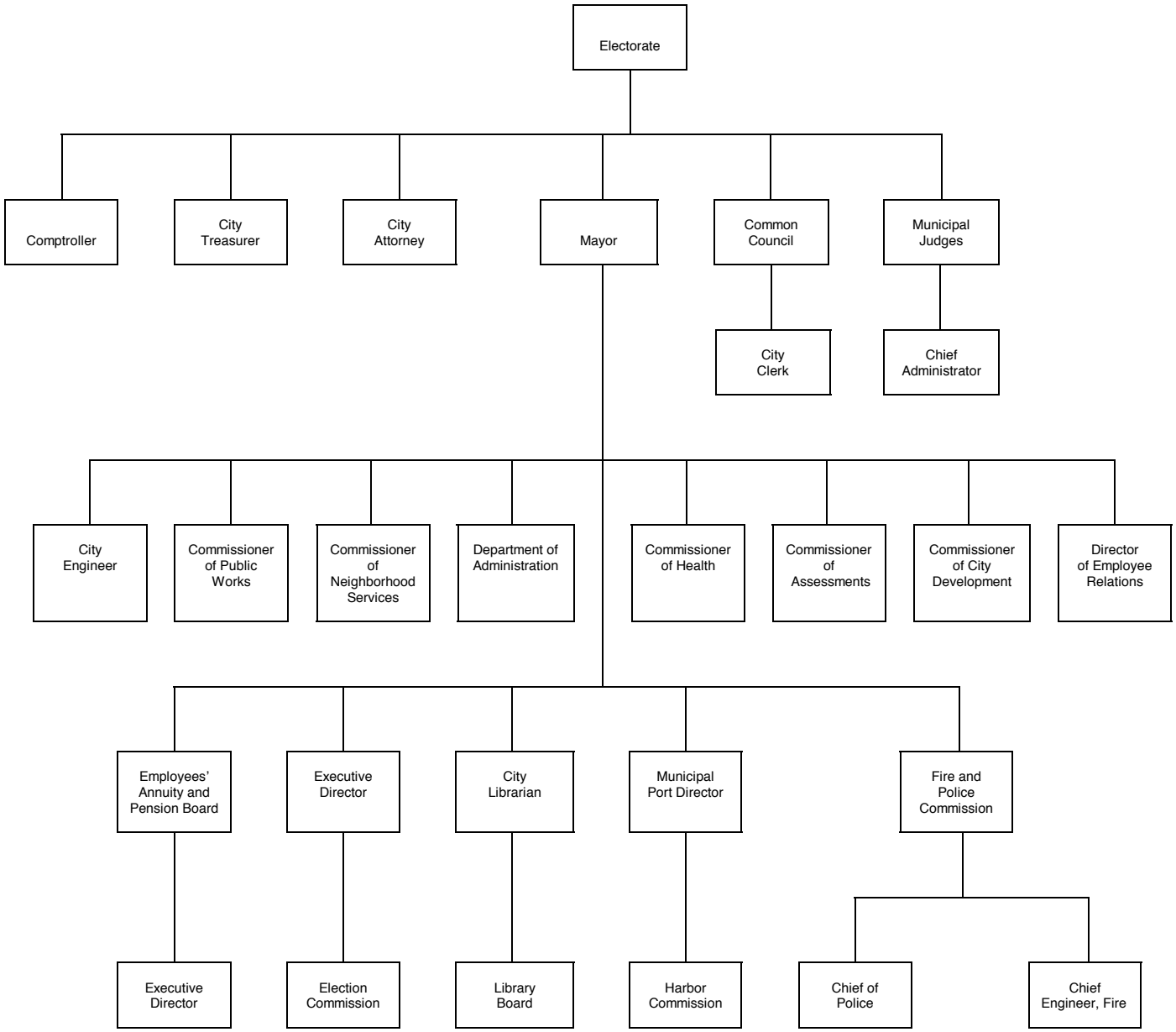
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation,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

Sincerely,

Martin Matson

Martin Matson
Comptroller

CITYOF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2015



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2015

ELECTED

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

COMMON COUNCIL

President	Michael J. Murphy
Aldermanic District	**Alderman**
First	Ashanti T. Hamilton
Second	Joseph L. Davis, Sr.
Third	Nik Kovac
Fourth	Robert J. Bauman
Fifth	James A. Bohl, Jr.
Sixth	Milele A. Coggs
Seventh	Willie C. Wade
Eighth	Robert G. Donovan
Ninth	Robert W. Puente
Tenth	Michael J. Murphy
Eleventh	Mark A. Borkowski
Twelfth	Jose G. Perez
Thirteenth	Terry L . Witkowski
Fourteenth	T. Anthony Zielinski
Fifteenth	Russell W. Stamper, II

FINANCE RELATED (Non-Elected)

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Members
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin ("City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the entity'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, the Neighborhood Improvement Development Corporation, and the Century City Redevelopment Corporation, which represents one-hundred percent of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, 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 relevant to the entity'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 entity'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 the 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, 2015, 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 8 to the financial statements, in 2015, the City of Milwaukee, Wisconsin adopted new accounting guidance, GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. As a result of the implementation, the City of Milwaukee, Wisconsin reported a restatement for the change in accounting principal. Our opinion is 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, and the schedule of funding progress for retiree health and life insurance, schedule of the City's proportionate share of the net pension liability, and the schedule of the City's contributions as listed in the table of contents. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukee, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are 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. Such 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the miscellaneous financial data have 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 them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of the City of Milwaukee, Wisconsin'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 15, 2016

This section of the Comprehensive Annual Financial Report of the City of Milwaukee provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. The City's management encourages readers to consider the information presented here in conjunction with additional information that we have presented in the letter of transmittal. The financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section and should be read in conjunction with it. 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

- The assets of the City of Milwaukee exceeded its liabilities at the close of fiscal year 2015 by $984 million (net position); $239 million in governmental activities and $745 million in business-type activities. Governmental activities' unrestricted assets reflect a deficit of $739 million. The City regularly makes significant investments in private purpose developments which do not produce any direct financial return to the City. The City also finances certain long-term liabilities as they come due rather than when they are incurred. The City's net position increased 5% compared to the previous year of $941 million.

- The vast majority of the City's net position is capital assets, most of which do not generate revenues by their use or sale. Total net position comprise the following:
  - Capital assets, including property and equipment, net of related debt and accumulated depreciation – $1.44 billion.
  - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $210 million.
  - Unrestricted net deficit – $(671) million.

- The City's total 2015 year-end other post-employment benefits (OPEB) obligation is $374 million; an increase of 15% from the 2014 obligation of $326 million. The obligation is based on an actuarial valuation as of January 1, 2015, which indicates the 2015 actuarial accrued liability for benefits was $976 million over a 30-year amortization period.

- In 2015, the City implemented GASB 68 for pensions. The City's 2015 year-end net pension liability is $95 million based on an actuarial valuation as of January 1, 2014. See Note 8 in the financial statements for more disclosures for the pension liability reporting.

- Total liabilities of the City increased to $2.1 billion from 2014 total of $1.8 billion. The long-term portion of total liabilities ($1.9 billion) consists of $374 million for OPEB, $1.4 billion for outstanding debt, $81 million for compensated absences, claims, and judgments, and $95 million for pension liability.

- City governmental expenses exceeded combined program revenues by $734 million. General revenues and transfers of $683 million resulted in a $50 million decrease of net position for the year. Net position of business-type activities increased $17 million from 2014's un-restated balance of $727 million to $745 million.

- For governmental activities, program revenue supported 22% of the total expenses for 2015. Property taxes and other taxes financed 30% of the primary government's governmental activities' expenses, state aids for the General Fund funded 28%, and miscellaneous revenues and transfers supported 14% of the expenses. As a result, expenses were greater than total revenues and transfers by 6% in 2015.

- For business-type activities, program revenue supported 128% of the expenses for 2015; and, in total exceeded the expenses by $56 million. Miscellaneous revenue and transfers out reduced this excess by $41 million to result in a $15 million increase of net position for the year.

- The City's total governmental funds ending fund balances were $345 million for 2015, compared to the 2014 ending fund balance of $313 million, an increase of $32 million (or 10%).

- The General Fund balance at year-end 2015 totaled $127 million – a $14 million increase compared to 2014. This ending Fund Balance is about 16% of combined General Fund expenditures and transfers disbursed for the year.

- The operating expenditures of the General Fund were $29 million less than budgeted. General government expenditures realized the most cost savings with $27 million below the final budget, accounting for most of the total positive budget

variance for the year 2015.

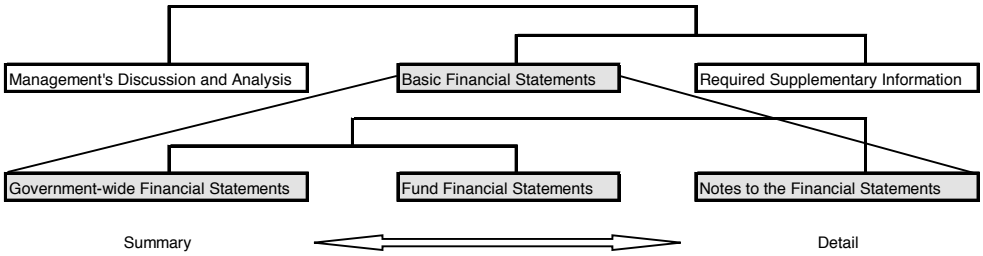
- Outstanding General Obligation bonds and notes payable increased by $30 million during the current fiscal year from $850 million to $880 million. In addition, revenue bonds of $95 million, extendable municipal commercial paper of $166 million and state loans of $108 million were outstanding at year end totaling $1.2 billion of debt, which was a slight increase from 2014.

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.

Fibure 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 agent for the benefit of others to whom the resources belong.

A summary of the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain are depicted in table Figure A-2. The remainder of this overview section of 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 reported 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, parking, and port. User charges or fees primarily support these activities.
- The *component units* include three other entities in its report: Redevelopment Authority of the City of Milwaukee, Neighborhood Improvement Development Corporation, and Century City Redevelopment 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.

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 reconciliation at the bottom of the fund financial statements.
- **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 (enterprise) 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 nonmajor governmental funds and nonmajor enterprise funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each nonmajor 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

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014*	2015	2014*	2015	2014*	2015
Current and other assets	$ 889,945	$ 961,365	$ 124,887	$ 130,847	$ 1,014,832	$ 1,092,212
Capital assets	1,095,321	1,140,930	962,293	1,001,450	2,057,614	2,142,380
Total assets	1,985,266	2,102,295	1,087,180	1,132,297	3,072,446	3,234,592
Loss on refunding	-	-	526	359	526	359
Deferred outflows for pensions	-	163,941	-	6,062	-	170,003
Long-term obligations	1,301,935	1,515,459	303,308	341,480	1,605,243	1,856,939
Other liabilities	178,660	219,963	56,928	52,410	235,588	272,373
Total liabilities	1,480,595	1,735,422	360,236	393,890	1,840,831	2,129,312
Gain on Refunding	337	1,146	-	-	337	1,146
Deferred inflows for pensions	-	163	-	10	-	173
Subsequent years property taxes	290,721	290,253	-	-	290,721	290,253
Net position:						
Net investment in capital assets	748,374	769,340	669,428	675,510	1,417,802	1,444,850
Restricted	211,316	209,116	930	1,174	212,246	210,290
Unrestricted	(745,740)	(739,204)	57,112	68,134	(688,628)	(671,070)
Total net position	$ 213,950	$ 239,252	$ 727,470	$ 744,818	$ 941,420	$ 984,070

*The 2014 financial statement figures are not restated in the above table. See note 14 for the restatement resulting from implementation of GASB 68 and the impact on the financial statements.

Net position of the City's governmental activities decreased to $239 million for 2015. The portion of net position restricted as to use totaled $209 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled $769 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 $739 million year end does not imply that the City has inadequate financial resources to meet its current obligations. The City's annual budgets do not include the full amounts needed to meet future liabilities arising from property-casualty claims, unused employee vacation-sick leave and outstanding debt. The City includes these amounts needed in future years' budgets as these obligations come due.

The net position of business-type activities increased 2% to $745 million in 2015. The City generally can only use net position to finance the continuing operations of its specific enterprise activities.

Long-term obligations for governmental activities increased 14% and for business-type activities increased 12% from 2014 due primarily to the issuance and retirement of long-term debt and the recording of OPEB and pension liabilities.

Total assets including capital assets increased $162 million or 5% from 2014. Capital assets of the primary government increased 4% from the previous year due to several completed major street projects by the State of Wisconsin. For 2015, capital assets of the Water Works and the Sewer Maintenance Funds comprise 95% of the City's total capital assets for business-type activities. These are the City's two largest enterprise (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.

Changes in net position. Total annual City revenues less expenses yield the change in net position. The City's program and general revenues totaled $852 million for governmental activities. 39% of governmental purpose revenues are intergovernmental revenues (State aids, Federal and State grants) while 34% is derived from property and other taxes. Charges for services represent 17% of total revenues, and the remaining 11% generated by licenses, permits, fines and forfeits and other miscellaneous sources.

The City's governmental activity expenses cover a range of services, with $400 million (42%) related to public safety (fire and police, neighborhood services). General government expenses total $205 million (22%) while public works expenses total $182 million (19%). Program specific revenues (charges for services) generated about 17% of the revenue needed to support the cost of governmental activities. General revenues (taxes, State aids, and miscellaneous) provide the funds for the remaining expenses.

Total governmental activities revenues and transfers fell below expenditures by $50 million. For business-type activities revenues exceeded its expenditures and transfers by $15 million however, prior to the transfer of $43 million from business type funds to governmental funds, business type funds showed a $58 million excess of revenues over expenses while governmental activities had $93 million less revenues than expenses. Chart 1, *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict this comparison by major function.

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table 2
Changes in Net Position
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	$ 114,743	$ 141,318	$ 236,002	$ 251,043	$ 350,745	$ 392,361
Operating grants and contributions	73,758	47,326	-	-	73,758	47,326
Capital grants and contributions	30,315	22,796	799	2,740	31,114	25,536
General revenues:						
Property taxes and other taxes	284,664	287,602	-	-	284,664	287,602
State aids for General Fund	260,886	263,350	-	-	260,886	263,350
Miscellaneous	88,718	89,487	1,471	1,709	90,189	91,196
Total revenues	853,084	851,879	238,272	255,492	1,091,356	1,107,371
Expenses						
General government	249,874	204,691	-	-	249,874	204,691
Public safety	315,952	399,620	-	-	315,952	399,620
Public Works	170,054	182,340	-	-	170,054	182,340
Health	18,852	20,249	-	-	18,852	20,249
Culture and recreation	21,503	25,315	-	-	21,503	25,315
Conservation and development	57,617	88,252	-	-	57,617	88,252
Capital contribution to Milwaukee Public Schools	-	-	-	-	-	-
Contributions	24,001	-	-	-	24,001	-
Interest on long-term debt	23,105	24,749	-	-	23,105	24,749
Water	-	-	72,540	72,141	72,540	72,141
Sewer Maintenance	-	-	46,840	49,661	46,840	49,661
Parking	-	-	24,053	25,233	24,053	25,233
Port of Milwaukee	-	-	3,825	4,005	3,825	4,005
Metropolitan Sewerage District User Charges	-	-	44,557	46,850	44,557	46,850
Total expenses	880,958	945,216	191,815	197,890	1,072,773	1,143,106
Increase in net position before transfers	(27,874)	(93,337)	46,457	57,602	18,583	(35,735)
Transfers	43,115	43,038	(43,115)	(43,038)	-	-
Increase in net position	15,241	(50,299)	3,342	14,564	18,583	(35,735)
Net position – Beginning as restated (note 14)	198,709	289,551	724,128	730,254	922,837	1,019,805
Net position – Ending	$ 213,950	$ 239,252	$ 727,470	$ 744,818	$ 941,420	$ 984,070

Governmental Activities

Revenues for the City's governmental activities totaled $852 million, while total expenses totaled $945 million for 2015. Total revenues, excluding transfers, supported 90% of total expenses; 95% with transfers. Comparable data for 2014 indicates 97% of all revenues, excluding transfers supported the 2014 expenses and, 102% including transfers.

Property taxes represent 33% of the total revenues for 2015 and 2014. The total actual property tax revenues remained steady like the previous year. The City of Milwaukee's share of the Tax Rate increased $0.13 from $10.58 in 2014 to $10.71 in 2015 (per $1,000 of Assessed Value), due mainly to a decrease in assessed property value. State aids for the General Fund were $263 million in 2015, a $2 million increase from 2014. The combined property taxes and State aids comprised approximately 65% of the total revenues for governmental funds in 2015 compared to 64% in 2014. Charges for services equaled 17% of the total revenues in 2015 and 13% in 2014. Operating grants, capital grants, and contributions decreased by $34 million, to a total $70 million or 12% of total revenues in 2015.

The total 2015 governmental activity expenditures increased by $62 million (7%) over 2014. There are a couple reasons that contributed to this increase. The first is due to the retro pay for police officers which contributed about $20 million. Also, the new GASB pronouncement 68, relating to reporting of pension liabilities and pension expense, contributed to the increase. Since the police and fire departments are the largest part of the budget and the pension expense is prorated accordingly, public safety was the largest portion of this pension expense calculation. See the notes to the statements for further detail.

Chart 1
2015 Expenses and Program Revenues - Governmental Activities

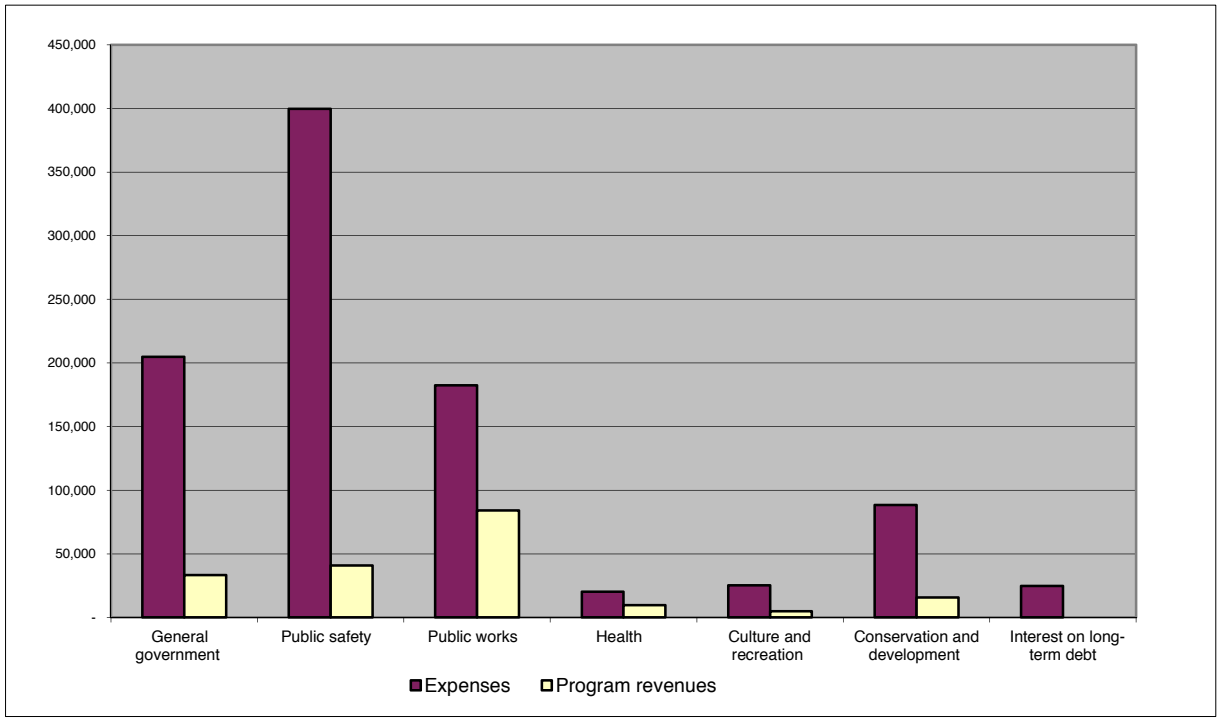


Table 3 presents the cost of each of the City's largest programs as depicted in the Chart 1 above, as well as each program's net costs (total cost less the revenues generated by the activities). General government includes most City departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. "Net cost" shows the financial burden placed on the city taxpayers by each of these functions.

Table 3
Governmental Activities
(Thousand of Dollars)

	Total Cost of Services		Net Cost of Services	
	2014	2015	2014	2015
General government	$ 249,874	$ 204,691	$ 237,323	$ 171,302
Public safety	315,952	399,620	276,946	358,709
Public works	170,054	182,340	57,779	75,415
Health	18,852	20,249	9,012	10,571
Culture and recreation	21,503	25,315	18,071	20,456
Conservation and development	57,617	88,252	39,657	72,574
Contributions	24,001	-	249	-
Interest on long-term debt	23,105	24,749	23,105	24,749
Total Governmental Activities	$ 880,958	$ 945,216	$ 662,142	$ 733,776

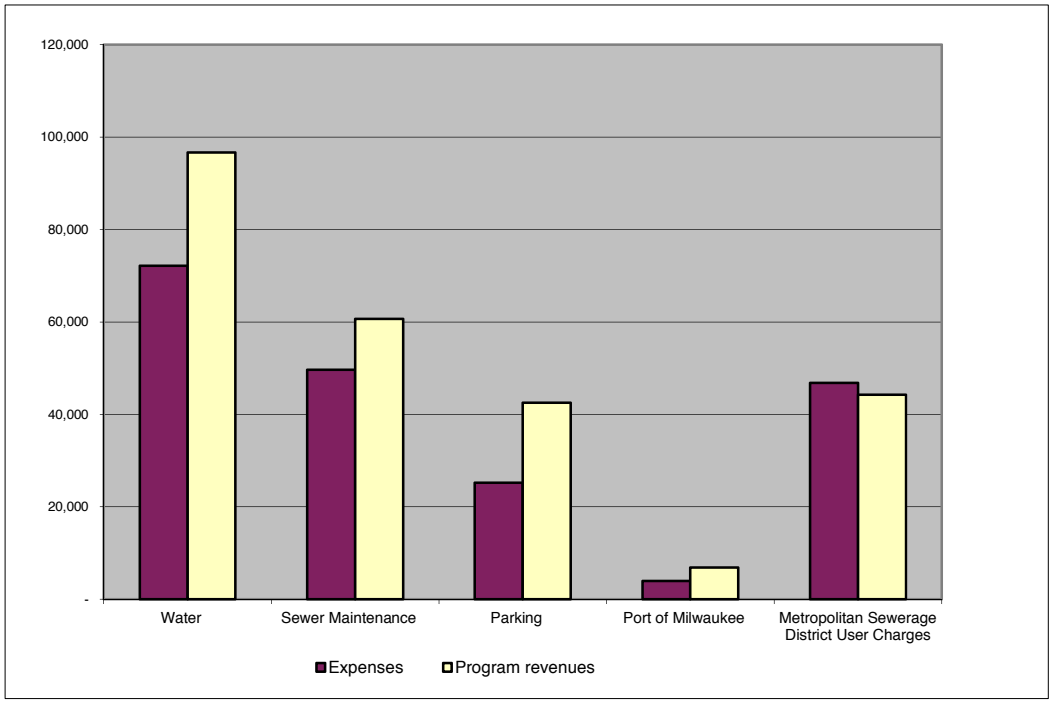
The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities increased in 2015 to $734 million from $662 million in 2014 or 10% change. Because such a small portion of total costs are supported by program revenue, the remainder of the total costs of service must be funded by general City taxes and State aids.

Business-type Activities

The two major enterprises or business-type activities for the City of Milwaukee are water services and sewer maintenance. The Water Works had operating revenue of $97 million, expenses of $72 million and operating income of $25 million. The Sewer Maintenance produced a net operating income of $36 million after operating revenue of $61 million and operating expenses of $25 million.

Business-type revenues on Table 2 increased by $17 million in 2015 compared to 2014, which is a 7% increase. Total expenses and transfers of all enterprise funds of the City increased from 2014 to 2015 by $6 million or 3%. Overall, 2015 year-end Total Net Position increased by $14.6 million to $745 million, which is about 2%.

Chart 2
2015 Expenses and Program Revenues - Business-type Activities



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.

When the year 2015 ended, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $345 million, an increase of $32 million or 10% from 2014. The Capital Projects Fund balance increased to a fund balance of $3 million compare to negative $20 million in 2014. The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects. This practice minimizes City borrowing costs and complies with Federal Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled $148 million in 2015 compared to $92 million in 2014. The General Obligation Debt Service Fund remained the same in terms of fund balance from 2014 at $140 million in 2015 as well. The General Fund increased by $14 million to $127 million.

Chart 3 and 4 illustrate spending by function and revenues by source for all governmental funds.

Chart 3
2015 City Spending by Function - Governmental Funds

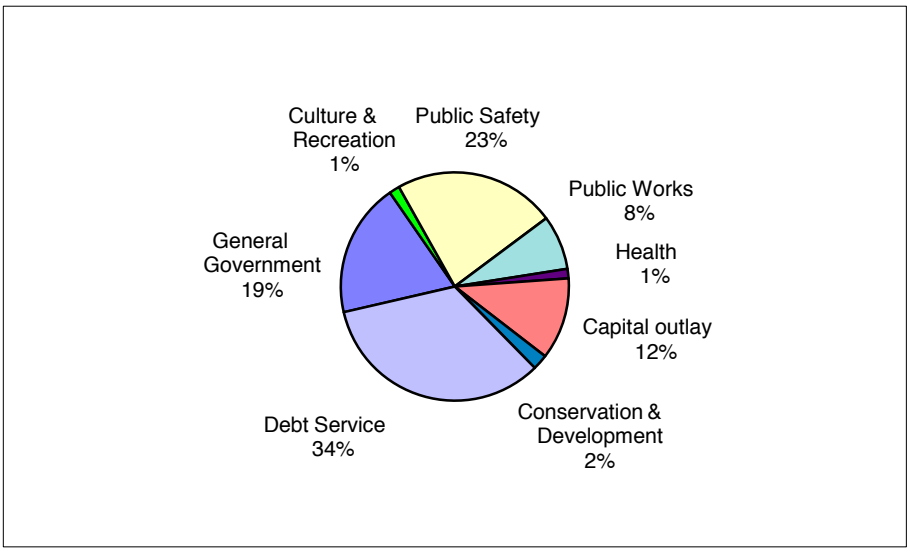
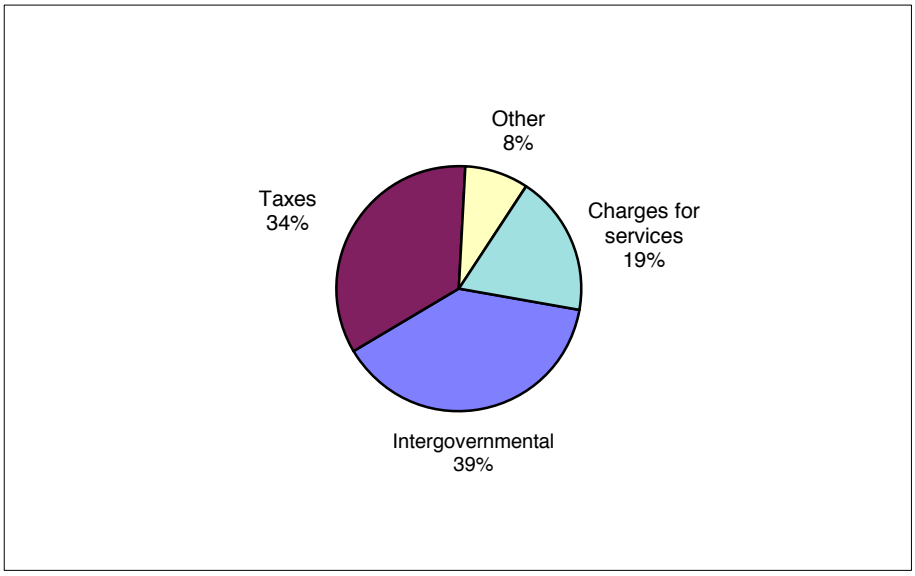


Chart 4
2015 Revenues by Source - Governmental Funds



Revenues for governmental functions overall totaled $834 million in the fiscal year ended December 31, 2015. Expenditures for governmental funds totaled $1.3 billion. Expenditures exceeded revenues by $506 million. Other financing sources helped to close the gap, resulting in an increase in governmental fund balances of $32 million for the year compared to a decrease of $33 million in 2014. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from enterprise funds; and receipt of loans receivable transferred from the Neighborhood Improvement Development Corporation component unit.

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 by $14 million or by 13%. Revenues and other financing sources totaled approximately $816 million and expenditures and other financing uses totaled approximately $802 million - detailed in Table 4 below. Revenues increased by $15 million from 2014 and expenditures increased by $9 million from 2014, with expenditures exceeding revenues by 6%. 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 $50 million. This excludes the budgeted use of funds from the fund balance. $16.7 million was budgeted from the fund balance for the 2015 General Fund budget. This was a decrease of $3.3 million from 2014.

Total General Fund revenues for 2015 were $639 million. The largest revenue category is intergovernmental at $263 million with 41% of the total revenue. The second largest revenue source is Property Taxes with $190 million or 30%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 22% or $141 million. These three categories combine to 93% of the total revenues for 2015.

The following table (Table 4) presents a summary of revenues and expenditures of the General Fund compared to prior year:

Table 4
General Fund
Summary of Revenues, Expenditures and Other Financing Sources and Uses
(Thousands of Dollars)

Revenues and Other Financing Sources

Revenues:	**2014**	**2015**	**% Change**
Property taxes	$ 179,269	$ 190,318	6.2%
Other taxes	6,091	2,765	-54.6%
Licenses and permits	16,063	16,629	3.5%
Intergovernmental	260,886	263,350	0.9%
Charges for services	114,743	141,318	23.2%
Fines and forfeits	4,587	4,110	-10.4%
Contributions received	23,752	2,588	-89.1%
Other	18,796	18,003	-4.2%
Total Revenues	624,187	639,081	2.4%
Other Financing Sources			
Debt proceeds	139,948	130,968	-6.4%
Transfers in	46,912	46,169	-1.6%
Total Revenues and Other Financing Sources	811,047	816,218	0.6%
Excess of Revenues over Expenditures	(41,895)	(35,814)	14.5%

Expenditures and Other Financing Uses

Expenditures:	**2014**	**2015**	**% Change**
General government	$ 262,948	$ 249,029	-5.3%
Public safety	268,426	293,787	9.4%
Public works	103,339	101,086	-2.2%
Health	9,171	9,553	4.2%
Culture and recreation	17,012	17,624	3.6%
Conservation and development	3,522	3,816	8.3%
Total Expenditures	664,418	674,895	1.6%
Other Financing Uses			
Transfers out	137,119	127,119	-7.3%
Total Expenditures and other Financing Uses	$ 801,537	$ 802,014	0.1%
Net Change in Fund Balance	$ 9,510	$ 14,204	49.4%

As of December 31, 2014 the City had $125 million of Revenue Anticipation Notes outstanding in advance of receipt of the State Shared Revenues. During 2015, $180 million was issued and $175 million repaid.

The City maintains two separate debt service funds. 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 Public Debt Amortization Fund is governed by State Statutes Section 67.101 whereby accumulated resources can be used for the retirement of the public debt. The General Obligation Debt Service Fund remained relatively the same maintaining a fund balance of $140 million. Total revenues of the General Obligation Debt Service decreased from $112 million in 2014 to $102 million in 2015. Revenues combined with *Other Financing Sources* totaled $460 million; expenditures combined with *Other Financing Uses* totaled $460 million; resulting in a *net increase in Fund Balance* for year end 2015 of $437 thousand for the General Obligation Debt Service Fund.

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. At year end, 2015 showed a fund balance of $3 million. In 2015, total debt proceeds amounted to $148 million as compared to $92 million in 2014, a 61% increase. Total revenues increased by $7 million from 2014 to 2015; expenditures increased from $140 million to $155 million. The issuance of bonds and notes during 2015 for capital purposes combined with revenues and transfers sufficiently covered the current year's expenditures and increased the year-end fund balance by $23 million to result in a positive fund balance.

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 as a result of operations.

At the end of the fiscal year, the total unrestricted net position for all enterprise funds was $68 million. This was an increase from $57 million at December 31, 2014. This is due to an increase in Water Works of $14 million combined with a decrease in the Sewer Maintenance fund of $2 million and all other non-major enterprise funds by $1 million.

In 2015, operating revenues of the enterprise funds totaled $251 million (a 6% increase); total operating expenses increased $5 million to $172 million. The Water Works is the largest enterprise activity for the City, comprising approximately 39% of the total operating revenues. The Sewer Maintenance Fund comprises 24% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2015, Water Works operating revenues increased 10% while Sewer Maintenance operating revenues increased 3%; all other enterprise funds combined increased about 5% compared to 2014. Water Works non-operating revenues for 2015 are mainly composed of interest income and other miscellaneous revenues.

The Water Works incurred total expenses of $72 million for 2015 maintaining its expenses from 2014. The non-operating interest expense of the Water Works decreased $906,000 from last year since in 2014 scheduled principal matured on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds increased by 5% from 2014.

General Fund Budgetary Highlights

For the year ended December 31, 2015, the General Fund budgetary basis revenues were lower than budgeted revenues by $610 thousand. Revenue categories for property taxes, other taxes, and fines/forfeitures had an unfavorable variance of $10 million to the budget; however, all other categories of licenses/permits, intergovernmental, charges for services and other exceed the final budgeted amounts by $10 million. Actual 2015 revenues increased from that of the prior year by $13 million. Intergovernmental revenues increased slightly to $263 million. This category includes financing from the State for shared taxes, local street aids, and payment for municipal services. The operating expenditures were $29 million less than budgeted. This favorable variance is a result of mostly savings from general government departments.

The original budget for expenditures includes the adopted budget plus the encumbrances carried over from 2014 less the encumbrances carried over to 2016. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2014 by the Common Council less those appropriations authorized for carryover to 2016. In addition, certain appropriations are budgeted in a general non-departmental account (i.e. contingency) and are only transferred from this account to specific departments during the year to expend after authorization by the Common Council. These appropriation adjustments are part of the final budget. As detailed in the Required Supplementary Information Section, Exhibit E-1 shows both the original 2015 General Fund expenditure budget of $697 million and the final budget of $692 million. This is a 2% increase over the final 2014 budget of $677 million. The original revenue budget and final revenue budged both totaled $627 million. This is a 2% increase over the final 2014 revenue budget of $613 million.

The General Fund Schedule of Expenditures-Budget and Actual (Exhibit I-9) details current year expenditures by department. The City's General Fund's beginning Fund Balance of $113 million as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance differs from the General Fund's budgetary Fund Balance reported in the Budgetary Comparison Schedule (Exhibit E-1) by the amount of the budgeted withdrawal from the Fund Balance of $17 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2015 total $2.1 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 $85 million or 4%. Governmental activities' capital assets increased $46 million or a 4% increase from 2014. Business-type activities' capital assets increased $39 million or 4% at the end of 2015. A schedule comparing the assets by type for 2014 and 2015 for both governmental and business-type activities is depicted in Table 5 below. The net change in assets as detailed in Note 4 reports that additions were $61 million and deletions were $15 million for 2015 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 change in capital assets that resulted in a net increase of $28 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 61% of its total net assets with 29% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of $13 million.

Table 5
Capital Assets
(net of depreciation)
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Capital assets not being depreciated:						
Land	$ 165,730	$ 165,730	$ 19,096	$ 19,034	$ 184,826	$ 184,764
Construction in progress	76,391	89,103	27,731	30,863	104,122	119,966
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:						
Buildings	307,965	312,660	97,699	97,158	405,664	409,818
Infrastructure	1,605,990	1,662,239	1,002,751	1,042,185	2,608,741	2,704,424
Improvements other than buildings	11,909	11,997	8,150	8,173	20,059	20,170
Machinery and equipment	193,790	207,303	253,901	270,620	447,691	477,923
Intangible software	2,605	2,605	-	-	2,605	2,605
Nonutility property	-	-	3,654	3,654	3,654	3,654
Accumulated depreciation	(1,270,401)	(1,312,049)	(450,689)	(470,237)	(1,721,090)	(1,782,286)
Total	$ 1,095,321	$ 1,140,930	$ 962,293	$ 1,001,450	$ 2,057,614	$ 2,142,380

Debt

At year-end, the City had $880 million in general obligation bonds and notes, $108 million in State loans, $95 million in revenue bonds, and $166 million in extendable municipal commercial paper outstanding as itemized in Table 6.

New debt issued for general obligation bonds and notes totaled $285 million, of which $283 million is related to governmental activities.

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

The City's gross general obligation debt per capita, excluding enterprise fund debt, was $1,074 at the end of 2014 and $1,130 at the end of 2015; a 5% increase from the prior year. As of December 31, 2015, the City's outstanding net general obligation debt for governmental activities was 2.58% of the City's total taxable value of property (Statistical Section - Table 9). The legal debt limit is 7% of equalized property value, including Milwaukee Public Schools debt, which also is issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit and has used about 50% of this limit. The City issues

general obligation notes to purchase a portion of General Fund delinquent taxes. During 2015, notes were issued in the amount of approximately $28.3 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

Table 6
Outstanding Debt
General Obligation, Revenue Bonds and Extendable Municipal Commercial Paper
(Thousand of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
General obligation bonds and notes (backed by the City)	$ 814,522	$ 848,259	$ 35,247	$ 31,822	$ 849,769	$ 880,081
Extendable Municipal Commercial Paper	41,700	80,302	65,000	86,098	106,700	166,400
State loans	-	-	92,100	107,533	92,100	107,533
Revenue bonds (backed by specific fee revenues)	-	-	94,624	95,459	94,624	95,459
Total	$ 856,222	$ 928,561	$ 286,971	$ 320,912	$ 1,143,193	$ 1,249,473

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2015 is 6.7%, compared to 7.2% for 2014. The City of Milwaukee per capita income for the most recent fiscal year available (2014) was $41,507, compared to $40,219 for 2013. Table 13 contains demographic and economic statistics for the last ten calendar years.

The 2016 adopted City Budget is about $1.55 billion with a General Fund budget of $733 million. The General Fund budget decreased $1 million from the 2015 budgeted amount of $734 million. In 2016, the City should expend $108 million for health insurance and related costs compared to $120 million budgeted for 2015, a decrease of 10%. The City eliminated all mandatory furlough days as of 2015 and continues to do so.

Milwaukee City Hall is a 120 year old building built on a wood piling foundation. A portion of the wood pilings have begun to decay and are in need of replacement. It is estimated that $60 million may be spent over the next 10 years to repair the foundation. This project has begun and $13 million is budgeted for the year 2016.

The City has included $12 million of funding for the Strong Neighborhoods plan and Neighborhood Services for housing repair and demolition and deconstruction. One hundred police officers will be hired in 2016 as part of increasing the Police Department staff. Finally, the City has allocated over $4 million for replacing two libraries in 2016.

Total property taxes levied for all funds of the City in 2015 for 2016 purposes decreased $.12 per thousand dollars of assessed valuation to a rate of $10.59 (1.1%). The 2014 for 2015 rate increased $.13 (from $10.58 to $10.71 or 1.2%).

The total City property tax levy will remain roughly the same at $256 million from 2015. Since the rate decreased, the property tax revenue will decline slightly in 2016. The property tax levy will provide $108 million for general City purposes in 2016. This represents a decrease of $6 million in the property tax revenue from 2015 or a 5% decrease. Property Tax Levy for Employee Retirement Purposes will increase $3 million for 2016. The 2016 General City Purpose budget includes $127 million in estimated revenue for City charges for services rendered, an increase of $5 million. A City Solid Waste Fee is the largest revenue source in this category and is expected to generate $37 million for 2016. This fee represents 30% of the total charges for services in the 2016 budget. The Street Sweeping-Leaf Collection and Tree Pruning Fee is expected to generate about $18 million for 2016, about a $2 million increase over 2015. This fee comprises 14% of the total charges for services in 2016 compared to 13% in 2015.

Estimated General City Purposes intergovernmental revenues, primarily from the State of Wisconsin, are projected to total $262.6 million; an increase of $400,000 from 2015.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2015
(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	$ 378,981	$ 61,614	$ 440,595	$ 48,713
Receivables (net):				
Taxes	242,699	-	242,699	-
Accounts	41,274	44,396	85,670	442
Unbilled accounts	1,608	19,348	20,956	-
Special assessments	7,114	-	7,114	-
Notes and loans	104,042	-	104,042	38,460
Accrued interest	356	39	395	552
Due from component units	20,342	-	20,342	-
Due from primary government	-	-	-	108
Due from other governmental agencies	154,503	1,176	155,679	979
Inventory of materials and supplies	9,556	3,393	12,949	-
Inventory of property for resale	26	-	26	6,514
Prepaid items	864	859	1,723	171
Other assets	-	22	22	-
Total Noncapital Assets	961,365	130,847	1,092,212	95,939
Capital assets:				
Capital assets not being depreciated:				
Land	165,730	19,034	184,764	12,200
Construction in progress	89,103	30,863	119,966	15,640
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	312,660	97,158	409,818	85,786
Infrastructure	1,662,239	1,042,185	2,704,424	333
Improvements other than buildings	11,997	8,173	20,170	4,264
Machinery and equipment	207,303	270,620	477,923	159
Intangible software	2,605	-	2,605	565
Nonutility property	-	3,654	3,654	-
Accumulated depreciation	(1,312,049)	(470,237)	(1,782,286)	(19,603)
Total Capital Assets	1,140,930	1,001,450	2,142,380	99,344
Total Assets	2,102,295	1,132,297	3,234,592	195,283
Deferred Outflows of Resources:				
Loss on refunding	-	359	359	-
Pension related	163,941	6,062	170,003	305
Total Deferred Outflows of Resources	163,941	6,421	170,362	305

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2015
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 58,276	$ 26,238	$ 84,514	$ 2,984
Accrued expenses	39,875	1,083	40,958	268
Accrued interest payable	8,991	1,132	10,123	-
Internal balances	(22,781)	22,781	-	-
Due to component units	108	-	108	-
Due to other governmental agencies	2,076	-	2,076	3,446
Unearned revenues	3,418	1,176	4,594	
Revenue anticipation notes payable	130,000	-	130,000	-
Other liabilities	-	-	-	2,748
Due to primary government:				
Due within one year	-	-	-	4,729
Due in more than one year	-	-	-	15,613
Long-term obligations:				
Due within one year	195,558	104,219	299,777	3,181
Due in more than one year	1,319,901	237,261	1,557,162	113,909
Total Liabilities	1,735,422	393,890	2,129,312	146,878
Deferred Inflows of Resources:				
Gain on refunding	1,146	-	1,146	-
Subsequent years property taxes	290,253	-	290,253	1,397
Pension related	163	10	173	10
Total Deferred Inflows of Resources	291,562	10	291,572	1,407
NET POSITION				
Net investment in capital assets	769,340	675,510	1,444,850	24,780
Restricted for:				
Debt service	200,142	1,174	201,316	-
Other purposes	8,974	-	8,974	11,527
Unrestricted	(739,204)	68,134	(671,070)	10,996
Total Net Position	**$ 239,252**	**$ 744,818**	**$ 984,070**	**$ 47,303**

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, 2015

(Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	$ 204,691	$ 31,100	$ 2,289	$ -
Public safety	399,620	26,711	14,200	-
Public works	182,340	81,325	2,804	22,796
Health	20,249	1,081	8,597	-
Culture and recreation	25,315	1,092	3,767	-
Conservation and development	88,252	9	15,669	-
Interest on long-term debt	24,749	-	-	-
Total Governmental Activities	945,216	141,318	47,326	22,796
Business-type Activities:				
Water	72,141	96,687	-	1,276
Sewer Maintenance	49,661	60,695	-	-
Parking	25,233	42,532	-	-
Port of Milwaukee	4,005	6,876	-	1,464
Metropolitan Sewerage District User Charges	46,850	44,253	-	-
Total Business-type Activities	197,890	251,043	-	2,740
Total Primary Government	$ 1,143,106	$ 392,361	$ 47,326	$ 25,536
Component units:				
Redevelopment Authority	$ 10,295	$ 7,726	$ 2,535	$ -
Neighborhood Improvement Development Corporation	577	194	295	19
Century City Redevelopment Corporation	858	283	-	-
Total Component Units	$ 11,730	$ 8,203	$ 2,830	$ 19

General revenues:

Property taxes and other taxes .....

State aids for General Fund .....

Miscellaneous .....

Transfers .....

Total General Revenues and Transfers .....

Change in Net Position .....

Net Position - Beginning, as restated (note 14).....

Net Position - Ending .....

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

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (171,302)		$ (171,302)	
(358,709)		(358,709)	
(75,415)		(75,415)	
(10,571)		(10,571)	
(20,456)		(20,456)	
(72,574)		(72,574)	
(24,749)		(24,749)	
(733,776)		(733,776)	
-	$ 25,822	25,822	
-	11,034	11,034	
-	17,299	17,299	
-	4,335	4,335	
-	(2,597)	(2,597)	
-	55,893	55,893	
(733,776)	55,893	(677,883)	
			$ (34)
			(69)
			(575)
			(678)
287,602	-	287,602	-
263,350	-	263,350	-
89,487	1,709	91,196	305
43,038	(43,038)	-	-
683,477	(41,329)	642,148	305
(50,299)	14,564	(35,735)	(373)
289,551	730,254	1,019,805	47,676
$ 239,252	**$ 744,818**	**$ 984,070**	**$ 47,303**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and investments	$ 128,911
Receivables (net):	
Taxes	153,678
Accounts	39,761
Unbilled accounts	1,608
Special assessments	-
Notes and loans	159
Accrued interest	252
Due from other funds	57,274
Due from component units	432
Due from other governmental agencies	4,286
Advances to other funds	6,380
Inventory of materials and supplies	9,556
Inventory of property for resale	26
Prepaid items	864
Total Assets	**$ 403,187**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 31,482
Accrued expenses	39,783
Due to other funds	962
Due to component units	-
Due to other governmental agencies	-
Unearned revenue	388
Revenue anticipation notes payable	-
Advances from other funds	463
Total Liabilities	73,078
Deferred Inflows of Resources:	202,861
Fund Balances:	
Nonspendable	17,094
Restricted	-
Committed	2,035
Assigned	46,404
Unassigned	61,715
Total Fund Balances	127,248
Total Liabilities, Deferred Inflows and Fund Balances	**$ 403,187**

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

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
$ 180,775	$ 34,587	$ 31,620	$ 3,088	$ 378,981
54,396	-	1,763	32,862	242,699
-	-	1,491	22	41,274
-	-	-	-	1,608
-	-	7,114	-	7,114
66,847	25,303	-	11,733	104,042
-	104	-	-	356
-	-	-	-	57,274
19,764	-	105	41	20,342
130,095	-	9,453	10,669	154,503
-	-	-	-	6,380
-	-	-	-	9,556
-	-	-	-	26
-	-	-	-	864
$ 451,877	**$ 59,994**	**$ 51,546**	**$ 58,415**	**$ 1,025,019**
$ 100	$ -	$ 20,716	$ 5,978	$ 58,276
-	-	-	92	39,875
2,304	-	5,335	25,429	34,030
-	-	83	25	108
-	-	-	2,076	2,076
-	-	1,673	1,357	3,418
130,000	-	-	-	130,000
-	-	6,380	-	6,843
132,404	-	34,187	34,957	274,626
179,325	-	14,375	9,220	405,781
-	-	-	-	17,094
140,148	59,994	18,260	8,974	227,376
-	-	-	5,264	7,299
-	-	-	-	46,404
-	-	(15,276)	-	46,439
140,148	59,994	2,984	14,238	344,612
$ 451,877	**$ 59,994**	**$ 51,546**	**$ 58,415**	**$ 1,025,019**

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CITY OF MILWAUKEE

Exhibit A-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015
(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 344,612
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 165,730	
Buildings, net of $112,913 accumulated depreciation	199,747	
Infrastructure, net of $1,051,040 accumulated depreciation	611,199	
Improvements other than buildings, net of $9,472 accumulated depreciation	2,525	
Machinery and equipment, net of $136,629 accumulated depreciation	70,674	
Intangible assets net of $1,634 accumulated depreciation	1,952	
Construction in progress	89,103	
		1,140,930
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected	14,452	
Grant revenues to be collected	7,770	
Special assessments to be collected	6,373	
Notes and loans receivable to repay long-term bonds and notes	86,933	
		115,528
Deferred inflows and outflows of resources related to pensions have not been included in governmental fund activity.		
Deferred inflows for pensions	(163)	
Deferred outflows for pensions	163,941	
		163,778
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(8,991)	
Bonds and notes payable	(928,561)	
Gain on refunding	(1,146)	
Unamortized premiums	(53,183)	
Compensated absences	(48,401)	
Net other postemployment benefits obligation	(363,314)	
Net Pension Liability	(91,088)	
Claims and judgments	(30,912)	
		(1,525,596)
Total net position of governmental activities (Exhibit 1)		**$ 239,252**

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

CITY OF MILWAUKEE

Exhibit A-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 190,318
Other taxes	2,765
Special assessments	-
Licenses and permits	16,629
Intergovernmental	263,350
Charges for services	141,318
Fines and forfeits	4,110
Contributions received	2,588
Other	18,003
Total Revenues	639,081
Expenditures:	
Current:	
General government	249,029
Public safety	293,787
Public works	101,086
Health	9,553
Culture and recreation	17,624
Conservation and development	3,816
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	674,895
Excess (Deficiency) of Revenues over Expenditures	(35,814)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	130,968
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	46,169
Transfers out	(127,119)
Total Other Financing Sources and Uses	50,018
Net Change in Fund Balances	14,204
Fund Balances - Beginning	113,044
Fund Balances - Ending	**$ 127,248**

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

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
$ 57,833	$ -	$ 5,664	$ -	$ 253,815
27,351	2,745	-	-	32,861
2,646	-	2,020	-	4,666
-	-	-	-	16,629
817	-	14,390	44,206	322,763
13,084	-	-	-	154,402
-	-	-	-	4,110
-	-	-	-	2,588
693	2,395	10,647	10,450	42,188
102,424	5,140	32,721	54,656	834,022
677	4	-	4,458	254,168
-	-	-	13,398	307,185
-	-	-	2,426	103,512
-	-	-	8,461	18,014
-	-	-	2,566	20,190
-	-	-	25,362	29,178
-	-	155,227	-	155,227
414,499	-	-	-	414,499
36,606	-	-	-	36,606
1,180	-	-	-	1,180
452,962	4	155,227	56,671	1,339,759
(350,538)	5,136	(122,506)	(2,015)	(505,737)
73,175	-	148,099	28,280	380,522
106,316	-	-	-	106,316
(4,735)	-	-	(237)	(4,972)
9,927	-	2,718	-	12,645
168,237	-	-	-	214,406
(1,945)	(7,000)	(5,278)	(30,026)	(171,368)
350,975	(7,000)	145,539	(1,983)	537,549
437	(1,864)	23,033	(3,998)	31,812
139,711	61,858	(20,049)	18,236	312,800
$140,148	**$ 59,994**	**$ 2,984**	**$ 14,238**	**$ 344,612**

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CITY OF MILWAUKEE

Exhibit A-4

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, 2015

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		$ 31,812
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 outlay ($114,084) less additions from Construction-in-Progress ($14,817) exceeded depreciation expense ($53,077) in the current period less loss on disposals ($581)		45,609
Notes and loans receivable to repay long-term bonds and notes		1,371
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	926	
Capital grants and contributions	(4,635)	
Special assessments beginning of the year $6,702 less $6,373 at year end	234	
		(3,475)
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(486,838)	
Issuance premiums	(12,645)	
Gain on refunding	(756)	
Repayments:		
Principal retirement	414,499	
Amortization:		
Premiums	14,088	
Gain/Loss on refunding	(53)	
		(71,705)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	(1,622)	
Net other postemployment benefits obligation	(46,589)	
Net pension liability	(2,911)	
Claims and judgments	(3,329)	
Accrued interest on bonds and notes	540	
		(53,911)
Changes in net position of governmental activities (Exhibit 2)		**$ (50,299)**

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

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS - PROPRIETARY
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit B-1

ASSETS	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Current Assets:				
Cash and cash equivalents	$ 15,420	$ 16,827	$ 17,428	$ 49,675
Restricted cash and cash equivalents	1,174	10,765	-	11,939
Receivables (net):				
Accounts	16,704	15,307	12,385	44,396
Unbilled accounts	13,928	2,449	2,971	19,348
Accrued interest	-	39	-	39
Due from other funds	3,266	1,558	1,264	6,088
Due from other governmental agencies	-	1,176	-	1,176
Advances to other fund	626	-	-	626
Inventory of materials and supplies	3,133	260	-	3,393
Prepaid items	838	-	21	859
Other assets	22	-	-	22
Total Current Assets	55,111	48,381	34,069	137,561
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	2,052	-	16,982	19,034
Construction in progress	25,993	167	4,703	30,863
Capital assets being depreciated:				
Buildings	28,514	-	68,644	97,158
Infrastructure	375,131	649,022	18,032	1,042,185
Improvements other than buildings	-	-	8,173	8,173
Machinery and equipment	251,945	6,009	12,666	270,620
Nonutility property	3,654	-	-	3,654
Accumulated depreciation	(245,321)	(148,761)	(76,155)	(470,237)
Net Capital Assets	441,968	506,437	53,045	1,001,450
Total Noncurrent Assets	441,968	506,437	53,045	1,001,450
Total Assets	497,079	554,818	87,114	1,139,011
Deferred Outflows of Resources:				
Loss on refunding	-	358	1	359
Deferred outflows for pensions	3,750	1,206	1,106	6,062
Total Deferred Outflows of Resources	3,750	1,564	1,107	6,421

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2015

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 9,546	$ 4,165	$ 12,527	$ 26,238
Accrued expenses	676	156	251	1,083
Accrued interest payable	135	556	147	838
Compensated absences	1,189	164	279	1,632
Advances from other funds	-	-	163	163
Due to other funds	22,770	-	6,562	29,332
Unearned revenue	-	1,176	-	1,176
Extendable Municipal Commercial Paper	10,000	75,000	1,098	86,098
General obligation debt payable - current	1,817	706	1,818	4,341
Total Current Liabilities	46,133	81,923	22,845	150,901
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	1,817	10,471	-	12,288
Accrued interest payable	-	294	-	294
Total Current Liabilities Payable from Restricted Assets	1,817	10,765	-	12,582
Noncurrent Liabilities:				
General obligation debt payable	8,351	7,278	11,865	27,494
Revenue bonds & State loans payable	14,322	181,390	-	195,712
Other post employment benefits obligation	6,069	2,344	2,140	10,553
Net pension liability	2,147	630	585	3,362
Total Noncurrent Liabilities	30,889	191,642	14,590	237,121
Total Liabilities	78,839	284,330	37,435	400,604
Deferred inflows of Resources:				
Deferred inflows for pensions	10	-	-	10
NET POSITION:				
Net investment in capital assets	405,661	231,592	38,257	675,510
Restricted for Debt Service	1,174	-	-	1,174
Unrestricted	15,145	40,460	12,529	68,134
Total Net Position	**$ 421,980**	**$ 272,052**	**$ 50,786**	**$ 744,818**

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

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CITY OF MILWAUKEE

Exhibit B-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 79,290	$ -	$ -	$ 79,290
Statutory sewer user fee	-	-	43,062	43,062
Sewer maintenance fee	-	60,695	-	60,695
Rent	-	-	15,017	15,017
Fire protection service	8,723	-	-	8,723
Parking meters	-	-	5,195	5,195
Parking permits	-	-	4,399	4,399
Vehicle towing	-	-	5,775	5,775
Parking forfeitures	-	-	19,022	19,022
Other	8,674	-	1,191	9,865
Total Operating Revenues	96,687	60,695	93,661	251,043
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	41,618	41,618
Employee services	-	7,640	9,290	16,930
Administrative and general	8,691	-	-	8,691
Depreciation	17,624	7,326	3,483	28,433
Transmission and distribution	20,832	-	-	20,832
Services, supplies, and materials	-	9,616	21,103	30,719
Water treatment	14,359	-	-	14,359
Water pumping	7,636	-	-	7,636
Billing and collection	2,998	-	-	2,998
Total Operating Expenses	72,140	24,582	75,494	172,216
Operating Income	24,547	36,113	18,167	78,827
Nonoperating Revenues (Expenses):				
Investment income	24	18	-	42
Grant revenue	-	-	1,464	1,464
Interest expense	(1)	(5,908)	(594)	(6,503)
Other	337	(19,171)	1,330	(17,504)
Total Net Nonoperating Revenues (Expenses)	360	(25,061)	2,200	(22,501)
Income before Contributions and Transfers	24,907	11,052	20,367	56,326
Capital contributions	1,276	-	-	1,276
Transfers in	-	-	559	559
Transfers out	(12,880)	(5,956)	(24,761)	(43,597)
Change in Net Position	13,303	5,096	(3,835)	14,564
Total Net Position - Beginning, as restated(note 14)	408,677	266,956	54,621	730,254
Total Net Position - Ending	**$ 421,980**	**$ 272,052**	**$ 50,786**	**$ 744,818**

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

CITY OF MILWAUKEE

Exhibit B-3

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 90,603	$ 61,151	$ 92,254	$ 244,008
Receipts from interfund services provided	5,798	-	-	5,798
Payments to suppliers	(23,570)	(10,107)	(61,181)	(94,858)
Payments to employees	(20,400)	(7,307)	(8,979)	(36,686)
Payments from other funds	-	(72)	(257)	(329)
Payments to other funds	(17,672)	-	2,620	(15,052)
Net Cash Provided by Operating Activities	34,759	43,665	24,457	102,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	197	-	1,464	1,661
Other nonoperating expenses	-	(19,171)	-	(19,171)
Transfers from other funds	-	-	559	559
Transfers to other funds	(12,880)	(5,956)	(24,761)	(43,597)
Net Cash Used by Noncapital Financing Activities	(12,683)	(25,127)	(22,738)	(60,548)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	16,590	51,411	3,347	71,348
Acquisition of property, plant, and equipment	(29,418)	(35,182)	(1,502)	(66,102)
Retirement of bonds, notes, and revenue bonds	(3,846)	(31,101)	(2,457)	(37,404)
Interest paid	(48)	(6,553)	(603)	(7,204)
Other	-	108	1,214	1,322
Net Cash Used for Capital and Related Financing Activities	(16,722)	(21,317)	(1)	(38,040)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	24	18	-	42
Net Increase (Decrease) in Cash and Cash Equivalents	5,378	(2,761)	1,718	4,335
Cash and Cash Equivalents - Beginning	11,216	30,353	15,710	57,279
Cash and Cash Equivalents - Ending	**$ 16,594**	**$ 27,592**	**$ 17,428**	**$ 61,614**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	$ 15,420	$ 16,827	$ 17,428	$ 49,675
Restricted Cash	1,174	10,765	-	11,939
	$ 16,594	$ 27,592	$ 17,428	$ 61,614
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 24,547	$ 36,113	$ 18,167	$ 78,827
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	17,624	7,326	3,483	28,433
Effect of changes in assets and liabilities:				
Receivables	(623)	454	(1,405)	(1,574)
Due from other funds	384	(72)	(257)	55
Inventories	(561)	(26)	-	(587)
Prepaid items	1,248	-	-	1,248
Other assets	(12)	-	-	(12)
Accounts payable	3,013	(465)	1,540	4,088
Accrued liabilities	42	1	(33)	10
Net other postemployment benefits obligation	1,009	387	379	1,775
Net pension liability	2,563	748	672	3,983
Due to other funds	(12,095)	-	2,620	(9,475)
Unearned revenue	-	-	(1)	(1)
Deferred pension outflows	(2,390)	(801)	(708)	(3,899)
Deferred pension inflows	10	-	-	10
Net Cash Provided by Operating Activities	$ 34,759	$ 43,665	$ 24,457	$ 102,881

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $1,276,094.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $108,000 with a net value of $0.

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

CITY OF MILWAUKEE

Exhibit C-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015
(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$ 1,151	$ 3,336	$ 246,560
Total Assets	1,151	3,336	$ 246,560
LIABILITIES			
Liabilities:			
Accounts payable	$ 76	$ 124	$ 1,729
Due to other governmental agencies	-	-	244,831
Total Liabilities	76	124	$ 246,560
Net Position Held In Trust For:			
Employees' pension benefits and other purposes	**$ 1,075**	**$ 3,212**	

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

CITY OF MILWAUKEE

Exhibit C-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 3,885	$ -
Private donations	-	2,495
Total Contributions	3,885	2,495
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	7
Total Additions	3,885	2,502
Deductions		
Benefits	3,639	-
Fees remitted from Trust	-	1,499
Other	-	679
Total Deductions	3,639	2,178
Change in Net Position	246	324
Net Position - Beginning	829	2,888
Net Position - Ending	**$ 1,075**	**$ 3,212**

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit D-1

ASSETS	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
Current Assets:				
Cash and investments	$ 6,355	$ 1,712	$ 423	$ 8,490
Restricted cash and investments	39,645	578	-	40,223
Receivables (net):				
Accounts	319	81	42	442
Notes and loans	38,072	388	-	38,460
Accrued interest	406	146	-	552
Due from primary government	108	-	-	108
Due from other governmental agencies	979	-	-	979
Inventory of property for resale	5,764	750	-	6,514
Prepaid items	148	-	23	171
Total Noncapital Assets	91,796	3,655	488	95,939
Capital assets:				
Capital assets not being depreciated:				
Land and land improvements	11,091	-	1,109	12,200
Construction in progress	15,640	-	-	15,640
Capital assets being depreciated:				
Buildings	75,621	-	10,165	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	6	-	153	159
Intangible assets	565	-	-	565
Accumulated depreciation	(18,118)	-	(1,485)	(19,603)
Total Capital Assets, Net of Depreciation	89,402	-	9,942	99,344
Total Assets	181,198	3,655	10,430	195,283
Deferred Outflows of Resources:				
Deferred outflows for pensions	305	-	-	305

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit D-1 (Continued)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Accounts payable	$ 2,893	$ 38	$ 53	$ 2,984
Accrued expenses	251	-	17	268
Due to other governmental agencies	3,201	-	245	3,446
Other liabilities	2,301	447	-	2,748
Total Current Liabilities	8,646	485	315	9,446
Due to primary government:				
Due within one year	4,655	74	-	4,729
Due in more than one year	15,613	-	-	15,613
Total Due to Primary Government	20,268	74	-	20,342
Long-term obligations:				
Due within one year	3,181	-	-	3,181
Due in more than one year	95,029	30	18,850	113,909
Total Noncurrent Liabilities	98,210	30	18,850	117,090
Total Liabilities	127,124	589	19,165	146,878
Deferred Inflows of Resources:				
Unavailable revenue	1,207	190	-	1,397
Deferred inflows for pensions	10	-	-	10
Total Deferred Inflows of Resources	1,217	190	-	1,407
Total Liabilities and Deferred Inflows of Resources	128,341	779	19,165	148,285
NET POSITION:				
Net investment in capital assets	26,188	-	(1,408)	24,780
Restricted	10,821	706	-	11,527
Unrestricted	16,153	2,170	(7,327)	10,996
Total Net Position	**$ 53,162**	**$ 2,876**	**$ (8,735)**	**$ 47,303**

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, 2015
(Thousands of Dollars)

Exhibit D-2

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Redevelopment Authority				
Prevention and elimination of blight	$ 10,295	$ 7,726	$ 2,535	$ -
Neighborhood Improvement Development Corp.				
Housing improvements	577	194	295	19
Century City Redevelopment Corporation				
Rental income	858	283	-	-
Total Component Units	$ 11,730	$ 8,203	$ 2,830	$ 19

General revenues:
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning, as restated (note 14)

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	Century City Redevelopment Corporation	Total
$ (34)	$ -	$ -	$ (34)
-	(69)	-	(69)
-	-	(575)	(575)
(34)	(69)	(575)	(678)
(221)	97	429	305
(221)	97	429	305
(255)	28	(146)	(373)
53,417	2,848	(8,589)	47,676
$ 53,162	**$ 2,876**	**$ (8,735)**	**$ 47,303**

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles 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 daily operations are managed by City employees.

Century City Redevelopment Corporation - The Century City Redevelopment Corporation (CCRC) is a nonprofit organization created to perform redevelopment activities within the City. CCRC is managed by a Board of Directors made up of members from City government and employee services are provided by the Redevelopment Authority through a cooperation agreement.

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; and CCRC, 841 North Broadway, 2nd 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), Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District, World Festivals Inc. ("Summerfest") and the Employes' Retirement System of the City of Milwaukee, because these entities do not meet the criteria established by GASB Statement 61 as component units of the City. The Milwaukee Metropolitan Sewerage District (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 can be obtained from its administrative office.

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.

The Housing Authority is governed by a seven member Board of Commissioners who are appointed by the Mayor and confirmed by the Common Council. The City is not legally obligated for any of HACM obligations or debt.

Milwaukee Area Workforce Investment Board

The Milwaukee Area Workforce Investment Board (MAWIB) was established to provide job training, employment services, and workforce development within Milwaukee County. MAWIB acts as the recipient, dispenser, and administer of funding provided under the Workforce Development Act for Milwaukee County.

The Governor designated the Mayor of the City of Milwaukee as Milwaukee County's chief local elected officer for the Workforce Investment Act of 1998. The directors of the MAWIB are appointed by the Mayor in accordance with the Workforce Investment Act. The City is not legally obligated for any of MAWIB obligations or debt. The City is not entitled to access funds of the MAWIB.

B. Basis of Presentation

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

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

Fund Financial Statements. The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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 nonexchange 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 – 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 accounts for one-third of all interest on general City investments and interest on Fund investments for the retirement of debt. The Public Debt Amortization Fund is governed by Section 67.101 of the Wisconsin Statutes for the retirement of the public debt. See Note 7 for further discussion.

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 enterprise 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, permit 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:

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

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

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

C. Basis of Accounting – Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2014 that will be collected in 2015 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 to be a cash equivalent, since the funds can deposit or effectively withdraw cash at anytime 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 are 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 Statutes permit the City to invest funds not immediately needed in any of the following:

- Time deposits maturing within three years in any credit union, bank, savings bank, trust company, or savings and loan association, which are authorized to transact business in the State of Wisconsin.
- Bonds or securities issued or guaranteed by the Federal government.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the State of Wisconsin, as well as bonds issued by a local exposition district, a local professional baseball park district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- Local Government Investment Pool - Investment Fund of the State of Wisconsin. The Local Government Pooled Investment Fund is an external investment pool administered by the State of Wisconsin. The fair value of the City's investment in the fund is the same as the value of the pooled shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of Section 25.50 of the Wisconsin Statutes.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Any security that matures or that may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating, which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, Inc., or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, 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 receivables are presented net of allowances. The amount of the General Fund allowance as of December 31, 2015 is approximately $754,000.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Non-major Enterprise fund allowances as of December 31, 2015 were approximately $710,000, $523,000, and $983,000 respectively.

H. Unbilled Services

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

I. Special Assessments

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

J. Notes and Loan Receivables

The 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 collectibility of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the nonmajor governmental fund is approximately $27,376,000 as of December 31, 2015.

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 estimated fair 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 were 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	5-90 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	3-25
Works of Art, Historical Treasures	5,000	N/A
Intangible software	100,000	5-20

N. Pension Contributions

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

O. Compensated Absences

The liability for compensated absences reported in the government-wide, proprietary, and fiduciary 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.

Advance Refundings of Debt

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method.

R. Fund Balance-Governmental Funds

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

Non-spendable – 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 will record funds as assigned fund balance based on intentions for use of the funds and can redeploy assigned resources to an alternative fund balance category based on intended use of the funds.

Unassigned – All other spendable amounts.

When expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned amounts are available, it shall be 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 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. New Accounting Pronouncements

In July 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures.* This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and RSI. As an addition to GASB 68, GASB Statement No. 71 was also issued which added a part to GASB 68 was not included in the original pronouncement. The City has implemented these Statements for the financial statements ending December 31, 2015. See Note 8 for more information.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes. This statement

will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The application of this statement is will be recorded in the year ending December 31, 2016 financial statements

In June 2015, the GASB issued Statement No. 74 and No. 75, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. These Statements replace Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43 and Statement No. 50, Pension Disclosures. The application of this statement will be implemented starting with the year ended Dec. 31, 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This statement requires certain disclosures in regards to tax abatements utilized by local governments. Financial statement users need information regarding a government's ability to raise resources to use. This statement will provide information necessary to assess how tax abatements affect the financial position of the City. This will be implemented in the 2016 financial statements if it is deemed applicable.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This statement is a modification to Statement No. 68 regarding criteria for pension plans that qualify for reporting requirements under these GASB pronouncements. It will be effective for the year end December 31, 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses criteria for certain external investment pools and pool participants for disclosing the investments at amortized cost for financial reporting purposes. This statement will be effective and implemented for the year end December 31, 2016 financial statements.

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* in January of 2016. This is an amendment to Statement No. 14. It further details blending requirements for component units of local governments. This will be implemented if applicable in the year end December 31, 2016 financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement improves financial reporting by improving recognition and measurement for situations in which a government is a beneficiary of such an agreement. The effective date for this statement is to be implemented for the year end December 31, 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, *An Amendment of GASB Statements No. 67, 68, and No. 73*. This statement addresses issues with payroll related measures for presentation in the Required Supplementary Information of the financial statements. These changes will be reflected in the year end December 31, 2016 statements.

2. DEPOSITS AND INVESTMENTS

A. Primary Government

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

As of December 31, 2015, 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	$ 325,679	$ 325,679	$ -	$ -	$ -	see below
Other Deposits	110	110	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	6,999	6,999	-	-	-	not rated
Wisconsin Local Government Investment Pool	71,769	71,769	-	-	-	not rated
Municipal Bonds	9,979	1,407	6,891	1,681	-	see below
U.S. Treasury strips	646	646	-	-	-	Aaa
Treasuries (Fiscal Agent)	19,942	19,942	-	-	-	not rated
GNMA Bonds	5,471	5,471	-	-	-	Aaa
	$ 440,595	$ 432,023	$ 6,891	$ 1,681	$ -	
Fiduciary activities:						
Investment type						
Pooled Deposits and Investments	$ 250,437	$ 250,437	$ -	$ -	$ -	see below
Other Deposits	173	173	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	5	5	-	-	-	not rated
U.S. Treasury strips	432	432	-	-	-	Aaa
	$ 251,047	$ 251,047	$ -	$ -	$ -	

Security Ratings

The Governmental and Business-type municipal bond holdings of $9,979,000 were rated by Moody's as follows: Aa1 (32.2%), Aa2 (30.2%), Aaa (10.2%), Aa3 (8.8%), with the remaining holdings unrated (18.6%).

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 Enterprise Fund, and component entities. Each fund's share of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Position/Balance Sheet.

As of December 31, 2015, 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	$ 40,721	$ 40,721	$ -	$ -	$ -	not rated
Other Deposits	4,651	4,651	-	-	-	not rated
Deposits and Investments						
Interest Checking	345,895	345,895	-	-	-	not rated
Wisconsin Local Government Investment Pool	101,036	101,036	-	-	-	not rated
Investment Portfolio	77,211	7,553	66,190	-	3,468	see below
Certificates of Deposits	6,602	6,602	-	-	-	not rated
	$ 576,116	$ 506,458	$ 66,190	$ -	$ 3,468	

Investment Portfolio Ratings
Corporate bond holdings of $29,863,000 were rated as follows: Moody's Aa2 (27.9%), Aa3 (23.4%), Aa1 (22.6%), A1 (12.8%), Aaa (11.1%), Standard & Poors AA (2.2%). US Agencies and Treasuries of $44,782,000 were rated Aaa by Moody's. Municipal Bonds of $582,000 and Money Market of $1,984,000 were not rated.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. Per Common Council, the City Treasurer shall require collateralization of certificates of time deposit (including interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of $650,000. As of December 31, 2015, $5,000 of the City's bank balances was subject to custodial credit risk as they were neither insured nor 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 to $60,000,000 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.

B. Component Units

Deposits and Investments

Deposits in each local area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for interest bearing accounts and $250,000 for noninterest bearing accounts. An additional $400,000 is covered by the State Deposit Guarantee Fund.

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, 2015:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair value	**Less than 1**	**1-5**	**6-10**	**10 and greater**	**Moody's Credit Rating**
Component Units:						
Bank Demand Deposits	$ 6,684	$ 6,684	$ -	$ -	$ -	not rated
Local Government Investment Pool	220	220	-	-	-	not rated
U.S. Treasury Money Market Fund	10,760	10,760	-	-	-	Aaa
U.S. Treasury Notes	1,802	652	1,150	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	497	271	199	27	-	AA
Municipal Bonds	193	193	-	-	-	Aa3
Corporate Bonds	1,836	844	992	-	-	Aaa
Certificates of Deposit	1,688	1,688	-	-	-	AA
Money Market	24,633	24,633	-	-	-	N/A
Other	400	400	-	-	-	not rated
	$ 48,713	$ 46,345	$ 2,341	$ 27	$ -	

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Component Units deposits may not be returned.

As of December 31, 2015 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
	(Thousands of Dollars)	
Redevelopment Authority	$ 7,671	$ 4,908
Neighborhood Improvement Development Corporation	2,104	1,236

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, 2015, 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
	(Thousands of Dollars)		
2010 and prior	$ 1,553	$ 2,777	$ 4,330
2011	1,185	2,027	3,212
2012	2,213	3,632	5,845
2013	4,288	6,915	11,203
2014	9,893	16,203	26,096
Total delinquent property taxes receivable	$ 19,132	$ 31,554	50,686
Property taxes receivable on foreclosed property			44,093
Less: Allowance for uncollectible taxes			(36,176)
Net delinquent property taxes receivable, including tax deeded property			$ 58,603

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental activities	**Balance 01-01-15**	**Additions**	**Deletions**	**Balance 12-31-15**
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 165,730	$ -	$ -	$ 165,730
Construction in progress	76,391	27,529	14,817	89,103
Intangible right of ways	1,342	-	-	1,342
Total capital assets not being depreciated	243,463	27,529	14,817	256,175
Capital assets being depreciated:				
Buildings	307,965	4,695	-	312,660
Infrastructure	1,605,990	63,220	6,971	1,662,239
Improvements other than buildings	11,909	88	-	11,997
Machinery and equipment	193,790	18,552	5,039	207,303
Intangible software	2,605	-	-	2,605
Total capital assets being depreciated	2,122,259	86,555	12,010	2,196,804
Less accumulated depreciation for:				
Buildings	104,563	8,350	-	112,913
Infrastructure	1,026,950	31,061	6,971	1,051,040
Improvements other than buildings	9,193	279	-	9,472
Machinery and equipment	128,061	13,026	4,458	136,629
Intangible software	1,634	361	-	1,995
Total accumulated depreciation	1,270,401	53,077	11,429	1,312,049
Total capital assets being depreciated, net	851,858	33,478	581	884,755
Government activity capital assets, net	$ 1,095,321	$ 61,007	$ 15,398	$ 1,140,930

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 632
Public safety	8,798
Public works	42,650
Health	175
Culture and recreation	822
Total	$ 53,077

Business-type activities	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 2,065	$ -	$ 13	$ 2,052
Construction in progress	23,377	31,453	28,837	25,993
Total capital assets not being depreciated	25,442	31,453	28,850	28,045
Capital assets being depreciated:				
Buildings	29,055	1,464	2,005	28,514
Infrastructure	369,922	5,489	280	375,131
Machinery and equipment	236,062	21,884	6,001	251,945
Nonutility property	3,654	-	-	3,654
Total capital assets being depreciated	638,693	28,837	8,286	659,244
Less accumulated depreciation for:				
Buildings	18,668	912	1,444	18,136
Infrastructure	99,879	4,994	287	104,586
Machinery and equipment	116,190	11,579	5,948	121,821
Nonutility property	639	139	-	778
Total accumulated depreciation	235,376	17,624	7,679	245,321
Total capital assets being depreciated, net	403,317	11,213	607	413,923
Water Works capital assets, net	428,759	42,666	29,457	441,968
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	732	167	732	167
Total capital assets not being depreciated	732	167	732	167
Capital assets being depreciated:				
Infrastructure	614,967	34,618	563	649,022
Machinery and equipment	5,015	1,129	135	6,009
Total capital assets being depreciated	619,982	35,747	698	655,031
Less accumulated depreciation for:				
Infrastructure	138,880	7,012	563	145,329
Machinery and equipment	3,145	314	27	3,432
Total accumulated depreciation	142,025	7,326	590	148,761
Total capital assets being depreciated, net	477,957	28,421	108	506,270
Sewer Maintenance capital assets, net	478,689	28,588	840	506,437

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
		(Thousands of Dollars)		
Other business-type activities:				
Capital assets not being depreciated:				
Land	17,031	-	49	16,982
Construction in progress	3,622	1,395	314	4,703
Total capital assets not being depreciated	20,653	1,395	363	21,685
Capital assets being depreciated:				
Buildings	68,644	-	-	68,644
Infrastructure–port	17,862	170	-	18,032
Improvements other than buildings	8,150	23	-	8,173
Machinery and equipment	12,824	459	617	12,666
Total capital assets being depreciated	107,480	652	617	107,515
Less accumulated depreciation for:				
Buildings	47,733	2,079	-	49,812
Infrastructure–port	10,591	306	-	10,897
Improvements other than buildings	6,853	284	-	7,137
Machinery and equipment	8,111	814	616	8,309
Total accumulated depreciation	73,288	3,483	616	76,155
Total capital assets being depreciated, net	34,192	(2,831)	1	31,360
Other business-type activities, net	54,845	(1,436)	364	53,045
Business-type activity capital assets, net	$ 962,293	$ 69,818	$ 30,661	$ 1,001,450

Depreciation expense for business-type activities was charged to functions as follows:

Water Utility	
Depreciation	$ 17,485
Depreciation charged to Sanitary Sewer	139
	17,624
Sewer Maintenance	7,326
Other business-type activities	3,483
Total	$ 28,433

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
		(Thousands of Dollars)		
Component Units				
Capital assets not being depreciated:				
Land	$ 12,200	$ -	$ -	$ 12,200
Construction in Progress	-	15,640	-	15,640
Total capital assets not being depreciated	12,200	15,640	-	27,840
Capital assets being depreciated:				
Buildings	85,786	-	-	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	159	-	-	159
Intangibles	565	-	-	565
Total capital assets being depreciated	91,107	-	-	91,107
Less accumulated depreciation for:				
Buildings	15,815	2,233	-	18,048
Infrastructure	393	318	-	711
Improvements other than buildings	505	14	-	519
Machinery and equipment	52	17	-	69
Intangibles	199	57	-	256
Total accumulated depreciation	16,964	2,639	-	19,603
Total capital assets being depreciated, net	74,143	(2,639)	-	71,504
Component units capital assets, net	$ 86,343	$ 13,001	$ -	$ 99,344

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, 2015 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 194,630	$ 92,619	$ 3,004	$ -	$ 290,253
Delinquent property taxes	8,076	-	-	6,376	14,452
Unavailable grant revenue	-	-	4,926	2,844	7,770
Long-term receivables	155	86,706	72	-	86,933
Unbilled special assessments	-	-	6,373	-	6,373
Total	$ 202,861	$ 179,325	$ 14,375	$ 9,220	$ 405,781

6. SHORT-TERM DEBT

During 2015, the City issued and repaid $125,000,000 of Revenue Anticipation Notes, Series 2015 R1 (R1 Notes). The RANs were issued for the purpose of financing the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November 2015.

As of December 31, 2014, the City had outstanding $125,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2015, 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, of which $50,000,000 bears an interest rate of .40%, matured on December 30, 2015. $80,000,000 bears an interest rate of 2.00% and matures on June 30, 2016 and $50,000,000 bears an interest rate of 1.5% and also matures on June 30, 2016. 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 issued (in thousands):

Balance 01-01-15	Additions	Deletions	Balance 12-31-15
$ 125,000	180,000	175,000	$ 130,000

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2015 were as follows:

	Balance 01-01-15	Additions	Deductions	Balance 12-31-15	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 724,216	$ 283,035	$ 244,472	$ 762,779	$ 101,916
Milwaukee Public Schools	90,306	20,041	24,867	85,480	8,878
Unamortized premiums	54,626	12,645	14,088	53,183	-
Extendable Municipal Commercial Paper					
City	41,700	113,762	75,160	80,302	80,302
Milwaukee Public Schools	-	70,000	70,000	-	-
Compensated absences	46,779	3,803	2,181	48,401	2,626
Net other postemployment benefits obligation	316,725	73,857	27,268	363,314	-
Net pension liability (asset)	(17,365)	385,650	277,197	91,088	-
Claims and judgments	27,583	8,230	4,901	30,912	1,836
Total governmental activities	$ 1,284,570	$ 971,023	$ 740,134	$ 1,515,459	$ 195,558
Business-type activities					
Water Works					
General obligation bonds and notes	$ 12,670	$ -	$ 2,511	$ 10,159	$ 1,817
Unamortized premiums	38	-	29	9	-
Extendable Municipal Commercial Paper	-	10,000	-	10,000	10,000
Revenue bonds	10,884	6,590	1,335	16,139	1,677
Compensated absences	1,207	600	618	1,189	1,189
Net other postemployment benefits obligation	5,059	2,110	1,100	6,069	-
Net pension liability (asset)	(416)	4,079	1,516	2,147	-
Total Water Works	29,858	19,300	5,593	45,712	14,683
Sewer Maintenance					
General obligation bonds and notes	8,687	-	703	7,984	706
State Loans	92,100	20,411	4,978	107,533	5,921
Revenue bonds	83,740	-	4,420	79,320	4,550
Unamortized premiums	5,842	-	834	5,008	-
Extendable Municipal Commercial Paper	65,000	31,000	21,000	75,000	75,000
Compensated absences	179	202	217	164	164
Net other postemployment benefits obligation	1,957	807	420	2,344	-
Net pension liability (asset)	(118)	1,192	444	630	-
Total Sewer Maintenance	256,983	52,420	32,572	277,983	86,341

	Balance 01-01-15	Additions	Deductions	Balance 12-31-15	Amounts Due within One Year
		(Thousands of Dollars)			
Other Enterprise Funds					
General obligation bonds and notes	13,890	2,249	2,460	13,679	1,818
Unamortized premiums	14	-	10	4	-
Extendable Municipal Commercial Paper	-	1,098	-	1,098	1,098
Compensated absences	280	276	277	279	279
Net other postemployment benefits obligation	1,761	793	414	2,140	-
Net pension liability (asset)	(110)	1,107	412	585	-
Total Other Enterprise	15,945	4,416	3,161	17,785	3,195
Total business-type activities	$ 302,786	$ 76,136	$ 41,326	$ 341,480	$ 104,219
Component Units					
Revenue bonds	$ 57,975	$ 38,000	$ -	$ 95,975	$ 3,181
Notes payable	19,030	-	150	18,880	-
Environmental remediation liability	2,287	-	784	1,503	-
Net other postemployment benefits	489	92	18	563	-
Net pension liability (asset)	(42)	273	61	170	-
Total component units	$ 79,739	$ 38,365	$ 1,013	$ 117,091	$ 3,181

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, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2015, general obligation bonds totaling $15,215,415 was issued of which $14,765,815 was issued to finance capital improvements and $449,600 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, 2015, there was $12,141,179 of debt outstanding. There is also $85,479,588 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, 2015, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $1,081,279,000. These assets are excluded from the financial statements of the City.

As of December 31, 2015, $170,597,673 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is $214,926,661. 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. State Loans

The City issues revenue bonds to provide funds for water and sewer improvements. The revenue bonds do not have a General Obligation pledge of the City. During 2015 the City received loans from the State's Safe Drinking Water Loan Program for Water Works Fund projects for a total of $6,590,066, and from the State's Clean Water Fund Program for Sewer Maintenance Enterprise Fund projects for a total of $20,410,590. The State loans will be repaid from revenues of the Water Works and Sewer Maintenance Enterprise Funds.

D. Notes Payable

The City issues installment notes to provide funds for various public improvement projects, cash flow for the school district, and purchases of delinquent taxes. During the year ended December 31, 2015, installment loans totaling $70,485,924 was issued of which $32,163,714 was issued to finance capital improvements, $5,968,010 for general City, $899,200 for business-type activities and $28,280,000 to purchase 2014's delinquent taxes.

E. Letter of Credit

On April 25, 2013, the City entered into a taxable line of credit (the "Line") with PNC Bank, National Association (the "Bank") in the amount of $50,000,000. The Line is secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. The Line has an initial maturity date of April 25, 2016, and may be extended by mutual consent until April 25, 2023. Interest on the line is based upon the Daily LIBOR rate. The Line may be terminated at any time by the City for any reason, and by the Bank for certain events, including downgrade of the City below "BBB+".
As of December 31, 2015, the City had a zero balance on this line of credit.

F. Extendable Municipal Commercial Paper

During 2015, the City continued to issue Extendable Municipal Commercial Paper Promissory Notes (the "EMCP"), of which are not general obligations of the City. The EMCP are limited obligations of the City payable from proceeds of the sale refunding notes or bonds issued to refinance the EMCP. The EMCP do not represent or constitute a debt of the City within the meaning of any constitutional or statutory limitation. During 2015, $225,860,000 of EMCP were issued of which $33,460,000 was issued to refund debt, $80,301,552 was issued to finance capital expenditures, $1,098,448 for non-major enterprise, $31,000,000 for Sewer purposes pending borrowing with sewer revenue bonds, $10,000,000 for Water pending borrowing with water revenue bonds, and $70,000,000 for cash flow needs of the schools.

Following is a summary of the EMCP issued (in thousands), which are in the totals in the long-term obligation table in footnote 7(a) above:

Extendable Municipal Commercial Paper

	Balance 01-01-15	Additions	Deletions		Balance 12-31-15
$	106,700	225,860	166,160	$	166,400

The agreement with the financial institution does not allow the principal amount outstanding at any one time to exceed $200,000,000 with the maturity of each note ranging from 1 to 90 days and may be extended up to 180 days from the original maturity date not to exceed the final maturity date of May 22, 2017.

G. Debt Service Requirements

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

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
			(Thousands of Dollars)		
Governmental activities					
2016	$ 110,794	$ 32,620	$ -	$ -	$ 143,414
2017	88,955	28,353	-	-	117,308
2018	138,316	24,058	-	-	162,374
2019	71,411	19,971	-	-	91,382
2020	64,640	16,798	-	-	81,438
2021-2025	225,023	49,625	-	-	274,648
2026-2030	116,024	10,211	-	-	126,235
2031-2035	33,096	243	-	-	33,339
Total	$ 848,259	$ 181,879	$ -	$ -	$ 1,030,138
Business-type activities					
Water Works					
2016	$ 1,817	$ 487	$ 1,677	$ 315	$ 4,296
2017	857	395	1,717	274	3,243
2018	857	353	1,758	233	3,201
2019	858	310	613	206	1,987
2020	835	267	625	194	1,921
2021-2025	4,160	712	3,312	783	8,967
2026-2030	775	20	3,643	447	4,885
2031-2035	-	-	2,794	97	2,891
Total	$ 10,159	$ 2,544	$ 16,139	$ 2,549	$ 31,391
Sewer Maintenance					
2016	$ 706	$ 380	$ 10,471	$ 6,085	$ 17,642
2017	681	346	10,760	5,782	17,569
2018	681	313	11,108	5,427	17,529
2019	681	278	11,495	5,029	17,483
2020	681	245	11,901	4,609	17,436
2021-2025	4,554	528	59,051	16,571	80,704
2026-2030	-	-	52,007	7,375	59,382
2031-2035	-	-	20,060	1,017	21,077
Total	$ 7,984	$ 2,090	$ 186,853	$ 51,895	$ 248,822
Other Enterprise					
2016	$ 1,818	$ 588	$ -	$ -	$ 2,406
2017	1,472	507	-	-	1,979
2018	1,376	442	-	-	1,818
2019	1,305	380	-	-	1,685
2020	1,234	321			1,555
2021-2025	4,908	841	-	-	5,749
2026-2030	1,566	109	-	-	1,675
2031-2035	$ 13,679	$ 3,188	$ -	$ -	$ 16,867

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Total Component Units					
2016	$ 30	$ 211	$ 3,181	$ 1,968	$ 5,390
2017	-	210	2,652	1,968	4,830
2018	-	193	2,896	1,967	5,056
2019	723	208	3,161	1,967	6,059
2020	731	201	3,446	1,967	6,345
2021-2025	3,781	877	22,403	9,832	36,893
2026-2030	3,997	660	33,793	9,821	48,271
2031-2035	4,226	432	15,673	9,810	30,141
2036-2040	4,467	190	7,308	9,810	21,775
2041-2050	925	8	1,462	981	3,376
Total	$ 18,880	$ 3,190	$ 95,975	$ 50,091	$ 168,136

H. 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, 2015, the City's legal debt limit was $1,207,624,000. Of this amount, $522,762,000 was for school purposes and $684,862,000 was for City purposes.

I. Refundings

In May 2015, the City issued General Obligation Promissory Notes, Series 2015 N2 with a par amount of $60,784,076 and Corporate Purpose Bonds, Series 2015 B3 with a par amount of $12,349,585. A portion of these issues were for refunding purposes to provide long-term financing for interim debt, and to reduce the interest cost of long-term debt. The City used the proceeds to refund $38,701,661 of Extendable Municipal Commercial Paper.

J. 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, 2015 is approximately $15,800,000 for the City and $453,000,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

Plan Description – The City makes contributions to the Employes' 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 Employes' 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".

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 Employes' 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 2015 was $72,695,000 equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2014 and 2013 were $74,790,000 and $70,607,000 respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

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

Long-term Expected Return on Plan Assets –The long-term expected rate of return on pension plan investments was determined using Callan Associates' 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2014, are summarized in the following table:

Asset Class	Policy	Actual	Long-term Expected Rate of
Domestic Equity	28.0%	30.1%	7.60%
International Equity	20.0%	20.8%	7.80%
Global Equity	10.0%	7.1%	7.70%
Fixed Income/Cash	28.0%	26.8%	3.60%
Real Estate	7.0%	7.6%	8.00%
Private Equity	2.0%	2.4%	8.50%
Absolute Return	5.0%	5.2%	5.25%
	100.0%	100.0%	

Rate of Return – For the year ended December 31, 2014, the annual money-weighted rate of return, net of investment expense was 5.17%. 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, 2014, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2014, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Valuation Date	January 1, 2014
Amortization Method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The differences between projected and actual earnings are amortized over a closed period of five years.
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Investment Rate of Return:	8.25% for calendar years through 2017, and 8.50% beginning with calendar year 2018.
Discount Rate:	
Projected Salary Increases	General City 3.0% - 7.5%
	Police & Fire 3.0% - 14.4%
Inflation Assumption:	3.00%
Cost of Living Adjustments	Vary by Employe Group as explained in summary of plan provisions.
Mortality Table	For regular retirees and for survivors, the RP-2000 Combined Mortality Table projected nine years using Scale AA. Future generational rates are projected from 2009 based on Scale AA. For duty and ordinary disability retirees, use the RP-2000 Disability Mortality Table. For death in active service, the rates are similar to those used for regular retirees and survivors with a 6-year setback.
Experience Study	The actuarial assumptions used in December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007 - December 31, 2011.

Net Pension Liability – The components of the pension liability of the City of Milwaukee as of December 31, 2014, were as follows:

	Total (Thousands of Dollars)
Total pension liability	$ 4,217,265
Plan fiduciary net position	(4,122,815)
Net pension liabilty	$ 94,450
Plan fiduciary net position as a	97.76%
Covered employee payroll	$ 441,101
Net pension liability as a percentage	21.41%

Discount Rate - The discount rate used to measure the total pension liability was 8.49 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 8.49 percent, which reflects the long-

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability (asset) calculated using the discount rate of 8.49%, 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 (7.49%) or 1-percentage-point higher (9.49%) than the current rate:

	1% Decrease to Discount Rate (7.49%)	Current Discount Rate (8.49%)	1% Increase to Discount Rate (9.49%)
City's net pension liability (asset)	$ 567,169,000	$ 94,450,000	$ (302,329,000)

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.

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 Total Pension Liability is measured as of December 31, 2014 based on a January 1, 2014 actuarial valuation rolled forward to December 31, 2014 using standard roll-forward techniques as shown below:

	Total (Thousands of Dollars)
Total pension liability	
Service cost	$ 58,485
Interest	343,983
Changes in benefit items	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments including refunds of member contributions	(287,480)
Net change in total pension liability	114,988
Total pension liability - beginning	4,136,865
Total pension liability - ending	$ 4,251,854
Plan fiduciary net position	
Contributions - employer	61,130
Contributions - member	36,642
Net investment income	201,327
Benefit payments, including refunds of member contributions	(287,480)
Administrative expense	(9,089)
Other	
Net change in plan fiduciary net pension	2,530
Plan fiduciary net position - beginning	4,154,874
Plan fiduciary net position - ending	$ 4,157,404
Net pension liability - ending	$ 94,450

The Fiduciary Net Position is 97.76% of the Total Pension Liability, so the City has a Net Pension Liability.

The Collective Deferred Inflows and Outflow of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 4.09 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 years.
Collective Deferred Inflows and Outflows of Resources to be recognized in the Current Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	(Thousands of Dollars)		
Differences between expected and actual experience	$ -	$ -	$ -
Changes in assumptions	-	-	-
Net differences between projected and actual earnings on pension plan investments	26,594	-	26,594
	-	-	-
Total	$ 26,594	$ -	$ 26,594

Collective Deferred Inflows and Outflows of Resources to be recognized in the Future Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	(Thousands of Dollars)		
Differences between expected and actual experience	$ -	$ -	$ -
Changes in assumptions	-	-	-
Current year contributions to be deferred	63,628	-	63,628
Net differences between projected and actual earnings on pension plan investments	106,375	173	106,202
Total	$ 170,003	$ 173	$ 169,830

Deferred Outflows and Inflows of Resources to be recognized in the Future Pension Expense are as follows:

Year Ended December 31:	Net Deferred Outflows of Resources
	(Thousands of Dollars)
2015	$ 26,594
2016	$ 26,594
2017	$ 26,594
2018	$ 26,593
Total	$ 106,375

Employers may also need to recognize a Deferred Outflow or Inflow of Resources related to a change in their proportionate share of the Net Pension Liability and for differences between employer contributions and proportionate share of contributions.

The Collective Pension Expense is determined as follows:

	Total (Thousands of Dollars)
Service Cost	$ 58,485
Interest cost on total pension liability	343,979
Projected earnings on plan investments	(335,081)
Contributions - Member	(36,642)
Administrative Expense	9,089
Plan Changes	-
Recognition of net deferred outflows (inflows)	-
Changes in assumptions	-
Differences between expected and actual liability experience	-
Difference between projected and actual earnings	26,805
Other changes in fiduciary net position	-
Total Pension Expense	$ 66,635

Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its retirees for health and life insurance.

Plan Description. The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employee Retirement System (MERS). The City provides medical and COBRA dental insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City. The City provides full health insurance coverage to general City employees who retire at age 55, but less than age 65, with 30 years of creditable service or at age 60, but less than age 65, with 15 years of creditable service until the age of 65. Management employees retiring beginning in 2004 at age 55, but less than 65, pay a portion of health insurance the same as active management employees. In accordance with a "percentage formula" as provided in labor agreements, the City provides between 65% and 100% of the cost of the Basic Plan coverage for firefighters and police officers who retire with 25 years of creditable service and having attained at least the age of 52 but less than 60. Upon reaching the age of 60 but prior to the age of 65, the City provides full health insurance coverage for firefighters and police officers with single enrollment status. The City contribution for firefighters and police officers between the ages of 60 and 65 with family enrollment status is the greater of 100% of the cost of single enrollment in the Basic Plan or an amount determined using the "percentage formula." The "percentage formula" used to determine the City contribution in the labor agreements is based on the amount of unused sick leave at retirement.

After attaining the age of 65 and having completed a minimum of 15 years of creditable service, all retirees are eligible to enroll in a "subsidized plan" for medical insurance. Under this plan, the City contributes 25% of the base rate toward retirees enrolled in the Basic Plan, while the retiree pays 75% of the base rate and 100% of the major medical rate.

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.

General City employees retiring at age 55 or older with 30 years of service or at age 60 regardless of years of service and covered under the group life insurance plan at retirement are eligible prior to 2014 continue coverage at the level on the date

prior to their date of retirement. Firefighters retiring at age 49 with 22 years of service, or at age 57 regardless of service, and police officers retiring with 25 years of service regardless of age, or at age 57 regardless of service and who have coverage under the group life insurance plan at the time of 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.

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, with the City assuming all future premiums.

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 2015, the City paid approximately $27,209,655 and $1,643,438, respectively, toward medical and life insurance for retirees.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.
The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you basis), and the changes in the City's net OPEB obligation:

Funding Status and Funding Progress

ARC	$	76,194,600
Interest on Net OPEB Obligation		14,647,600
Adjustment to ARC		(13,276,500)
Annual OPEB Cost		77,565,700
Contribution made		29,202,762
Increase in net OPEB Obligation		48,362,938
Net OPEB Obligation - beginning of year		325,503,335
Net OPEB Obligation - end of year	$	373,866,273

The City annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Annual Cost and Net OPEB Liability

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	71,489,000	52.5%	287,460,000
12/31/2014	74,790,000	49.9%	325,503,335
12/31/2015	77,565,700	37.3%	373,866,273

Funded Status and Funding Progress. Actuarial liabilities increased from $928.5 million as of January 1, 2014, to $975.7 million as of January 1, 2015. As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $975,695,600, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $975,695,600. The covered payroll (annual payroll of active employees covered by the plan) was $366,784,900 and the ratio of the UAAL to the covered payroll was 266 percent.

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 the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of

the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years. The actuarial assumption for wage inflation is 3%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

Terminal Leave Payments

Upon retirement, employees receive a portion of their unused sick leave as terminal leave, in accordance with labor contracts and Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive between $45 and $65 for each work shift equivalent of unused sick leave. Firefighters whose normal hours of work average 40 hours per week receive between $21 and $30 for each work shift equivalent of unused sick leave. Police officers receive payment for up to 55 days of unused sick leave at base pay. Management pay plan employees are entitled to payment of 30% of unused sick leave (maximum 960 hours) plus one-half of the sick leave days accumulated during the last twelve months of service for up to six additional days for a total maximum of 42 days at the rate of pay at retirement. Substantially all remaining City employees receive up to 30 days for unused sick leave as terminal leave, although some bargaining units receive slightly different benefits in accordance with related labor agreements. In 2015, approximately $6,945,351 was paid for sick leave from all funds. At December 31, 2015, accumulated sick leave earned but not taken totaled approximately $163,013,538 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 2015, terminal leave payments totaled $2,067,000 to employees retiring during the year. As of December 31, 2015, the City has accrued approximately $30,750,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $48,401,000 with the remainder accrued vacation leave of $17,651,000.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2015 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
			(Thousands of Dollars)			
Nonspendable						
Loans receivable	$ 159	$ -	$ -	$ -	$ -	$ 159
Advances	6,380	-	-	-	-	6,380
Inventory	9,556	-	-	-	-	9,556
Inventory of property for resale	26	-	-	-	-	26
Prepaid items	864	-	-	-	-	864
Investment-Targeted Mortgage	109	-	-	-	-	109
Spendable						
Restricted for:						
Future debt payments	-	140,148	59,994	-	-	200,142
Capital projects	-	-	-	18,260	-	18,260
Grants	-	-	-	-	8,872	8,872
Economic Development	-	-	-	-	102	102
Committed to:						
Contributions	1,960	-	-	-	-	1,960
Delinquent taxes	-	-	-	-	5,264	5,264
Equipment replacement	75	-	-	-	-	75
Assigned to:						
Conservation and development	138	-	-	-	-	138
General government	21,590	-	-	-	-	21,590
Health	388	-	-	-	-	388
Library	219	-	-	-	-	219
Public safety	1,644	-	-	-	-	1,644
Public works	1,105	-	-	-	-	1,105
2016 budgetary financing	21,087	-	-	-	-	21,087
Environmental remediation	233	-	-	-	-	233
Unassigned	61,715	-	-	(15,276)	-	46,439
Total Fund Balance	$ 127,248	$ 140,148	$ 59,994	$ 2,984	$ 14,238	$ 344,612

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, 2015, the tax stabilization reserve was $89,182,000. Of this amount, $21,087,000 has been committed to the funding of the 2016 General Fund budget and $61,715,000 is unassigned for 2016 and subsequent years' budgets. This Reserve includes an amount for advances of $6,380,000 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 budgeted, 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, 2015 were as follows:

		Due From				
		General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
		(Thousands of Dollars)				
Due To	General Fund	$ -	$ 962	$ -	$ -	$ 962
	General Obligation Debt	-	2,304	-	-	2,304
	Capital Projects	5,335	-	-	-	5,335
	Nonmajor Governmental Funds	25,429	-	-	-	25,429
	Water Works	19,948	-	1,558	1,264	22,770
	Nonmajor Enterprise Funds	6,562	-	-	-	6,562
	Totals	$ 57,274	$ 3,266	$ 1,558	$ 1,264	$ 63,362

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, 2015 the outstanding balance was $6,380,000.

The City of Milwaukee Water Fund advanced $272,286 to the Parking Enterprise Fund in 2012. This advance is non interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2015 the outstanding balance was $163,000.

The City of Milwaukee Water Fund advanced $500,000 to the General Fund in 2015. This advance is non interest bearing and is due in annual installments from 2015 to 2026. At December 31, 2015 the outstanding balance was $463,000.

Interfund transfers for the year ended December 31, 2015 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	$ 1,386	Funding for debt payments
	Nonmajor Governmental Funds	8,190	Subsidize uncollected property taxes
	Nonmajor Governmental Funds	15	Grant variance closeouts
	Water Works	12,880	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	1,669	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	16,913	Subsidy for operations
	Nonmajor Enterprise Funds	5,116	Excess earnings of Port
	Subtotal General Fund	**46,169**	
General Obligation Debt	General	125,000	Funding for cash flow debt
	General	2,119	Funding for debt payments
	Public Debt Amortization	7,000	Capital Projects
	Capital Projects	5,278	Capital close outs
	Nonmajor Governmental Funds	21,821	Funding for debt payments
	Sewer Maintenance	5,956	Subsidy for operations
	Nonmajor Enterprise Funds	1,063	Subsidy for operations
	Subtotal Debt Service	**168,237**	
Nonmajor Enterprise	General Obligation Debt	559	Funding for debt payments
	Subtotal Nonmajor Proprietary	**559**	
	Total Interfund Transfers	**$ 214,965**	

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.

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2015 were as follows:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from RACM for reimbursable expenditures	432
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	19,764
Due from RACM for reimbursable housing escrow	72
Due from NIDC for housing projects	33
Due from NIDC for home and Community Development Block grants	41
Total	$ 20,342

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to RACM for reimbursable expenditures	83
Due to RACM for home and Community Development Block grants	25
Total	$ 108

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2016 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

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

Year	Amount (Thousands of Dollars)
2016	$ 4,641
2017	4,145
2018	3,912
2019	3,489
2020	4,410
2021-2025	18,918
2026-2030	19,405
2031-2035	7,413
2036 and beyond	4,742
Total	$ 71,075

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

The City is exposed to various risks of losses 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 motor 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, 2015 were as follows:

General liability claims	$ 18,736,000
Workers' compensation claims	9,594,000
Unemployment claims	611,000
Pollution remediation obligation	1,971,000

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

	2014	2015
Beginning of year liability	$ 25,804,000	$ 27,583,000
Current year claims and changes in estimates	6,847,000	8,230,000
Claim payments	(5,068,000)	(4,901,000)
End of year liability	$ 27,583,000	$ 30,912,000

The City is self-insured for active and retiree health insurance, which is recorded in accounts payable within the general fund. Changes in the balance of this claim liability during 2013 were for active only. Beginning in 2014, active and retiree are included. The past years were as follows:

	2014	2015
Beginning of year liability	$ 7,098,000	$ 8,011,000
Current year claims and changes in estimates	93,561,000	87,972,000
Claim payments	(92,648,000)	(85,974,000)
End of year liability	$ 8,011,000	$ 10,009,000

In 2014, there were many plaintiffs that had brought a series of approximately a dozen lawsuits involving the refund of allegedly excessive property taxes (under Section 74.37). At least 11 of these cases are still currently pending. Of these cases, five of them have the potential to result in high judgements individually if they are successful. These include Marathon Oil, US Venture (formerly Amoco Oil), CP-South Howell, Metropolitan Associates and Clear Channel Outdoor. As these cases are still pending, their contingencies remain as of current date.

The case of the estate of Dontre Hamilton vs. the City of Milwaukee is still pending. $1.5 million is currently included in the City's long term liabilities for this case.

Throughout the year of 2015, some smaller cases and law suits were closed. At the same time, two new claims were filed against the city. Remaining are some of the other smaller pending cases to be determined within the current year and years to come.

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 $700,000 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 2015, the City spent $23,986 in pollution remediation-related activities. At December 31, 2015, the City has an outstanding liability of $1,970,920 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 has accrued $253,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. The City spent $87,631 in post-closure care of solid waste landfills during 2015. 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, 2015.

Commitments

The following is a list of encumbrances by function at December 31, 2015:

	General Fund	Capital Projects	Water Works	Total
		(Thousands of Dollars)		
General government	$ 15,701	$ 1	$ -	$ 15,702
Conservation and development	145	17,443	-	17,588
Health	537	-	-	537
Library	614	-	-	614
Public safety	2,546	-	-	2,546
Public works	1,503	-	-	1,503
Infrastructure	-	32,976	7,872	40,848
Total	$ 21,046	$ 50,420	$ 7,872	$ 79,338

14. RESTATMENT

The City of Milwaukee adopted GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* as of January 1, 2015. These statements impacted financial reporting for pensions by establishing accounting and financial reporting standards that measure and recognize assets, liabilities, deferred outflows of resources, deferred inflows of resources and expenditures relation to pensions.

These standards required the City to restate beginning net position to reflect the net pension asset and related deferred outflows related to pensions. The impact of the restatements is as follows:

Government-Wide	**Governmental Activities**	**Business-type Activities**	**Component Units**
		(Thousands of Dollars)	
Net Position December 31, 2014 as previously reported	$ 213,950	$ 727,470	$ 47,515
Adjustment for Net pension asset	17,365	644	42
Adjustment for Deferred outflows related to pensions	58,236	2,140	119
Net Position December 31, 2014 as restated	$ 289,551	$ 730,254	$ 47,676

Business-type	**Water Works**	**Sewer Maintenance**	**Nonmajor Enterprise Funds**
		(Thousands of Dollars)	
Net Position December 31, 2014 as previously reported	$ 406,902	$ 266,432	$ 54,136
Adjustment for Net pension asset	416	118	110
Adjustment for Deferred outflows related to pensions	1,359	406	375
Net Position December 31, 2014 as restated	$ 408,677	$ 266,956	$ 54,621

15. SUBSEQUENT EVENTS

On February 12, 2016, the City issued $22,400,000 of Extendable Municipal Commercial Paper for refunding purposes. This issuance was repaid on May 20, 2016.

On April 21, 2016, the City drew $50,000,000 on its taxable line of credit with PNC Bank, National Association for capital projects and refunding purposes. This issuance was repaid on June 24, 2016.

On May 20, 2016, the City issued $90,000,000 of limited obligation revenue anticipation notes series R1 for cash flow purposes. The maturity date is December 20, 2016, and is anticipated to be repaid from the receipt of State shared revenues.

On May 20, 2016, the City issued $124,670,000 of general obligation promissory notes, series N2 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2017 through 2026.

On May 20, 2016, the City issued $40,675,000 of general obligation corporate purpose bonds, series B3 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2027 through 2033.

On May 20, 2016, the City issued $27,405,000 of taxable general obligation corporate purpose bonds, series T4 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2016 through 2025.

On June 24, 2016, the City issued $25,870,000 of general obligation promissory notes, series N5 for capital projects purposes. The notes mature in each of the years 2017 through 2033.

On June 24, 2016, the City issued $11,565,000 of general obligation corporate purpose bonds, series B6 for capital projects purposes. The bonds mature in each of the years 2021 through 2033.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 198,747	$ 198,747	$ 190,318	$ (8,429)
Other taxes	3,525	3,525	2,765	(760)
Licenses and permits	15,277	15,277	16,629	1,352
Intergovernmental	262,211	262,211	263,350	1,139
Charges for services	117,768	117,768	120,908	3,140
Fines and forfeits	4,506	4,506	4,110	(396)
Other	24,512	25,142	28,486	3,344
Total Revenues	626,546	627,176	626,566	(610)
Expenditures:				
Current:				
General government	288,946	266,560	239,232	27,328
Public safety	275,944	293,444	293,085	359
Public works	101,536	101,678	101,007	671
Health	9,884	9,643	9,459	184
Culture and recreation	16,673	16,676	16,669	7
Conservation and development	3,761	3,872	3,816	56
Total Expenditures	696,744	691,873	663,268	28,605
Deficiency of Revenues over Expenditures	(70,198)	(64,697)	(36,702)	27,995
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	10,391	130,968	120,577
Transfers in	32,863	32,863	46,169	13,306
Transfers out	-	-	(127,119)	(127,119)
Contributions received	33,268	33,268	23,943	(9,325)
Contributions used	(34,069)	(31,965)	(23,055)	8,910
Use of fund balance - reserved for tax stabilization	16,700	16,700	16,700	-
Total Other Financing Sources and Uses	48,762	61,257	67,606	6,349
Net Change in Fund Balance	(21,436)	(3,440)	30,904	34,344
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	96,344	96,344	96,344	-
Fund Balance - Ending	**$ 74,908**	**$ 92,904**	**$ 127,248**	**$ 34,344**

Explanation of Differences of Budget to GAAP:

For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is $16.7 million at January 1, 2015.

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

The City budgets for pension contributions to paid from the Employees' Retirement System reserve fund as revenues and expenditures which are netted for GAAP basis fund presentation. In 2015, this amount was $10.5 million.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit E-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

RETIREE HEALTH AND LIFE INSURANCE

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	-	888,983	888,983	0.0%	382,795	232.23%
1/1/2014	-	928,496	928,496	0.0%	408,231	227.44%
1/1/2015	-	975,696	975,696	0.0%	366,785	266.00%

EDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (AS
Employee's Retirement System

	2015
The City's proportion of the net pension liability (asset)	83.92%
The City's proportionate share of the net pension liability (asset)	$ 95,224
The City's covered-employee payroll	444,719
Plan fiduciary net position as a percentage of the total pension liability (asse	97.76%

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Employees' Retirement System

	2015
Legally required contributions *	$ 65,474
Contributions in relation to the required contributions	61,130
Contribution deficiency (excess)	4,344
City's covered - employee payroll	444,719
Contributions as a percentage of covered-employee payroll	13.75%

See accompanying independent auditors' report.

RETIREE HEALTH AND LIFE INSURANCE

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 Fund - Delinquent Tax, Debt Service Fund - Public Debt Amortization and Capital Projects Funds. The Debt Service Fund - General Obligation Debt 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.

Schedule of Funding Progress – Actuarial Methods and Assumptions

Valuation date	January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	30 years (open)
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.0%
Health care inflation rate	8.0% per year graded down to 4.5% per year ultimate trend in 0.5% increments.

PENSION LIABILITY AND CONTRIBUTIONS

City of Milwaukee Employee Retirement System

Changes of assumptions. There were no changes in the assumptions.

Changes of benefit terms. There were no changes of benefit terms for any City of Milwaukee Employee Retirement System.

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

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

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

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

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

Economic Development Fund – This fund provides expenditure authority for owner financed economic development in commercial areas, including the Business Improvement District program.

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ 1,129	$ 1,251	$ -	$ 708	$ 3,088
Receivables (net):					
Taxes	-	-	32,862	-	32,862
Accounts	-	22	-	-	22
Notes and loans	6,036	5,697	-	-	11,733
Due from other funds	-	-	-	-	-
Due from component units	35	6	-	-	41
Due from other governmental agencies	7,965	2,704	-	-	10,669
Prepaid items	-	-	-	-	-
Total Assets	**$ 15,165**	**$ 9,680**	**$ 32,862**	**$ 708**	**$ 58,415**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 3,427	$ 1,945	$ -	$ 606	$ 5,978
Accrued expenses	2	90	-	-	92
Due to other funds	3,785	422	21,222	-	25,429
Due to component units	-	25	-	-	25
Due to other governmental agencies	803	1,273	-	-	2,076
Unearned revenue	1,129	228	-	-	1,357
Total Liabilities	9,146	3,983	21,222	606	34,957
Deferred Inflows of Resources:					
Unavailable revenue	2,734	110	6,376	-	9,220
Fund Balances:					
Restricted	3,285	5,587	-	102	8,974
Committed	-	-	5,264	-	5,264
Total Fund Balances	3,285	5,587	5,264	102	14,238
Total Liabilities, Deferred Inflows and Fund Balances	**$ 15,165**	**$ 9,680**	**$ 32,862**	**$ 708**	**$ 58,415**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
Revenues:					
Intergovernmental	$ 27,381	$ 16,825	$ -	$ -	$ 44,206
Other	-	-	743	9,707	10,450
Total Revenues	27,381	16,825	743	9,707	54,656
Expenditures:					
Current:					
General government	-	2,221	2,237	-	4,458
Public safety	10,190	3,208	-	-	13,398
Public works	2,426	-	-	-	2,426
Health	8,461	-	-	-	8,461
Culture and recreation	1,015	1,551	-	-	2,566
Conservation and development	5,771	9,895	-	9,696	25,362
Total Expenditures	27,863	16,875	2,237	9,696	56,671
Excess (deficiency) of Revenues over Expenditures	(482)	(50)	(1,494)	11	(2,015)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	-	-	28,280	-	28,280
Loans receivable activities	(244)	7	-	-	(237)
Transfers out	(15)	-	(30,011)	-	(30,026)
Total Other Financing Sources (Uses)	(259)	7	(1,731)	-	(1,983)
Net Change in Fund Balances	(741)	(43)	(3,225)	11	(3,998)
Fund Balances - Beginning	4,026	5,630	8,489	91	18,236
Fund Balances - Ending	**$ 3,285**	**$ 5,587**	**$ 5,264**	**$ 102**	**$ 14,238**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANT AND AID PROJECTS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 29,464	$ 27,381	$ (2,083)
Expenditures:			
Current:			
Public safety	10,727	10,190	537
Public works	2,485	2,426	59
Health	9,389	8,461	928
Culture and recreation	1,092	1,015	77
Conservation and development	5,771	5,771	-
Total Expenditures	29,464	27,863	1,601
Excess of Revenues over Expenditures	-	(482)	(482)
Other Financing Sources (Uses):			
Loans receivable activities	-	(244)	(244)
Transfers out	-	(15)	(15)
Net Change in Fund Balance	-	(741)	(741)
Fund Balance - Beginning	-	4,026	4,026
Fund Balance - Ending	**$ -**	**$ 3,285**	**$ 3,285**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 16,825	$ 16,825	$ -
Expenditures:			
Current:			
General government	2,221	2,221	-
Public safety	3,208	3,208	-
Public works	-	-	-
Health	-	-	-
Culture and recreation	1,551	1,551	-
Conservation and development	9,895	9,895	-
Total Expenditures	16,875	16,875	-
Deficiency of Revenues under Expenditures	(50)	(50)	-
Other Financing Sources:			
Loans receivable activities	7	7	-
Net Change in Fund Balance	(43)	(43)	-
Fund Balance - Beginning	5,630	5,630	-
Fund Balance - Ending	**$ 5,587**	**$ 5,587**	**$ -**

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit F-5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Other	$ 11,101	$ 9,707	$ (1,394)
Expenditures:			
Current:			
Conservation and development	11,101	9,696	$ 1,405
Excess of Revenues over Expenditures	-	11	11
Fund Balance - Beginning	91	91	-
Fund Balance - Ending	**$ 91**	**$ 102**	**$ 11**

See accompanying independent auditors' report.

Nonmajor Enterprise Funds

Enterprise 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.

Parking – 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.

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

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit G-1

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
ASSETS AND DEFERRED INFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	$ 17,352	$ 76	$ -	$ 17,428
Receivables (net):				
Accounts	712	1,350	10,323	12,385
Unbilled accounts	-	-	2,971	2,971
Due from other funds	-	-	1,264	1,264
Prepaid items	21	-	-	21
Total Current Assets	18,085	1,426	14,558	34,069
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	8,528	8,454	-	16,982
Construction in progress	4,558	145	-	4,703
Capital assets being depreciated:				
Buildings	54,821	13,823	-	68,644
Infrastructures	-	18,032	-	18,032
Improvements other than buildings	5,446	2,727	-	8,173
Machinery and equipment	6,384	6,282	-	12,666
Accumulated depreciation	(49,859)	(26,296)	-	(76,155)
Total Noncurrent Assets	29,878	23,167	-	53,045
Total Assets	47,963	24,593	14,558	87,114
Deferred Outflows of Resources:				
Loss on refunding	1	-	-	1
Deferred outflows for pensions	880	226	-	1,106
Total Deferred Outflows of Resources	881	226	-	1,107

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015

Exhibit G-1 (Continued)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 2,024	$ 361	$ 10,142	$ 12,527
Accrued expenses	209	42	-	251
Accrued interest payable	126	21	-	147
Compensated absences	179	100	-	279
Advances from other funds	163	-	-	163
Due to other funds	-	1,815	4,747	6,562
Unearned revenue	-	-	-	-
Extendable Municipal Commercial Paper	842	256	-	1,098
General obligation debt payable - current	1,530	288	-	1,818
Total Current Liabilities	5,073	2,883	14,889	22,845
Noncurrent Liabilities:				
General obligation debt payable	10,029	1,836	-	11,865
Other post employment benefits obligation	1,725	415	-	2,140
Net pension liability	462	123	-	585
Total Noncurrent Liabilities	12,216	2,374	-	14,590
Total Liabilities	17,289	5,257	14,889	37,435
NET POSITION:				
Net investment in capital assets	17,470	20,787	-	38,257
Unrestricted	14,085	(1,225)	(331)	12,529
Total Net Position	**$ 31,555**	**$ 19,562**	**$ (331)**	**$ 50,786**

See accompanying independent auditors' report.

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CITY OF MILWAUKEE Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	$ -	$ -	$ 43,062	$ 43,062
Rent	8,141	6,876	-	15,017
Parking meters	5,195	-	-	5,195
Parking permits	4,399	-	-	4,399
Vehicle towing	5,775	-	-	5,775
Parking forfeitures	19,022	-	-	19,022
Other	-	-	1,191	1,191
Total Operating Revenues	42,532	6,876	44,253	93,661
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	41,618	41,618
Employee services	7,326	1,890	74	9,290
Administrative and general	-	-	-	-
Depreciation	2,619	864	-	3,483
Transmission and distribution	-	-	-	-
Services, supplies and materials	14,793	1,152	5,158	21,103
Billing and collection	-	-	-	-
Total Operating Expenses	24,738	3,906	46,850	75,494
Operating Income	17,794	2,970	(2,597)	18,167
Nonoperating Revenues (Expenses):				
Grant revenue	-	1,464	-	1,464
Interest expense	(495)	(99)	-	(594)
Other	1,330	-	-	1,330
Total Nonoperating Revenues (Expenses)	835	1,365	-	2,200
Income (Loss) before Contributions and Transfers	18,629	4,335	(2,597)	20,367
Capital contributions	-	-	-	-
Transfers in	-	559	-	559
Transfers out	(19,733)	(5,028)	-	(24,761)
Change in Net Position	(1,104)	(134)	(2,597)	(3,835)
Total Net Position - Beginning, as restated (note 14)	32,659	19,696	2,266	54,621
Total Net Position - Ending	**$ 31,555**	**$ 19,562**	**$ (331)**	**$ 50,786**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit G-3

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 42,105	$ 6,141	$ 44,008	$ 92,254
Payments to suppliers	(14,059)	(1,169)	(45,953)	(61,181)
Payments to employees	(7,104)	(1,801)	(74)	(8,979)
Payments from other funds	-	-	(257)	(257)
Payments to other funds	(28)	372	2,276	2,620
Net Cash Provided by Operating Activities	20,914	3,543	-	24,457
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	-	1,464	-	1,464
Transfers from other funds	-	559	-	559
Transfers to other funds	(19,733)	(5,028)	-	(24,761)
Net Cash Used for Noncapital Financing Activities	(19,733)	(3,005)	-	(22,738)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	2,809	538	-	3,347
Acquisition of property, plant and equipment	(1,163)	(339)	-	(1,502)
Retirement of bonds, notes and revenue bonds	(1,942)	(515)	-	(2,457)
Interest paid	(498)	(105)	-	(603)
Other	1,330	(116)	-	1,214
Net Cash Used for Capital and Related Financing Activities	536	(537)	-	(1)
Net Decrease in Cash and Cash Equivalents	1,717	1	-	1,718
Cash and Cash Equivalents - Beginning	15,635	75	-	15,710
Cash and Cash Equivalents - Ending	**$ 17,352**	**$ 76**	**$ -**	**$ 17,428**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	$ 17,794	$ 2,970	$ (2,597)	$ 18,167
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,619	864	-	3,483
Changes in assets and liabilities:				
Receivables	(426)	(734)	(245)	(1,405)
Due from other funds	-	-	(257)	(257)
Accounts payable	734	(17)	823	1,540
Accrued liabilities	(44)	11	-	(33)
Net other postemployment benefits obligation	301	78	-	379
Net pension liability	549	123	-	672
Due to other funds	(28)	372	2,276	2,620
Unearned revenue	(1)	-	-	(1)
Deferred outflows	(584)	(124)	-	(708)
Net Cash Provided by Operating Activities	$ 20,914	$ 3,543	$ -	$ 24,457

See accompanying independent auditors' report.

Agency Funds

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

CITY OF MILWAUKEE

Exhibit H-1

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Balance 01-01-15	Additions	Deductions	Balance 12-31-15
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and investments	$ 130,343	$ 1,645,070	$ 1,627,525	$ 147,888
Taxes receivable	-	275,612	275,612	-
Total Assets	**$ 130,343**	**$ 1,920,682**	**$ 1,903,137**	**$ 147,888**
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	**$ 130,343**	**$ 1,645,070**	**$ 1,627,525**	**$ 147,888**
PROPERTY TAX FUND				
ASSETS				
Cash and investments	$ 97,851	$ 303,538	$ 304,777	$ 96,612
Taxes Receivable	-	206,967	206,967	-
Total Assets	**$ 97,851**	**$ 510,505**	**$ 511,744**	**$ 96,612**
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	$ 277	$ 4,647	$ 4,670	$ 254
Milwaukee County	62,273	189,210	189,898	61,585
Menomonee Falls School District	-	150	150	-
Milwaukee Area District Board of Vocational Technical & Adult Education	15,048	46,368	46,852	14,564
Milwaukee Metropolitan Sewerage District	20,253	63,135	63,179	20,209
Washington County	-	4	4	-
Waukesha County	-	27	27	-
Total Liabilities	**$ 97,851**	**$ 303,541**	**$ 304,780**	**$ 96,612**
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and investments	**$ 234**	**$ 1,030**	**$ 1,005**	**$ 259**
LIABILITIES				
Accounts payable	**$ 234**	**$ 1,030**	**$ 1,005**	**$ 259**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit H-1 (Continued)

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

	Balance 01-01-15	Additions	Deductions	Balance 12-31-15
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and investments	**$ 216**	**$ 3,316**	**$ 3,201**	**$ 331**
LIABILITIES				
Accounts payable	$ -	$ 59	$ 59	$ -
Due to Other Governmental Agencies:				
State of Wisconsin	167	2,594	2,475	286
Milwaukee County	49	663	667	45
Total Liabilities	**$ 216**	**$ 3,316**	**$ 3,201**	**$ 331**
OTHER				
ASSETS				
Cash and investments	**$ 1,284**	**$ 12,490**	**$ 12,304**	**$ 1,470**
LIABILITIES				
Accounts payable	**$ 1,284**	**$ 12,490**	**$ 12,304**	**$ 1,470**
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 229,928	$ 1,965,444	$ 1,948,812	$ 246,560
Receivables:				
Taxes	-	482,579	482,579	-
Total Assets	**$ 229,928**	**$ 2,448,023**	**$ 2,431,391**	**$ 246,560**
LIABILITIES				
Accounts payable	$ 1,518	$ 13,579	$ 13,368	$ 1,729
Due to other governmental agencies	228,410	1,951,868	1,935,447	244,831
Total Liabilities	**$ 229,928**	**$ 1,965,447**	**$ 1,948,815**	**$ 246,560**

See accompanying independent auditors' report.

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MISCELLANEOUS FINANCIAL DATA

CITY OF MILWAUKEE

Exhibit I-1

COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE

DECEMBER 31, 2015

(Thousands of Dollars)

	Real Estate	Personal Property	Total
Year Levied			
2003 -2004	$ 146	$ -	$ 146
2005	114	-	114
2006	195	-	195
2007	276	-	276
2008	526	-	526
2009	770	657	1,427
2010	1,265	381	1,646
2011	2,912	300	3,212
2012	5,596	249	5,845
2013	10,987	216	11,203
2014	25,804	292	26,096
Delinquent Taxes Receivable	$ 48,591	$ 2,095	50,686
Add: Property taxes receivable on foreclosed property (A)			44,093
Total Delinquent Taxes Receivable			94,779
Less: Estimated uncollectible taxes			(36,176)
Net Delinquent Taxes Receivable			**$ 58,603**

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-2

COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT

DECEMBER 31, 2015

(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	$ 45,369	
Local Government Pooled - Investment Fund	172,813	
Institutional Money Market Fund	352,894	
Cash with Fiscal Agent	19,942	
Total Cash and Cash Equivalents		$ 591,018
Investments:		
Treasury Notes, Bills and Agencies	1,079	
Municipal Bonds	9,979	
Certificates of Deposit	6,602	
Investment Portfolio	77,211	
Other	5,753	
Total Investments		100,624
Total Cash and Cash Equivalents and Investments		$ 691,642

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	$ 128,802	$ 109	$ -	$ 128,911
General Obligation Debt Service	172,771	-	8,004	180,775
Public Debt Amortization	18,491	16,096	-	34,587
Capital Projects	31,620	-	-	31,620
Nonmajor Governmental Funds	3,088	-	-	3,088
Water Works	15,420	-	1,174	16,594
Sewer Maintenance	16,827	-	10,765	27,592
Nonmajor Enterprise Funds	17,428	-	-	17,428
Pension and Other Employee Benefit Trusts	1,151	-	-	1,151
Private-Purpose Trusts	2,730	606	-	3,336
Agency Funds	246,560	-	-	246,560
Total Cash and Cash Equivalents and Investments - Fund	**$ 654,888**	**$ 16,811**	**$ 19,943**	**$ 691,642**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-3

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2015

(Thousands of Dollars)

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 4,455	$ 1,816	$26,011	$ 2,022	$ 2,700	$ 824
2017	3,902	1,623	13,659	1,336	2,791	696
2018	3,787	1,446	6,346	915	1,928	587
2019	3,678	1,269	4,761	654	1,906	496
2020	3,480	1,098	3,266	468	1,429	414
2021	3,372	937	2,770	327	1,190	351
2022	2,928	787	1,752	219	1,190	294
2023	2,860	648	1,752	131	923	243
2024	2,860	517	1,752	44	923	200
2025	3,080	385	-	-	1,052	155
2026	2,295	266	-	-	1,052	109
2027	2,019	172	-	-	751	72
2028	1,739	98	-	-	665	46
2029	1,165	45	-	-	651	21
2030	577	12	-	-	221	4
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
Totals	**42,197**	**11,119**	**62,069**	**6,116**	**19,372**	**4,512**
Total Requirements	**$53,316**		**$68,185**		**$23,884**	

See accompanying independent auditors' report.

Grant and Aid Improvements - City Share		Harbor		Library	
Principal	Interest	Principal	Interest	Principal	Interest
$ 7	$ -	$ 288	$ 95	$ 1,739	$ 699
-	-	233	81	1,638	627
-	-	212	70	1,422	557
-	-	209	60	1,407	492
-	-	182	52	1,351	426
-	-	181	43	1,285	364
-	-	146	34	1,235	306
-	-	140	26	1,178	249
-	-	137	20	1,176	195
-	-	141	14	1,116	142
-	-	103	9	961	95
-	-	66	5	544	62
-	-	45	2	497	41
-	-	25	1	436	23
-	-	15	-	368	6
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7	**-**	**2,123**	**512**	**16,353**	**4,284**
$7		**$2,635**		**$20,637**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2015

(Thousands of Dollars)

Year	Local Improvement Projects/ Special Assessments		Municipal Expenses		Parking	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 988	$ 239	$ -	$ 1,349	$ 1,530	$ 493
2017	698	204	-	1,350	1,239	426
2018	643	181	61,900	675	1,164	372
2019	619	156	-	-	1,096	320
2020	596	131	-	-	1,052	269
2021	597	107	-	-	968	222
2022	597	84	-	-	955	178
2023	597	60	-	-	845	137
2024	597	36	-	-	763	99
2025	597	12	-	-	632	68
2026	-	-	-	-	461	44
2027	-	-	-	-	331	26
2028	-	-	-	-	263	14
2029	-	-	-	-	182	6
2030	-	-	-	-	75	2
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
Totals	**6,529**	**1,210**	**61,900**	**3,374**	**11,556**	**2,676**
Total Requirements	**$7,739**		**$65,274**		**$14,232**	

See accompanying independent auditors' report.

Playgrounds/ Recreational Facilities		Police		Public Buildings	
Principal	Interest	Principal	Interest	Principal	Interest
$ 1,107	$ 208	$ 3,844	$ 1,187	$ 22,089	$ 5,491
914	160	3,482	1,022	18,644	4,604
732	123	2,851	887	17,291	3,822
720	89	2,545	763	17,469	3,022
403	61	2,111	654	14,940	2,258
213	46	2,022	557	11,713	1,636
213	36	1,833	468	6,825	1,212
213	26	1,772	384	6,275	913
176	18	1,772	303	4,766	656
152	9	1,753	227	2,740	491
105	3	1,457	154	2,511	381
4	-	1,121	96	2,434	283
-	-	875	56	2,158	192
-	-	623	28	2,159	108
-	-	410	8	1,633	33
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,952	**779**	**28,471**	**6,794**	**133,647**	**25,102**
	$5,731		**$35,265**		**$158,749**

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2015

(Thousands of Dollars)

	Schools		Sewer Maintenance		Sewers	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 8,878	$ 3,447	$ 706	$ 380	$ 3,233	$ 426
2017	6,557	3,115	681	346	2,086	274
2018	5,746	2,867	681	313	1,614	190
2019	5,122	2,632	681	278	1,150	124
2020	4,278	2,431	681	245	1,093	70
2021	1,161	2,313	1,077	201	483	32
2022	1,247	2,259	1,077	147	337	13
2023	1,282	2,208	800	100	120	2
2024	1,079	2,156	800	60	-	-
2025	12,830	2,117	800	20	-	-
2026	-	1,958	-	-	-	-
2027	37,300	979	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
Totals	**85,480**	**28,482**	**7,984**	**2,090**	**10,116**	**1,131**
Total Requirements	**$113,962**		**$10,074**		**$11,247**	

See accompanying independent auditors' report.

Streets		Tax Incremental Districts		Urban Renewal	
Principal	Interest	Principal	Interest	Principal	Interest
$ 16,061	$ 6,176	$ 15,200	$ 7,455	$ 4,482	$ 1,281
13,593	5,487	17,089	6,747	3,902	1,108
12,253	4,898	17,967	5,950	3,836	960
12,094	4,321	16,043	5,142	3,897	811
11,796	3,750	16,153	4,377	3,744	660
11,284	3,201	15,630	3,631	3,564	519
9,961	2,701	13,997	2,942	3,152	392
10,247	2,221	12,543	2,329	2,588	288
10,143	1,743	9,898	1,816	2,558	191
9,125	1,309	9,518	1,373	2,459	94
7,940	926	6,885	997	585	33
5,795	632	7,205	672	180	15
5,369	417	5,510	385	169	8
3,958	244	1,925	229	116	3
1,680	139	1,940	159	36	1
-	105	1,515	93	-	-
30,001	13	1,580	32	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
171,300	**38,283**	**170,598**	**44,329**	**35,268**	**6,364**
$209,583		**$214,927**		**$41,632**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2015

(Thousands of Dollars)

	Water		Total Requirements	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 1,817	$ 487	$115,135	$ 34,075
2017	857	395	91,965	29,601
2018	857	353	141,230	25,166
2019	858	310	74,255	20,939
2020	835	267	67,390	17,631
2021	835	226	58,345	14,713
2022	835	184	48,280	12,256
2023	835	142	44,970	10,107
2024	835	101	40,235	8,155
2025	820	59	46,815	6,475
2026	775	19	25,130	4,994
2027	-	1	57,750	3,015
2028	-	-	17,290	1,259
2029	-	-	11,240	708
2030	-	-	6,955	364
2031	-	-	1,515	198
2032	-	-	31,581	45
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
Totals	**10,159**	**2,544**	**880,081**	**189,701**
Total Requirements	**$12,703**		**$1,069,782**	

See accompanying independent auditors' report.

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CITY OF MILWAUKEE

Exhibit I-4

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER REVENUE AND DISCLOSURE OF BOND COVERAGE

(Thousands of Dollars)

Year	Principal	Interest	Total Requirements
2016	1,677	315	1,992
2017	1,717	274	1,991
2018	1,758	233	1,991
2019	613	206	819
2020	625	194	819
2021	637	182	819
2022	650	169	819
2023	662	157	819
2024	675	144	819
2025	688	131	819
2026	701	117	818
2027	715	104	819
2028	728	90	818
2029	742	75	817
2030	757	61	818
2031	771	46	817
2032	786	31	817
2033	801	16	817
2034	436	4	440
	$ 16,139	**$ 2,549**	**$ 18,688**

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2015 consisted of gross revenues plus interest income in the amount of $96,711, less operating expenses (excluding depreciation but including the payment in lieu of taxes) of $67,396. As a result, the net revenue available for debt service was $29,315. Debt service requirements consisted of $1,560 for 2015. At the end of the year, bond coverage computes to 18.79.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-5

DEBT SERVICE REQUIREMENTS TO MATURITY - SEWERAGE SYSTEM REVENUE AND DISCLOSURE OF BOND COVERAGE

(Thousands of Dollars)

	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	4,550	3,533	5,921	2,552	10,471	6,085
2017	4,695	3,376	6,065	2,406	10,760	5,782
2018	4,895	3,171	6,213	2,256	11,108	5,427
2019	5,130	2,927	6,365	2,102	11,495	5,029
2020	5,380	2,664	6,521	1,945	11,901	4,609
2021	5,635	2,388	6,680	1,783	12,315	4,171
2022	5,500	2,109	6,844	1,618	12,344	3,727
2023	5,760	1,828	7,011	1,448	12,771	3,276
2024	3,455	1,597	7,183	1,275	10,638	2,872
2025	3,625	1,428	7,358	1,097	10,983	2,525
2026	3,805	1,258	7,538	915	11,343	2,173
2027	3,995	1,081	7,723	728	11,718	1,809
2028	4,190	906	6,988	548	11,178	1,454
2029	4,395	723	4,873	402	9,268	1,125
2030	4,620	518	3,880	296	8,500	814
2031	4,860	304	2,569	218	7,429	522
2032	2,355	146	2,632	154	4,987	300
2033	2,475	50	2,696	89	5,171	139
2034	-	-	1,223	42	1,223	42
2035	-	-	1,250	14	1,250	14
	$ 79,320	**$ 30,007**	**$ 107,533**	**$ 21,888**	**$ 186,853**	**$51,895**

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of $60,713 less operating expenses (excluding depreciation) of $17,256. As a result, the net revenue available for debt service was $43,457. Debt service requirements consisted of $15,287 for 2015. At the end of the year, bond coverage computes to 2.84.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	$7,848	$ 852	$ -	$ 108	$ 1,163
Receivables (net):					
Taxes	-	66	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	84	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	**$7,932**	**$ 918**	**$ -**	**$ 108**	**$ 1,163**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$1,848	$ -	$ 613	$ 646	$ 6
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	118	-	-
Due to component units	-	-	-	-	-
Due to other governmetal agencies	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	1,848	-	731	646	6
Deferred Inflows of Resources:					
Unavailable revenue	52	112	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	6,032	806	-	-	1,157
Unassigned	-	-	(731)	(538)	-
Total Fund Balances	6,032	806	(731)	(538)	1,157
Total Liabilities, Deferred Inflows and Fund Balances	**$7,932**	**$ 918**	**$ -**	**$ 108**	**$ 1,163**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ -	$ -	$ 1,294	$ 6,689	$ 1,605	$ 12,061	$ -	$ 31,620
42	361	-	88	-	1,206	-	1,763
-	-	-	-	1,491	-	-	1,491
-	-	-	-	-	-	7,114	7,114
-	-	-	33	-	72	-	105
-	1,194	-	-	8,175	-	-	9,453
-	-	-	-	-	-	-	-
$ 42	**$ 1,555**	**$ 1,294**	**$ 6,810**	**$ 11,271**	**$ 13,339**	**$ 7,114**	**$ 51,546**
$ 627	$ 3,020	$ 1	$ 640	$ 5,017	$ 8,177	$ 121	$ 20,716
-	-	-	-	-	-	-	-
186	5,031	-	-	-	-	-	5,335
-	-	-	69	-	14	-	83
-	-	-	-	-	-	-	-
-	-	-	-	1,673	-	-	1,673
-	-	-	-	-	-	6,380	6,380
813	8,051	1	709	6,690	8,191	6,501	34,187
72	615	-	150	4,874	2,127	6,373	14,375
-	-	-	-	-	-	-	-
-	-	1,293	5,951	-	3,021	-	18,260
(843)	(7,111)	-	-	(293)	-	(5,760)	(15,276)
(843)	(7,111)	1,293	5,951	(293)	3,021	(5,760)	2,984
$ 42	**$ 1,555**	**$ 1,294**	**$ 6,810**	**$ 11,271**	**$ 13,339**	**$ 7,114**	**$ 51,546**

CITY OF MILWAUKEE

Exhibit I-7

SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS BY PURPOSE

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	$ -	$ 137	$ -	$ -	$ 200
Special Assessments	-	-	-	-	-
Intergovernmental	299	-	-		-
Other	-	-	-	87	2,955
Total Revenues	299	137	-	87	3,155
Expenditures:					
Capital outlay	6,604	93	4,039	6,378	3,109
Excess (deficiency) of Revenues over Expenditures	(6,305)	44	(4,039)	(6,291)	46
Other Financing Sources (Uses):					
General obligation bonds and notes issued	10,599	-	3,564	6,933	108
Issuance premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	10,599	-	3,564	6,933	108
Net Change in Fund Balance	4,294	44	(475)	642	154
Fund Balance (Deficit) - Beginning	1,738	762	(256)	(1,180)	1,003
Fund Balance (Deficit) - Ending	**$ 6,032**	**$ 806**	**$ (731)**	**$ (538)**	**$ 1,157**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ -	$ 250	$ -	$ 200	$ 350	$ 4,527	$ -	$ 5,664
-	-	-	-		-	2,020	2,020
-	1,699	-	-	12,392	-	-	14,390
-	50	-	1,116	915	5,524	-	10,647
-	1,999	-	1,316	13,657	10,051	2,020	32,721
4,449	21,079	-	7,350	49,483	51,006	1,637	155,227
(4,449)	(19,080)	-	(6,034)	(35,826)	(40,955)	383	(122,506)
7,699	16,651	-	13,840	38,292	50,413	-	148,099
-	-	-	-	-	2,718	-	2,718
-	-	-	-	-	-	-	-
-	-	-	-	-	(5,278)	-	(5,278)
7,699	16,651	-	13,840	38,292	47,853	-	145,539
3,250	(2,429)	-	7,806	2,466	6,898	383	23,033
(4,093)	(4,682)	1,293	(1,855)	(2,759)	(3,877)	(6,143)	(20,049)
$ (843)	**$ (7,111)**	**$ 1,293**	**$ 5,951**	**$ (293)**	**$ 3,021**	**$ (5,760)**	**$ 2,984**

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	$ 120,215	$ 111,786	$ (8,429)
Provision for Employees' Retirement	78,532	78,532	-
Total Property Taxes	198,747	190,318	(8,429)
Other Taxes:			
Payment in lieu of taxes	1,032	1,181	149
Interest on city tax certificates and other taxes	2,493	1,584	(909)
Total Other Taxes	3,525	2,765	(760)
Licenses and Permits:			
Licenses:			
Business and occupational	5,871	5,918	47
Other	84	75	(9)
Permits:			
Building	7,928	9,075	1,147
Zoning	352	367	15
Other	1,042	1,194	152
Total Licenses and Permits	15,277	16,629	1,352
Intergovernmental:			
State Shares Revenues:			
State shared taxes	227,707	227,791	84
Local street aids	26,270	26,435	165
Payment for municipal services	1,900	2,514	614
Other	6,334	6,610	276
Total Intergovernmental	262,211	263,350	1,139
Charges for Services:			
General government	9,046	10,690	1,644
Public safety	25,338	26,711	1,373
Public works	81,315	81,325	10
Health	873	1,081	208
Culture and recreation	1,188	1,092	(96)
Conservation and development	8	9	1
Total Charges for Services	117,768	120,908	3,140
Fines and Forfeits:			
Court and contract forfeitures	4,506	4,107	(399)
Other	-	3	3
Total Fines and Forfeits	4,506	4,110	(396)
Other:			
Interest on temporary investments	630	683	53
Miscellaneous	24,512	27,803	3,291
Total Other	25,142	28,486	3,344
Total	**$ 627,176**	**$ 626,566**	**$ (610)**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-9

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousands of Dollars)

		2015 Actual				
	Final Budget	Salaries and Wages	Other Operating Costs	Equipment	Total	Variance - Favorable (Unfavorable)
General Government:						
Zoning Appeals	$ 250	$ 201	$ 41	$ -	$ 242	$ 8
Mayor	887	828	58	-	886	1
Common Council - City Clerk	6,596	5,264	1,197	34	6,495	101
Municipal Court	3,071	1,861	1,019	6	2,886	185
City Attorney	16,882	4,900	11,821	48	16,769	113
Administration	9,584	5,951	3,016	259	9,226	358
Employee Relations	123,787	2,888	96,833	27	99,748	24,039
Election Commission	1,842	709	437	500	1,646	196
Comptroller	23,901	3,314	19,853	6	23,173	728
City Treasurer	60,974	1,535	59,381	42	60,958	16
Assessor's Office	3,429	2,894	451	15	3,360	69
Employee's Retirement	2,061	-	1,871	-	1,871	190
Interest Expense	1,387	-	1,387	-	1,387	-
Pension Reserve Fund	10,585	-	10,585	-	10,585	-
Non-departmental - unallocated	1,324	-	-	-	-	1,324
Total General Government	266,560	30,345	207,950	937	239,232	27,328
Public Safety:						
Fire and Police Commission	1,251	693	460	3	1,156	95
Fire Department	73,536	67,164	5,475	795	73,434	102
Police Department	203,119	185,208	14,592	3,182	202,982	137
Neighborhood Services	15,538	11,566	3,940	7	15,513	25
Total Public Safety	293,444	264,631	24,467	3,987	293,085	359
Public Works:						
General Office	2,963	2,416	523	1	2,940	23
Infrastructure	32,499	17,386	14,812	209	32,407	92
Operations	66,216	33,455	30,447	1,758	65,660	556
Total Public Works	101,678	53,257	45,782	1,968	101,007	671
Health	9,643	7,204	2,254	1	9,459	184
Culture and Recreation:						
Public Library	16,676	11,977	2,784	1,908	16,669	7
Conservation and Development:						
Department of City Development	3,872	2,608	1,208	-	3,816	56
Total	**$ 691,873**	**$370,022**	**$ 284,445**	**$ 8,801**	**$ 663,268**	**$ 28,605**

See accompanying independent auditors' report.

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STATISTICAL SECTION

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CITY OF MILWAUKEE

Table 1

NET POSITION BY COMPONENT

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Governmental activities					
Net investment in capital assets	$ 500,045	$ 558,328	$ 559,343	$ 562,934	$ 625,372
Restricted	115,803	116,516	143,951	164,011	210,066
Unrestricted	(200,581)	(298,676)	(396,139)	(478,822)	(562,424)
Total governmental activities net position	415,267	376,168	307,155	248,123	273,014
Business-type activities					
Net investment in capital assets	554,966	581,594	607,122	650,478	619,758
Restricted	8,748	9,528	10,935	11,159	11,422
Unrestricted	82,725	60,566	47,065	19,392	45,625
Total business-type activities net position	646,439	651,688	665,122	681,029	676,805
Primary government					
Net investment in capital assets	1,055,011	1,139,922	1,166,465	1,213,412	1,245,130
Restricted	124,551	126,044	154,886	175,170	221,488
Unrestricted	(117,856)	(238,110)	(349,074)	(459,430)	(516,799)
Total primary government net position	$ 1,061,706	$ 1,027,856	$ 972,277	$ 929,152	$ 949,819

	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	237,053	281,821	198,709	213,950	239,252
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	691,854	711,344	724,128	727,470	744,818
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	$ 928,907	$ 993,165	$ 922,837	$ 941,420	$ 984,070

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 2

CHANGES IN NET POSITION

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental Activities				
General government	$ 179,647	$ 204,724	$ 208,608	$ 207,504
Public safety	263,608	297,711	314,935	331,409
Public works	154,644	157,701	174,629	167,983
Health	27,316	23,102	20,830	22,995
Culture and recreation	21,506	21,298	20,639	22,901
Conservation and development	66,092	70,025	61,693	50,683
Capital contribution to Milwaukee Public Schools	14,028	2,788	6,474	5,153
Contributions	25,412	21,915	22,177	21,026
Interest on long-term debt	32,131	30,536	28,368	23,985
Total Governmental Activities Expenses	784,384	829,800	858,353	853,639
Business-type Activities				
Water	58,074	62,064	64,562	67,946
Sewer Maintenance	26,605	29,928	29,167	34,847
Parking	22,609	24,025	25,078	24,659
Other activities	35,603	37,927	44,401	48,356
Total Business-type Activities	142,891	153,944	163,208	175,808
Total Primary Government Expenses	927,275	983,744	1,021,561	1,029,447
Program Revenues				
Governmental activities				
Charges for services				
General government	12,174	12,408	12,589	9,011
Public safety	13,522	15,121	17,998	16,649
Public works	44,722	45,855	53,348	62,553
Health	667	798	644	1,078
Culture and recreation	1,892	1,888	1,443	1,482
Conservation and development	551	426	388	284
Grants and contributions	91,271	75,074	77,032	73,694
Total Governmental Activities Program Revenues	164,799	151,570	163,442	164,751
Business-type Activities				
Charges for services				
Water	69,636	72,808	73,731	73,132
Sewer Maintenance	34,261	37,756	40,724	48,199
Parking	40,736	39,730	43,961	42,245
Other activities	35,489	37,199	45,096	49,456
Capital grants and contributions	7,780	6,062	10,203	18,674
Total Business-type Activities Program Revenues	187,902	193,555	213,715	231,706
Total Primary Government Program Revenues	352,701	345,125	377,157	396,457
Net (Expense)/Revenue				
Governmental Activities	(619,585)	(678,230)	(694,911)	(688,888)
Business-type Activities	45,011	39,611	50,507	55,898
Total primary government net expense	$ (574,574)	$ (638,619)	$ (644,404)	$ (632,990)

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 259,420	$ 245,191	$ 221,740	$ 305,744	$ 251,538	$ 204,691
326,366	326,879	328,677	320,317	315,952	399,620
168,699	166,787	158,527	169,250	170,054	182,340
23,360	21,137	22,020	19,743	18,852	20,249
21,075	19,864	20,512	20,348	21,503	25,315
66,758	67,171	56,872	45,605	57,617	88,252
91,161	4,386	4,853	278	-	-
23,321	23,382	22,803	22,331	24,001	-
26,467	28,047	31,105	28,275	23,105	24,749
1,006,627	902,844	867,109	931,891	882,622	945,216
67,966	69,196	66,571	68,728	72,540	72,141
41,188	40,813	41,430	44,795	46,840	49,661
25,450	25,267	26,101	24,248	24,053	25,233
51,761	46,780	47,744	47,592	48,382	50,855
186,365	182,056	181,846	185,363	191,815	197,890
1,192,992	1,084,900	1,048,955	1,117,254	1,074,437	1,143,106
9,931	10,148	10,428	10,131	10,344	31,100
16,202	19,049	20,785	23,759	23,833	26,711
68,135	71,348	74,168	75,968	78,520	81,325
1,071	1,297	1,101	877	923	1,081
1,504	1,239	1,239	1,137	1,114	1,092
303	412	469	9	9	9
152,757	105,422	118,869	77,283	104,073	70,122
249,903	208,915	227,059	189,164	218,816	211,440
73,473	84,394	88,122	85,034	88,013	96,687
52,046	51,788	54,956	57,270	59,121	60,695
47,477	44,148	42,730	43,256	41,411	42,532
53,143	52,796	54,288	48,920	47,457	51,129
3,094	4,393	5,133	3,852	799	2,740
229,233	237,519	245,229	238,332	236,801	253,783
479,136	446,434	459,481	427,496	455,617	465,223
(756,724)	(693,929)	(640,050)	(742,727)	(663,806)	(733,776)
42,868	55,463	63,383	52,969	44,986	55,893
$ (713,856)	$ (638,466)	$ (576,667)	$ (689,758)	$ (618,820)	$ (677,883)

CITY OF MILWAUKEE

Table 2 (continued)

CHANGES IN NET POSITION

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	$ 236,043	$ 243,654	$ 257,210	$ 270,191
State aids for General Fund	272,417	272,539	271,100	272,337
Miscellaneous	87,510	84,042	61,949	47,217
Special item - receipt of loans receivable	-	-	-	-
Transfers	33,569	36,483	38,052	40,111
Total Governmental Activities	629,539	636,718	628,311	629,856
Business-type Activities				
Miscellaneous	2,058	2,121	979	120
Transfers	(33,569)	(36,483)	(38,052)	(40,111)
Total Business-type Activities	(31,511)	(34,362)	(37,073)	(39,991)
Total Primary Government	598,028	602,356	591,238	589,865
Change in Net Position				
Governmental Activities	9,954	(41,512)	(60,577)	(126,868)
Business-type Activities	13,500	5,249	18,825	2,877
Total Primary Government	$ 23,454	$ (36,263)	$ (41,752)	$ (123,991)

See accompanying independent auditors' report.

Table 2 (continued)

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
	$ 283,442	$ 276,168	$ 279,588	$ 276,193	$ 284,664	$ 287,602
	270,939	273,240	260,141	259,735	260,886	263,350
	179,057	64,214	81,153	82,059	88,718	89,487
	-	-	-	-	-	-
	48,177	44,346	44,643	41,628	43,115	43,038
	781,615	657,968	665,525	659,615	677,383	683,477
	1,085	3,932	750	1,443	1,471	1,709
	(48,177)	(44,346)	(44,643)	(41,628)	(43,115)	(43,038)
	(47,092)	(40,414)	(43,893)	(40,185)	(41,644)	(41,329)
	734,523	617,554	621,632	619,430	635,739	642,148
	87,686	(35,961)	25,475	(83,112)	15,241	(50,299)
	8,371	15,049	19,490	12,784	3,342	14,564
	$ 96,057	$ (20,912)	$ 44,965	$ (70,328)	$ 18,583	$ (35,735)

CITY OF MILWAUKEE

Table 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

(Modified Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Revenues:				
Property taxes	$ 214,833	$ 221,082	$ 227,637	$ 238,832
Other taxes	20,910	20,867	27,746	30,291
Special assessments	3,823	3,542	3,631	2,418
Licenses and permits	13,729	13,704	12,918	12,186
Intergovernmental	345,078	336,870	333,345	332,138
Charges for services	84,191	79,754	88,224	93,498
Fines and forfeits	5,541	5,800	5,277	4,802
Contributions received	25,807	22,270	21,532	21,300
Other	44,169	43,990	33,563	40,682
Total Revenues	758,081	747,879	753,873	776,147
Expenditures:				
Current:				
General government	206,581	225,893	224,444	227,325
Public safety	267,669	268,456	279,934	290,535
Public works	90,539	97,778	109,196	101,118
Health	27,782	22,288	20,748	21,867
Culture and recreation	20,409	19,714	18,858	19,654
Conservation and development	34,801	30,954	31,796	28,298
Capital outlay	145,095	127,336	114,825	98,003
Debt Service:				
Principal retirement	146,721	152,077	181,102	205,228
Interest	34,798	35,360	33,637	31,941
Bond issuance costs	484	78	147	463
Total Expenditures	974,879	979,934	1,014,687	1,024,432
Excess (deficiency) of Revenues over Expenditures	(216,798)	(232,055)	(260,814)	(248,285)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	215,763	102,928	237,368	227,525
Refunding bonds issued	1,785	-	-	66,585
Payment to escrow agent on advance refundings	-	-	-	-
Payment - current refunding	(1,819)	-	-	(71,800)
Loans receivable activities	1,007	4,975	(518)	(250)
Issuance premium	8,033	2,129	3,694	9,437
Capital lease	-	-	-	-
Transfers in	139,533	145,447	201,073	196,930
Transfers out	(105,964)	(108,964)	(163,021)	(156,819)
Total Other Financing Sources and Uses	258,338	146,515	278,596	271,608
Special Item:				
Receipt of loans receivable	-	-	-	-
Net Change in Fund Balances	$ 41,540	$ (85,540)	$ 17,782	$ 23,323
Debt service as a percentage of noncapital expenditures	20.5%	20.7%	22.5%	24.0%

See accompanying independent auditors' report.

Table 3 (Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 247,956	$ 242,631	$ 244,038	$ 245,254	$ 250,036	$ 253,815
34,109	30,706	34,172	31,156	34,475	32,861
3,421	3,163	2,344	1,986	1,945	4,666
12,948	13,289	14,410	15,030	16,063	16,629
344,929	360,287	346,116	329,892	317,987	322,763
200,461	188,312	115,901	116,813	131,147	154,402
5,422	5,076	5,042	4,492	4,587	4,110
23,005	24,021	21,826	21,871	23,752	2,588
49,541	38,483	43,575	38,577	52,464	42,188
921,792	905,968	827,424	805,071	832,456	834,022
281,978	259,089	235,936	322,431	268,263	254,168
287,815	283,282	291,787	287,330	283,599	307,185
101,681	103,585	96,991	102,657	106,779	103,512
22,343	20,129	20,963	18,821	18,088	18,014
18,046	18,124	18,565	18,560	19,330	20,190
35,468	41,459	42,366	30,616	32,583	29,178
240,480	96,870	87,429	98,913	139,898	155,227
333,780	331,960	417,107	531,243	385,884	414,499
33,305	37,184	37,992	36,887	37,322	36,606
1,314	1,040	933	755	447	1,180
1,356,210	1,192,722	1,250,069	1,448,213	1,292,193	1,339,759
(434,418)	(286,754)	(422,645)	(643,142)	(459,737)	(505,737)
415,291	231,652	301,084	410,945	332,444	380,522
94,420	80,648	189,590	182,341	41,216	106,316
-	-	(63,884)	-	-	-
(106,500)	(41,949)	(34,134)	-	-	-
(293)	(8,783)	2,317	635	(2,506)	(4,972)
21,632	17,079	21,038	14,345	12,783	12,645
-	-	-	-	-	-
253,412	195,101	198,576	230,452	235,824	214,406
(205,235)	(150,755)	(153,933)	(188,824)	(192,709)	(171,368)
472,727	322,993	460,654	649,894	427,052	537,549
-	-	-	-	-	-
$ 38,309	$ 36,239	$ 38,009	$ 6,752	$ (32,685)	$ 31,812
29.5%	32.7%	38.7%	41.0%	36.9%	36.9%

CITY OF MILWAUKEE

Table 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

(Modified Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
General Fund					
Reserved	$ 105,175	$ 90,853	$ 73,007	$ 71,356	$ 59,626
All Other Governmental Funds					
Reserved	$ 171,682	$ 90,812	$ 154,448	$ 177,820	$ 232,790
Unreserved, reported in:					
Capital projects funds	(14,400)	(12,951)	(39,071)	(38,776)	(27,931)
Nonmajor governmental funds	8,154	16,357	14,469	15,776	-
Total all other governmental funds	$ 165,436	$ 94,218	$ 129,846	$ 154,820	$ 204,859

	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	$ 71,986	$ 105,790	$ 103,534	$ 113,044	$ 127,248
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	$ 228,738	$ 232,943	$ 241,951	$ 199,756	$ 217,364

Note: The City began to implement GASB Statement No. 54 in 2011 which changes the Fund Balance classifications .

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Thousands of Dollars)

	Real Estate			Personal Property		
Budget Year	**Residential Property**	**Commercial Property**	**Manufacturing Property**	**Machinery Tools Patterns**	**Furniture Fixtures & Equipment**	**All Other**
2005	14,301,662	6,903,490	733,600	178,275	558,290	97,103
2006	16,116,818	7,547,715	721,966	185,601	541,831	108,218
2007	18,211,504	8,498,283	740,265	212,808	577,964	114,128
2008	18,753,915	8,950,205	726,692	220,073	578,674	144,790
2009	19,173,233	9,483,547	772,960	219,741	631,263	150,908
2010	17,743,825	9,485,580	732,008	211,075	632,652	139,433
2011	17,156,627	9,202,213	732,280	219,340	605,115	132,890
2012	17,069,535	9,191,349	746,955	214,901	571,664	123,239
2013	14,750,295	8,992,762	707,124	214,694	538,278	118,947
2014	14,265,491	9,195,174	709,328	216,866	525,387	121,913
2015	14,198,159	9,178,216	707,901	293,288	424,803	222,175

Budget Year	**Total Taxable Assessed Value**	**Total Direct Tax Rate**	**Estimated Actual Taxable Value**	**Ratio of Total Assessed to Total Estimated Actual Value**
2005	22,772,420	9.19	23,491,774	96.9
2006	25,222,149	8.75	26,256,714	96.1
2007	28,354,952	7.99	30,226,985	93.8
2008	29,374,373	8.00	31,887,192	92.1
2009	30,431,675	8.09	32,257,525	94.4
2010	28,944,573	8.89	31,266,329	92.6
2011	28,048,464	9.12	29,520,783	95.0
2012	27,917,642	9.25	27,954,670	99.9
2013	25,322,101	10.25	26,421,932	95.8
2014	25,034,158	10.58	26,089,611	96.0
2015	25,024,542	10.71	26,138,108	95.7

Source: *The Assessed Values are established by the City of Milwaukee Assessor's Office and are used to calculate property taxes. The Estimated Actual (Equalized) Values are provided by the State Supervisor of Assessments. State law requires all assessments to be within 10% of the equalized value ratio at least once every four year period.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

(Rate per $1,000 of assessed value)

	Budget Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
City Direct Rates (A)										
City of Milwaukee	$ 8.08	$ 7.28	$ 7.46	$ 7.59	$ 8.42	$ 8.67	$ 8.86	$ 9.87	$ 10.23	$ 10.42
Allocation of Debt Service incurred for Schools	0.67	0.71	0.55	0.50	0.47	0.45	0.39	0.38	0.35	0.29
Total Direct Rate	8.75	7.99	8.01	8.09	8.89	9.12	9.25	10.25	10.58	10.71
Overlapping Rates (B)										
Milwaukee School Board	8.35	7.48	7.96	8.75	9.41	9.49	9.69	10.73	10.86	10.93
Less: allocation of Debt Service in City rate	(0.67)	(0.71)	(0.55)	(0.50)	(0.47)	(0.45)	(0.39)	(0.38)	(0.35)	(0.29)
Total School Rate	7.68	6.77	7.41	8.25	8.94	9.04	9.30	10.35	10.51	10.64
Milwaukee Area District Board of Vocational, Technical and Adult Education	1.96	1.89	1.92	1.94	2.06	2.02	1.95	2.21	2.22	1.33
County of Milwaukee	4.43	4.18	4.22	4.20	4.48	4.69	4.72	5.26	5.35	5.33
State of Wisconsin	0.20	0.19	0.19	0.18	0.18	0.18	0.17	0.18	0.18	0.17
Milwaukee Metropolitan Sewerage District	1.48	1.39	1.39	1.37	1.43	1.52	1.51	1.70	1.78	1.79
Total Tax Rate (C)	$ 24.50	$ 22.41	$ 23.14	$ 24.03	$ 25.98	$ 26.57	$ 26.90	$ 29.95	$ 30.62	$ 29.97

(A) State law prohibits the City from raising property taxes more than 2% plus 60% growth of new development.

(B) Overlapping rates are those of local and county governments that apply to property owners within the City of Milwaukee.

(C) Tax rates were constructed considering the provision of the tax incremental district law. The application of these rates to the applicable assessed values will provide a tax yield higher than the levy.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Thousands of Dollars)

Table 7

Taxpayer	Type of Business	2015 Assessed Valuation	2015 Percentage of Total Assessed Valuation	2006 Assessed Valuation	2006 Percentage of Total Assessed Valuation
U. S. Bank	Banking	$ 233,436	.88	$ 231,041	.81
Northwestern Mutual Life Insurance Company	Insurance	140,428	.56	172,345	.61
Mandel Group	Real Estate	138,190	.55		
Forest County Potawatomi Community	Real Estate	124,506	.49		
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	95,989	.38	97,492	.34
Metropolitan Associates	Real Estate	94,943	.38	107,792	.38
Brewery Woks/Riverbend Place	Real Estate	87,949	.35		
100 E. Wisconsin Ave Joint Venture	Real Estate Investment	77,205	.31	59,036	.21
Gorman & Co.	Real Estate	76,856	.30		
Jackson Street Holdings	Real Estate	74,642	.30		
NNN 411 East Wisconsin LLC	Real Estate			97,877	.35
Towne Realty	Real Estate			94,774	.33
M&I Marshall & Ilsley Bank/Metavente Corp.	Banking			80,462	.28
Crichton-Hauk/Shoreline/Juneau Village	Real Estate			73,276	.26
Miller-Coors Brewing	Brewery			68,405	.24
		$ 1,144,144	4.50	$ 1,082,500	3.81

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Thousands of Dollars)

Table 8

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Levy Year (B) Current Tax Collections	Percent Original Levy Collected	Collections Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Total Collections to Date Amount	Percentage of Adjusted Levy
2006	$ 261,685	$ 25,413	$ 287,098	$ 255,823	97.76%	$ 15,664	$ 15,496	$ 286,983	99.96%
2007	265,319	29,176	294,495	257,347	97.00	18,577	18,376	294,300	99.93
2008	286,180	36,016	322,196	277,115	96.83	23,945	20,860	321,920	99.91
2009	276,186	32,300	308,486	265,691	96.20	18,017	24,252	307,960	99.83
2010	291,943	28,908	320,851	281,196	96.32	16,482	21,557	319,235	99.50
2011	295,967	28,619	324,586	284,691	96.19	16,049	22,199	322,939	99.49
2012	301,051	25,364	326,415	288,749	95.91	13,596	20,858	323,203	99.02
2013	304,700	25,426	330,126	293,489	96.32	16,237	14,555	324,281	98.23
2014	307,246	24,552	331,798	295,624	96.21	13,875	11,108	320,607	96.63
2015	312,216	22,650	334,866	299,650	95.98	9,161	-	308,811	92.22

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

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

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

(D) State law limits levy increases to 2% of economic development for general city purposes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Dollars in Thousands, except per capita)

	Governmental Activities					
Year	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
2006	733,327	52,284	681,043	26,256,714	2.59%	1,153.59
2007	669,404	56,778	612,626	30,226,985	2.03%	1,038.01
2008	725,670	59,849	665,821	31,887,192	2.09%	1,126.85
2009	742,752	68,241	674,511	32,257,525	2.09%	1,154.98
2010	812,183	63,116	749,067	31,266,329	2.40%	1,259.29
2011	825,574	67,264	758,310	29,520,783	2.57%	1,272.33
2012	785,867	67,971	717,896	27,954,670	2.57%	1,206.55
2013	822,046	178,068	643,978	26,421,932	2.44%	1,081.41
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28

	Business-Type Activities					
Year	General Obligation Bonds and Notes	Revenue Bonds	State Loans (Revenue Bonds)	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2006	74,135	68,150	-	823,328	2.53%	1,394.60
2007	58,936	64,711	14,369	750,642	2.20%	1,271.86
2008	34,970	61,170	49,653	811,614	2.31%	1,373.59
2009	36,803	57,515	48,002	816,831	2.30%	1,389.68
2010	82,002	53,737	80,724	965,530	2.69%	1,622.74
2011	88,956	74,815	80,513	1,002,594	2.71%	1,622.74
2012	43,318	65,579	77,083	903,876	2.33%	1,519.12
2013	39,334	98,871	82,736	864,919	2.21%	1,452.42
2014	35,247	94,624	92,100	861,628	2.17%	1,446.90
2015	31,822	95,459	107,533	908,234	not available	1,524.39

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				
	2006	**2007**	**2008**	**2009**	**2010**
Debt limit	$ 1,837,970	$ 2,115,889	$ 2,232,103	$ 2,258,027	$ 2,188,643
Total net debt applicable to limit	755,178	671,562	689,401	698,775	805,660
Legal debt margin	$ 1,082,792	$ 1,444,327	$ 1,542,702	$ 1,559,252	$ 1,382,983
Total net debt applicable to the limit as a percentage of debt limit	41.09%	31.74%	30.89%	30.95%	36.81%

	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	789,308	695,488	683,312	696,614	622,044
Legal debt margin	$ 1,277,147	$ 1,261,339	$ 1,166,223	$ 1,129,659	$ 1,207,624
Total net debt applicable to the limit as a percentage of debt limit	36.82%	35.54%	36.95%	38.14%	34.00%

CITY OF MILWAUKEE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

Table 10 (continued)

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value			$ 25,024,542
Equalized Value			26,138,108
Debt Limit 7% of Equalized Value			1,829,668
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	$ 337,886		
General Obligation notes	426,020		
Parking bonds and notes	11,556		
Harbor bonds and notes	2,123		
Water Works bonds	10,159		
Sewer Maintenance bonds and notes	7,984		
Water Works revenue bonds	16,139		
Sewer revenue bonds	79,320		
Sewer clean water loans	107,533		
Extendable Municipal Commercial Paper	80,302		
Total Debt		$ 1,079,022	
Deduct:			
Assets in Debt Service Funds	173,684		
Water Works revenue bonds (A)	16,139		
Sewer revenue bonds	79,320		
Sewer clean water loans	107,533		
Extendable Municipal Commercial Paper (B)	80,302		
Total Deductions		456,978	
Total Amount of Debt Applicable to Debt Limit			622,044
Legal Debt Margin			$ 1,207,624

(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.*

(B) *Extendable Municipal Commercial Paper does not represent or constitute a debt of the City within the meaning of any constitutional or statutory limitation.*

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, 2015 was $522,762 for school purposes and $684,862 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2015

(Thousands of Dollars)

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)	$ 622,044	100%	$ 622,044
Overlapping Debt:			
Milwaukee Area Technical College District	108,825	36.00	39,177
County of Milwaukee	662,419	44.35	293,783
Milwaukee Metropolitan Sewerage Area (B)	960,000	45.23	434,208
Total Direct and Overlapping Debt			**$ 1,389,212**

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 $16,139 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.*

(B) *Includes $654,385 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

Table 12

PLEDGED-REVENUE COVERAGE

LAST TEN YEARS

(Thousands of Dollars)

Water Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2006	71,149	51,365	19,784	846	330	1,176	16.82
2007	74,211	55,514	18,697	868	307	1,175	15.91
2008	74,207	58,960	15,247	891	284	1,175	12.98
2009	73,157	63,019	10,138	915	260	1,175	8.63
2010	73,488	66,765	6,723	915	260	1,175	5.72
2011	84,406	65,213	19,193	964	211	1,175	16.33
2012	88,136	65,547	22,589	989	185	1,174	19.24
2013	85,043	65,661	19,382	1,015	158	1,173	16.52
2014	88,013	67,166	20,847	1,264	216	1,480	14.09
2015	96,711	67,396	29,315	1,335	225	1,560	18.79

Sewer Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2006	34,630	14,834	19,796	2,480	2,667	5,147	3.85
2007	38,170	17,747	20,423	2,570	2,575	5,145	3.97
2008	41,033	16,334	24,699	3,214	2,836	6,050	4.08
2009	48,231	16,438	31,793	4,740	3,552	8,292	3.83
2010	52,063	16,696	35,367	4,901	3,399	8,300	4.26
2011	54,667	14,691	39,976	6,454	4,038	10,492	3.81
2012	54,140	15,440	38,700	6,792	4,616	11,408	3.39
2013	57,300	15,873	41,427	7,032	4,400	11,432	3.62
2014	59,125	16,443	42,682	8,603	5,726	14,329	2.98
2015	60,713	17,256	43,457	9,398	5,889	15,287	2.84

Note: Water Revenue Bonds issued in 1998 and 2013. Sewer Revenue bonds issued in 2011 and 2013. 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, or amortization expenses, but does include 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)**
2006	590,370	33,246,601	35,739	30.6	97,509	6.9
2007	590,190	34,216,111	36,734	30.6	87,360	6.9
2008	590,870	35,554,719	38,037	30.6	85,369	6.7
2009	584,000	35,850,307	38,031	30.6	82,444	11.4
2010	580,500	36,281,466	38,263	30.3	81,372	11.9
2011	595,525	37,492,098	39,404	30.3	80,098	10.9
2012	595,425	38,795,730	40,644	33.7	78,461	10.1
2013	596,500	38,464,560	40,219	33.7	78,502	8.7
2014	595,993	39,697,233	41,507	33.8	77,391	7.2
2015	595,787	Not available	Not available	34.0	75,568	6.7

(A) The December 31, 2006 through 2015 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

	2015 Estimates (1)			2006		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Aurora Health Care	24,509	1	5.45%	15,054	1	3.51%
Wheaton Franciscan Healthcare	11,281	2	2.51%	10,840	2	2.53%
Froedtert Memorial Lutheran Hospital and Community Health	9,800	3	2.18%			
Roundy's Supermarkets	8,260	4	1.84%	6,800	7	1.58%
GE Healthcare	6,000	5	1.33%			
Medical College of Wisconsin	5,170	6	1.15%			
Northwestern Mutual Life	5,100	7	1.13%			
ProHealth Care Inc.	4,729	8	1.05%			
Children's Hospital	4,530	9	1.01%			
Columbia St. Mary's Health System	4,500	10	1.00%	5,749	9	1.34%
U.S. Government (Includes Zablocki V.A. Medical Center)				10,800	3	2.52%
Covenant Health Care				9,000	4	2.10%
City of Milwaukee				7,263	5	1.69%
Milwaukee Public Schools				7,137	5	1.66%
M&I Marshall & Ilsley				6,139	8	1.43%
Milwaukee County				5,568	10	1.30%
	83,879		18.65%	84,350		19.66%

(1) Reflects full-time equivalent employees of businesses and industrial firms.

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

Source: The 2015 Business Journal of Greater Milwaukee as of July 10, 2015.
The 2006 data was from the 2007 Business Journal.
Total employment data (2006 = 429,034) (2015 = 449,781) from the State of Wisconsin Workforce Development.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 15

CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS - ADOPTED BUDGET POSITIONS

LAST TEN YEARS

Functions/Programs	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	673	692	696	694	720	700	719	707	728	736
Temporary - Election Commission	103	29	104	11	98	8	2,145	819	2,389	823
Public Safety										
Fire										
Fire Fighting Force	1,007	1,077	1,001	985	949	951	911	911	900	875
Civilians	75	75	75	79	77	76	105	116	112	118
Police										
Law Enforcement	2,159	2,156	2,156	2,144	2,042	2,034	2,034	2,013	1,978	1,942
Civilian	567	613	606	616	614	619	619	608	618	625
School Crossing Guards	241	241	241	241	251	251	251	251	252	242
Neighborhood Services	224	228	229	229	240	247	251	269	272	283
Public Works										
Administrative Services	65	64	63	63	66	64	58	46	47	48
Infrastructure Services	703	698	696	707	807	804	803	802	810	801
Operations	1,588	1,577	1,530	1,557	1,398	1,381	1,438	1,438	1,433	1,436
Sanitation emergency	-	-	-	-	-	-	-	-	-	-
Winter relief	66	66	66	66	66	66	-	-	-	-
Health	326	337	312	306	274	272	268	254	252	251
Culture and recreation	402	398	396	377	368	378	376	372	370	371
Conservation and development	236	232	220	193	176	179	163	142	134	135
Youth initiative positions	25	25	25	25	25	25	-	-	-	-
Water	355	346	346	348	404	382	367	369	369	371
Sewer Maintenance	199	189	179	172	164	164	164	146	146	146
Parking	129	128	129	129	130	131	122	120	120	121
Port of Milwaukee	30	31	35	35	37	35	36	37	37	37
Subtotal	9,173	9,202	9,105	8,977	8,906	8,767	10,830	9,420	10,967	9,361
Less Temporary Positions	(103)	(29)	(104)	(11)	(98)	(8)	(2,145)	(819)	(2,631)	(1,055)
Total Budgeted Positions	**9,070**	**9,173**	**9,001**	**8,966**	**8,808**	**8,759**	**8,685**	**8,601**	**8,336**	**8,306**

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 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Investment portfolio return	4.78%	5.09%	2.74%	0.75%	0.32%	0.21%	0.22%	0.22%	0.20%	0.23%
Courtroom cases	114,949	110,130	102,721	112,765	119,779	121,234	104,170	119,761	93,577	80,821
Public safety										
Police										
Dispatched assignments	297,286	286,535	266,577	254,044	246,365	238,657	248,678	241,423	247,552	260,860
Traffic citations	93,369	95,327	120,618	114,447	104,001	103,311	94,442	73,325	53,744	55,592
Homicide clearance rates	72%	84%	93%	83%	75%	72%	70%	64%	60%	58%
Fire										
Number of medical emergency assists	51,862	52,735	53,898	53,047	53,629	56,085	59,487	60,499	62,766	70,504
Number of fires extinguished	2,527	2,438	2,073	1,930	2,201	2,643	2,841	2,444	2,419	2,351
Civilian fire deaths	16	14	6	7	3	10	8	2	10	10
Building Inspection										
Complaints reported	34,431	33,576	34,161	35,940	37,146	35,910	35,404	37,212	36,567	34,933
Orders issued	54,976	52,729	51,760	66,559	67,043	71,356	68,613	67,457	58,217	60,106
Public Works										
Major streets paving (miles)	7.81	4.01	13.01	5.4	11.28	1.05	5.7	17.12	24.60	33.5
Asphalt patching/pot holes (tons)	10,344	10,560	14,900	10,700	10,500	18,952	16,010	15,845	17,025	18,816
Refuse tonnage	312,451	292,775	310,517	298,780	274,651	262,265	252,987	256,411	253,997	243,478
Recycling tonnage	25,300	23,716	22,937	21,862	21,389	22,837	24,147	25,052	25,273	25,105
Health										
Food inspections	5,153	4,972	4,721	5,005	5,208	4,615	7,637	8,735	8,556	9,236
Immunizations	27,444	26,700	30,449	46,838	27,994	21,953	18,882	16,417	10,912	10,561
Culture and Recreation										
Library hours of operation	33,218	34,302	34,372	32,608	25,996	27,844	31,092	30,914	30,846	30,866
Collections size	3,018,232	2,828,429	2,848,244	2,756,141	2,577,805	2,587,412	2,441,757	2,364,905	2,306,138	2,308,825
Public computers	495	490	505	505	480	725	757	754	723	752
Conservation and Development										
Jobs created	3,494	2,354	1,073	366	498	534	324	2,198	834	2,337
Jobs retained	9,182	2,092	2,103	888	1,644	1,382	1,965	2,800	1,626	2,535
New housing units	982	1,037	196	527	810	503	687	402	331	2,340
Water										
Millions gallons sold	35,486	35,049	34,085	33,341	32,500	32,246	32,909	30,560	29,894	29,657
Population served	849,981	858,920	857,816	867,599	861,000	861,249	862,524	864,715	864,653	865,109
Sewer Maintenance										
Sewer service backups	40	42	47	28	33	24	23	25	31	22
Street flooding complaints	4,810	3,366	7,238	3,690	2,770	3,293	4,775	3,092	3,023	3,096
Parking										
Citations issued	932,346	906,423	880,859	885,802	874,690	823,999	778,288	770,430	743,038	705,850
Vehicle tows	31,659	36,273	34,898	31,516	28,295	25,762	26,910	32,631	33,416	34,892
Port										
Metric tonnage total	3,481,541	3,568,929	2,931,125	2,910,515	2,324,566	2,808,801	1,915,419	2,618,312	3,022,657	2,711,347

Sources: Various city departments

Ten years of data was not available for all operating indicators, but will be accumulated as it becomes available.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS

LAST TEN YEARS

	Fiscal Year									
Functions/Programs	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Public safety										
Police										
Stations	7	7	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	485	478	521	533	536	556	501	537	521	504
Patrol motorcycles	57	57	57	57	57	55	55	56	55	55
Fire Stations	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets - paved	1,418	1,418	1,418	1,418	1,272	1,272	1,272	1,272	1,272	1,272
Streets - unpaved	15	15	15	15	15	15	15	15	15	15
Alleys	415	415	415	415	415	414	414	414	414	414
Street lights	67,742	67,447	67,709	67,798	67,949	68,073	68,540	68,698	68,698	68,856
Alley lights	8,917	8,790	8,925	8,931	8,616	8,810	8,820	8,815	8,815	8,786
Garbage/snow trucks	173	172	187	188	182	181	180	180	180	180
Health										
Health centers	5	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	277	277	277	276	276	276	276	130	138	138
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,964	1,966	1,967	1,955	1,956	1,960	1,961	1,962	1,963	1,962
Hydrants	19,780	19,632	19,824	19,811	19,847	19,867	19,869	19,870	19,870	19,846
Million gallons pumped	41,862	41,873	40,848	39,617	37,443	36,992	37,920	36,490	37,460	35,872
Million gallons consumed	35,486	35,050	34,085	33,341	32,452	32,246	32,909	30,560	29,894	29,657
Miles of Sewers										
Storm	956	958	959	960	961	962	964	965	965	966
Sanitary	935	938	939	940	941	941	943	943	943	944
Combined	547	547	547	547	547	547	547	547	547	551
Parking										
Parking lots	46	45	45	45	45	45	44	45	45	44
Parking structures	4	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	6	6	6	6	6	6	7	7	7	7
Rental warehouses and buildings	5	5	5	5	5	5	10	10	10	11
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	10	10	10	10	10	10	11	11	11	11
Vessel berths	13	13	13	13	14	14	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.