NEW ISSUES	RATINGS:	Moody's	Standard & Poor's	Fitch
BOOK ENTRY ONLY	R1 Notes:	"MIG1"	"SP-1+"	"F1+"
	N2 Notes, B3 Bonds and T4 Bonds:	"Aa3"	"AA"	"AA"
	(See ***"Ratings"*** herein.)			

In the opinion of Katten Muchin Rosenman LLP, and of Hurtado Zimmerman SC, Bond Counsel, in connection with the issuance of the Revenue Anticipation Notes, Series 2016 R1, the General Obligation Promissory Notes, Series 2016 N2, and the General Obligation Corporate Purpose Bonds, Series 2016 B3 (collectively, the "Tax-Exempt Obligations") under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Tax-Exempt Obligations will not be includable in gross income for federal income tax purposes. The Tax-Exempt Obligations are not "private activity bonds" and the interest thereon is not required to be included as an item of tax preference for purposes of computing individual or corporate "alternative minimum taxable income." However, interest on the Tax-Exempt Obligations is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4 (the "T4 Bonds") is includable in the gross income of the owners for federal income tax purposes. Interest on the Tax-Exempt Obligations and the T4 Bonds (collectively, the "Offered Obligations") is not exempt from Wisconsin income taxes.

CITY OF MILWAUKEE, WISCONSIN

$90,000,000 Revenue Anticipation Notes, Series 2016 R1
$124,670,000 General Obligation Promissory Notes, Series 2016 N2
$40,675,000 General Obligation Corporate Purpose Bonds, Series 2016 B3
$27,405,000 Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4

Dated: May 20, 2016 **Due:** As shown herein

The $90,000,000 Revenue Anticipation Notes, Series 2016 R1 (the "*RANs*" or the "*R1 Notes*") are limited obligations of the City of Milwaukee, Wisconsin (the "*City*") payable from State Aid Payments and also secured by a pledge of all other general fund revenues included in the budget for the current year which are due to the City and have not been received as of the date of delivery of the RANs and are not otherwise pledged or assigned. The RANs are not general obligations of the City and no separate debt service tax will be levied to pay the RANs.

$124,670,000 General Obligation Promissory Notes, Series 2016 N2 (the "*N2 Notes*"), the $40,675,000 General Obligation Corporate Purpose Bonds, Series 2016 B3 (the "*B3 Bonds*") and the $27,405,000 Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4 (the "*T4 Bonds*") are direct general obligations of the City, payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate or amount.

The RANs will be dated May 20, 2016 (the "*Dated Date*"), and will be payable on December 20, 2016. The RANs are being issued for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State of Wisconsin (the "*State*") shared revenue payments. Interest on the RANs shall be payable at maturity. The RANs are not subject to optional redemption prior to maturity.

The N2 Notes, B3 Bonds and the T4 Bonds will be dated the Dated Date, will bear interest payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2016 at the rates, and will mature on March 1, in the years and amounts, as detailed herein. The N2 Notes and B3 Bonds are being issued for the purpose of financing various public improvements and fiscal requirements of the City, and for the purpose of refunding outstanding commercial paper and other debt of the City. The N2 Notes are not subject to optional redemption. The B3 Bonds and the T4 Bonds are subject to optional redemption on any date on or after March 1, 2026 as described herein.

The R1 Notes, the N2 Notes, the B3 Bonds and the T4 Bonds (collectively, the "*Offered Obligations*") were offered for sale by competitive bid in accordance with the Official Notices of Sale dated April 27, 2016 and other conditions specified in the Official Notices of Sale. The Offered Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City. It is expected that the Offered Obligations will be delivered through the facilities of The Depository Trust Company ("*DTC*"), New York, New York on or about May 20, 2016.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE OFFERED OBLIGATIONS. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

For Further Information Contact:

Martin Matson, Comptroller and Secretary to Public Debt Commission
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

May 5, 2016

MATURITY SCHEDULES

$90,000,000 REVENUE ANTICIPATION NOTES, SERIES 2016 R1

The R1 Notes will be dated the Dated Date, and will mature on December 20, 2016 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

Amount	Interest Rate	Yield	CUSIP[1]
$90,000,000	1.50%	0.52%	602366UG9

$124,670,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2016 N2

The N2 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2016 and will mature on March 1 in the years and in the amounts shown below. The N2 Notes are **not** subject to optional redemption.

Maturing (March 1)	Amount	Interest Rate	Yield	CUSIP[1] Base 602366
2017	$24,960,000	2.00%	0.57%	UH7
2018	17,115,000	3.00	0.73	UJ3
2019	13,575,000	3.00	0.88	UK0
2020	13,230,000	4.00	1.04	UL8
2021	13,025,000	4.00	1.14	UM6
2022	8,730,000	4.00	1.31	UN4
2023	8,220,000	4.00	1.48	UP9
2024	8,550,000	4.00	1.59	UQ7
2025	8,605,000	4.00	1.73	UR5
2026	8,660,000	4.00	1.86	US3

$40,675,000 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2016 B3

The B3 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2016 and will mature on March 1 in the years and in the amounts shown below. The B3 Bonds are subject to optional redemption on any date on or after March 1, 2026, as provided herein.

Maturing (March 1)	Amount	Interest Rate	Yield	CUSIP[1] Base 602366
2027	$7,535,000	2.00%	2.25%	UT1
2028	7,565,000	2.25	2.50	UU8
2029	7,600,000	2.50	2.75	UV6
2030	7,515,000	3.00	2.75[C]	UW4
2031	7,555,000	3.00	2.90[C]	UX2
2032	1,435,000	3.00	3.00	UY0
2033	1,470,000	3.00	3.05	UZ7

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(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Offered Obligations. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

C Priced to first optional redemption date.

MATURITY SCHEDULES-CONTINUED

$27,405,000 TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2016 T4

The T4 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2016 and will mature on March 1 in the years and in the amounts shown below. The T4 Bonds maturing on or after March 1, 2027 are subject to optional redemption on any date on or after March 1, 2026, as provided herein.

Maturing (March 1)	Amount	Interest Rate	Yield	CUSIP[(1)] Base 602366
2017	$1,380,000	2.00%	0.66%	VA1
2018	1,380,000	2.00	0.90	VB9
2019	2,330,000	2.00	1.12	VC7
2020	2,350,000	2.00	1.41	VD5
2021	2,680,000	2.00	1.60	VE3
2022	2,705,000	2.00	1.80	VF0
2023	2,395,000	2.00	1.96	VG8
2024	2,080,000	2.11	2.11	VH6
2025	2,110,000	2.23	2.23	VJ2
2026	2,145,000	2.42	2.42	VK9
2027	935,000	2.57	2.57	VL7
2028	960,000	2.67	2.67	VM5
2029	985,000	2.77	2.77	VN3
2030	715,000	2.87	2.87	VP8
2031	730,000	2.93	2.93	VQ6
2032	755,000	3.00	3.00	VR4
2033	770,000	3.00	3.00	VS2

(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Offered Obligations. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

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No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the sale of these securities and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. These securities have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The purpose of this Official Statement, including the cover page and Appendices, is to set forth certain information concerning the City of Milwaukee (the "*City*"), located in Milwaukee County, Wisconsin, and to set forth information concerning the following securities issued by the City:

$90,000,000 Revenue Anticipation Notes, Series 2016 R1 (the "*RAN*" or "*R1 Notes*")
$124,670,000 General Obligation Promissory Notes, Series 2016 N2 (the "*N2 Notes*")
$40,675,000 General Obligation Corporate Purpose Bonds, Series 2016 B3 (the "*B3 Bonds*")
$27,405,000 Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4 (the "*T4 Bonds*")

The following summary statement is furnished solely to provide limited introductory information regarding the City's Offered Obligations, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

Summary Statement – RANs

Issuer:	City of Milwaukee, Wisconsin
Issue:	$90,000,000 Revenue Anticipation Notes, Series 2016 R1
Dated Date:	May 20, 2016.
Maturity:	December 20, 2016
Principal:	$90,000,000
Interest Payment Date:	Payable at maturity. Interest is calculated on the basis of 30-day months and a 360-day year (term of 210 days assuming a May 20, 2016 delivery date).
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The RANs are issued for the purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments ("*State Aid Payments*").
Security:	The City has pledged and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the RANs. The City has also pledged all other general fund revenues included in the budget for the current calendar year which are due the City, which have not been received as of the date of delivery of the RANs and which are not otherwise pledged or assigned. (See **"The RANs – Security for the RANs"** herein). The RANs are not a general obligation, do not constitute an indebtedness of the City for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or interest thereon.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the RANs in accordance with the provisions of Chapters 65 and 67, including particularly Section 67.12(1)(a) of the Wisconsin Statutes.

Form of Issuance:	The RANs will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the RANs. (See **"BOOK-ENTRY-ONLY SYSTEM"** herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the RANs is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), Bond Counsel are of the opinion that interest on the RANs will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the RANs is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the RANs is not exempt from Wisconsin income taxes. (See **"TAX MATTERS"** herein).
Redemption Feature:	The RANs are not subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the RANs with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the RANs.
Professionals:	Bond Counsel: Katten Muchin Rosenman LLP Chicago, Illinois Hurtado Zimmerman SC Wauwatosa, Wisconsin Financial Advisor: Public Financial Management, Inc. Milwaukee, Wisconsin Paying Agent: City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin
Record Date:	December 15, 2016.
Delivery:	Delivery of the RANs will be on or about May 20, 2016 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.
Reoffering:	The public reoffering yield of the RANs is set forth on the inside front cover page hereof.
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the RAN's the City will provide an executed copy of its Continuing Disclosure Certificate. (See **"CONTINUING DISCLOSURE"** herein).

Summary Statement – N2 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	$124,670,000 General Obligation Promissory Notes, Series 2016 N2
Dated Date:	May 20, 2016.
Principal Due Date:	March 1 of the years 2017 through 2026.
Interest Payment Date:	Interest on the N2 Notes is due each March 1 and September 1 commencing September 1, 2016. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The N2 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City.
Security:	Principal and interest on the N2 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the N2 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The N2 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Notes. (See **"BOOK-ENTRY-ONLY SYSTEM"** herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Bond Counsel are of the opinion that interest on the N2 Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the N2 Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the N2 Notes is not exempt from Wisconsin income taxes. (See **"TAX MATTERS"** herein).
Redemption Feature:	The N2 Notes are **not** subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the N2 Notes and B3 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the N2 Notes.

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois
		Hurtado Zimmerman SC Wauwatosa, Wisconsin
	Financial Advisor:	Public Financial Management, Inc. Milwaukee, Wisconsin
	Paying Agent:	City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin
Record Date:	February 15 and August 15 (whether or not a business day).	
Delivery:	Delivery of the N2 Notes will be on or about May 20, 2016 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering yields of the N2 Notes are set forth on the inside front cover page hereof.	
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the N2 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See **"CONTINUING DISCLOSURE"** herein).	

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Summary Statement – B3 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	$40,675,000 General Obligation Corporate Purpose Bonds, Series 2016 B3
Dated Date:	May 20, 2016.
Principal Due Dates:	March 1 of the years 2027 through 2033.
Interest Payment Dates:	Interest on the B3 Bonds is due each March 1 and September 1 commencing September 1, 2016. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The B3 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the B3 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The B3 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the B3 Bonds. (See **"BOOK-ENTRY-ONLY SYSTEM"** herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the B3 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), Bond Counsel are of the opinion that interest on the B3 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the B3 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the B3 Bonds is not exempt from Wisconsin income taxes. (See **"TAX MATTERS"** herein).
Redemption Feature:	The B3 Bonds are subject to optional redemption on any date on or after March 1, 2026. (See **"Redemption Provisions"** herein.)
Official Statement:	The City will provide the original purchaser of the N2 Notes and B3 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the B3 Bonds.

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois
		Hurtado Zimmerman SC Wauwatosa, Wisconsin
	Financial Advisor:	Public Financial Management, Inc. Milwaukee, Wisconsin
	Paying Agent:	City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin
Record Date:	March 1 and September 1 (whether or not a business day).	
Delivery:	Delivery of the B3 Bonds will be on or about May 20, 2016 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering yields of the B3 Bonds are set forth on the inside front cover page hereof.	
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the B3 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See **"CONTINUING DISCLOSURE"** herein).	

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Summary Statement – T4 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	$27,405,000 Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4
Dated Date:	May 20, 2016.
Principal Due Dates:	March 1 of the years 2017 through 2033.
Interest Payment Dates:	Interest on the T4 Bonds is due each March 1 and September 1 commencing September 1, 2016. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The T4 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the T4 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The T4 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the T4 Bonds. (See **"BOOK-ENTRY-ONLY SYSTEM"** herein).
Tax Status of Interest:	Interest on the T4 Bonds ***IS*** includable in the gross income of the owners thereof for federal income tax purposes and is not exempt from State of Wisconsin income or franchise taxes. In addition, the Internal Revenue Code of 1986, as amended, contains a number of other provisions relating to the taxation of the T4 Bonds (including, but not limited, to the treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE T4 BONDS. (See **"TAX MATTERS"** herein).
Redemption Feature:	The T4 Bonds maturing on or after March 1, 2027 are subject to optional redemption on any date on or after March 1, 2026. (See **"Redemption Provisions"** herein.)
Official Statement:	The City will provide the original purchaser of the T4 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the T4 Bonds.

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois
		Hurtado Zimmerman SC Wauwatosa, Wisconsin
	Financial Advisor:	Public Financial Management, Inc. Milwaukee, Wisconsin
	Paying Agent:	City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin
Record Date:	February 15 and August 15 (whether or not a business day).	
Delivery:	Delivery of the T4 Bonds will be on or about May 20, 2016 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering yield of the T4 Bonds are set forth on the inside front cover page hereof.	
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the T4 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See **"CONTINUING DISCLOSURE"** herein).	

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THE RANs

Authority and Purpose

The Common Council of the City has authorized the issuance and sale of the RANs for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments, by the adoption of an authorizing Resolution on January 19, 2016 in accordance with the provisions of Section 67.12(1) of the Wisconsin Statutes, which reads as follows:

> **"67.12 Temporary borrowing and borrowing on promissory notes.** (1) BORROWING IN ANTICIPATION OF REVENUES. (a) Except for school districts and technical college districts, any municipality that becomes entitled to receive federal or state aids, taxes levied or other deferred payments may, in the same fiscal year it is entitled to receive the payments, issue municipal obligations in anticipation of receiving the payments. The municipal obligations issued under this paragraph shall not exceed 60% of the municipality's total actual and anticipated receipts in that fiscal year and shall be repaid no later than 18 months after the first day of that fiscal year."

Security for the RANs

The RANs are not a general obligation of the City, do not constitute debt for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or the interest thereon.

Statutory Borrowing Limitation

Section 67.12(1)(a) of the Wisconsin Statutes limits issuance for the purpose of the RANs to sixty percent (60%) of the Estimated General Fund Revenues for fiscal year. The limitation is calculated as follows:

Total Amount of Estimated General Fund Revenues for 2016	$738,174,923
Statutory Borrowing Limit (60% of Estimated Revenues)	442,904,954
Borrowing - Revenue Anticipation Notes, Series 2016 R1	90,000,000
Unused Amount Following this Issue	$352,904,954
Percentage of Borrowing Limit Used	20%
Percentage of Borrowing to Estimated Revenues	12%

THE N2 NOTES, B3 BONDS AND T4 BONDS

Authority and Purpose

The N2 Notes, B3 Bonds and T4 Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects, and fiscal requirements of the City, to refund outstanding commercial paper, line of credit, and other long-term debt of the City, and to pay the associated financing costs. The Common Council of the City adopted Resolutions on December 20, 2011, February 5, 2013, January 22, 2014, January 21, 2015 and January 19, 2016 which authorize the issuance of the N2 Notes, B3 Bonds and T4 Bonds. In addition, various initial Resolutions have been

adopted authorizing purposes for the B3 Bonds and T4 Bonds that have been combined into the corporate purpose bond issues.

Proceeds of the sale of the N2 Notes, B3 Bonds and T4 Bonds are anticipated to be used for various public improvements of the City as follows:

Estimated Purposes (including commercial paper to be refunded)*	
Streets	$ 50,409,469
Tax Incremental Districts	36,590,592
Financing Receivables	26,095,858
Public Buildings	20,598,889
Library	10,331,429
Renewal and Development	8,355,603
Police	6,464,502
Sanitation	5,423,885
Bridges	5,232,671
Damages and Claims	5,000,000
Fire	2,833,351
Parking	1,042,974
Parks	937,410
Harbor	817,432
Refunding GO Debt	22,400,000
Less: Premium applied to Purposes	(9,784,065)
Total	$192,750,000

* The purposes shown in the table reflect the refunding of $66,500,000 of Commercial Paper and Line of Credit.

Plan of Refunding

In addition to providing long-term financing for $43,500,000 of outstanding Commercial Paper and $23,000,000 of Line of Credit funds, the City is also refunding $22,400,000 of outstanding Commercial Paper that was issued to refund the following bonds:

City Bonds to be Refunded

Dated Date	Series	Amount	Maturities	Redemption Date
April 6, 2016	2006 B2	$25,540,000	2017 – 2023	February 15, 2016

Cash on hand was also used to reduce the amount of refunding bonds issued.

Security for the N2 Notes, B3 Bonds and T4 Bonds

The N2 Notes, B3 Bonds and T4 Bonds will be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the N2 Notes, B3 Bonds and T4 Bonds.

Under and by virtue of Sections 67.05(10) and 67.12(12)(ee), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the N2 Notes, B3 Bonds and T4 Bonds as it falls due, and also to pay and discharge the

principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or N2 Notes, B3 Bonds and T4 Bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

Maturity and Interest Rates

The N2 Notes, B3 Bonds and T4 Bonds are to be dated May 20, 2016, and will bear interest from that date at the rates, and shall mature each March 1 in the amounts and on the dates as set forth on the inside front cover pages of this Official Statement. Interest on the N2 Notes, B3 Bonds and T4 Bonds will be payable commencing September 1, 2016 and thereafter semiannually on March 1 and September 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

Redemption Provisions

The N2 Notes are **not** subject to call and redemption prior to maturity. B3 Bonds will be subject to redemption prior to their maturity, at the option of the City, on any date on or after March 1, 2026 at a price of par plus accrued interest to the date fixed for their redemption. T4 Bonds maturing on or after March 1, 2027 will be subject to redemption prior to their maturity, at the option of the City, on any date on or after March 1, 2026 at a price of par plus accrued interest to the date fixed for their redemption.

If less than all outstanding B3 Bonds or T4 Bonds are called for redemption, the B3 Bonds or T4 Bonds, as applicable, shall be called in such order of maturity as shall be determined by the City. If less than all of the B3 Bonds or T4 Bonds of the same series and maturity are called for redemption, the particular B3 Bonds or T4 Bonds of such series and maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any B3 Bonds or T4 Bonds to be redeemed in whose name such B3 Bonds or T4 Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

Statutory Borrowing Limitation

Wisconsin Statutes limit direct general obligation debt the City may issue. The N2 Notes, B3 Bonds and T4 Bonds do not cause these limitations to be exceeded. (See **"DEBT STRUCTURE"** herein for further details).

INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed $500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments; and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Group, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

To the extent possible, the City Treasurer attempts to match investments with anticipated cash flow requirements. No limits have been placed on how much of the portfolio can be invested in any of the above investment categories.

The State of Wisconsin Investment Board ("*SWIB*") provides the Local Government Investment Pool ("*LGIP*") as a subset of the State Investment Fund (the "*Fund*"). The LGIP includes deposits from elective participants consisting of over 1,000 municipalities and other public entities. The Fund also consists of cash balances of participants required to keep their cash balances in the Fund. These required participants include the State General Fund, State agencies and departments and Wisconsin Retirement System reserves. The LGIP portion of the Fund is additionally secured as to credit risk.

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "*money market*" account. When other investment options provide more favorable returns, such options are utilized. As of December 31, 2015, the City had approximately 27% ($173 million) of its and Milwaukee Public Schools' investments deposited in the LGIP.

SWIB invests the assets of the Fund, which includes assets of the LGIP. Overall policy direction for SWIB is established by an independent, eight-member Board of Trustees (the "*Trustees*"). The Trustees establish long-term investment policies, set guidelines for each investment portfolio and monitor investment performance.

The objectives of the Fund are to provide (in order of priority) safety of principal, liquidity, and a reasonable rate of return. The Fund includes retirement trust funds cash balances pending longer-term investment by other investment divisions. The Fund also acts as the State's cash management fund and provides the State's General Fund with liquidity for operating expenses. The Fund is strategically managed as a mutual fund with a longer average life than a money market fund. This strategic advantage is made possible by the mandatory investment of State funds for which the cash flow requirements can be determined significantly in advance. Given the role played by the Fund, the cash balances available for investment vary daily as cash is accumulated or withdrawn from various funds.

A copy of SWIB's annual report may be obtained by submitting a written request to the State of Wisconsin Investment Board, P.O. Box 7842, Madison, WI 53707-7842.

THE CITY

Location, Organization and Government

General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area and a thriving place to live and work. The City is Wisconsin's largest city with a population of approximately 595,787 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("*MSA*") includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides access to the sea lanes of the world. General Mitchell International Airport is served by domestic and international airlines. Five rail lines serve the City and provide transportation links throughout the United States. The City is also connected with the interstate highway system.

The City was incorporated as a city on January 31, 1846, pursuant to the laws of the Territory of Wisconsin. Wisconsin gained statehood in 1848. The City, operating under a Home Rule Charter since 1874, has a council mayor form of government.

Elected Officials

The Mayor, City Attorney, Comptroller, Treasurer and Common Council members are elected officials of the City. Local elections are non-partisan. The Mayor, City Attorney, Comptroller and Treasurer are elected at-large for identical four-year terms.

The Common Council represents fifteen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 40,000.

City Officials

As of April 19, 2016
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	Martin Matson	(2012)
City Treasurer	Spencer Coggs	(2012)

Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Chevy Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
Robert G. Donovan	(2000)		

* The terms of all the above elected positions expire in April 2020.

Public Services and Facilities

The City is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City-owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to borrow directly and issue revenue backed financings.

Other major local governmental units and their related government services are the Milwaukee Public Schools (education); Milwaukee County (parks, airport/mass transit/highways, social services and court system); Milwaukee Metropolitan Sewerage District (wastewater treatment); and the Milwaukee Area Technical College (higher education). Wisconsin Statutes require the City to issue debt for Milwaukee Public Schools. The other governmental units listed each have the statutory authority to issue general obligation debt.

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the "*SWPBP District*"), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a baseball facility ("*Miller Park*") for the National League Milwaukee Brewers baseball club. Miller Park opened in March, 2001. The SWPBP District has issued $199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, $45 million of lease certificates of participation have been issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc.

The second special purpose governmental unit is the Wisconsin Center District ("*WC District*"), a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City's major convention complex. This complex also includes the UW-Milwaukee Panther and the Milwaukee Theater facilities, formerly known as "*MECCA*." The Wisconsin Center, was financed by $185 million of revenue bonds issued by the WC District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the WC District. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the WC District issued $30 million of bonds to renovate the Milwaukee Theatre.

In addition to the facilities noted above, the City is home to a 17,000+ seat indoor sports and concert venue, the BMO Harris Bradley Center, located in the heart of downtown. This facility serves the National Basketball Association Milwaukee Bucks, the Marquette University Golden Eagles men's basketball team and the Milwaukee Admirals International Hockey League club. The City is home to the Milwaukee Art Museum, as well as major symphony, ballet and opera companies, and other theatre and performing arts.

2015 Wisconsin Act 60 authorized the WC District to borrow $203 million to construct and operate a new sports and entertainment arena/facilities (the "*Arena*") for the Milwaukee Bucks. Planning for the Arena is in process. Plans for the Arena include the demolition of the BMO Harris Bradley Center. The Milwaukee Admirals will relocate to the UW-Milwaukee Panther facility. Also pursuant to 2015 Wisconsin Act 60, the WC District may assume from Milwaukee County ownership and operations of Marcus Center for the Performing Arts.

On the lakefront is the Milwaukee Art Museum, which combines art, dramatic architecture and landscape design. The Quadracci Pavilion, the first Santiago Calatrava-designed building in the United

States, features a 90-foot high glass-walled reception hall enclosed by the Burke Brise Soleil, a sunscreen that can be raised or lowered creating a unique moving sculpture.

Finally, the Milwaukee area is the site of a number of higher education institutions including Marquette University, the University of Wisconsin – Milwaukee, Alverno College, Mount Mary University and the Milwaukee School of Engineering.

Employee Relations

The City has approximately 6,400 full-time employees. 2,700 employees are part of three public safety unions and 310 employees are in two non-public safety union. The remaining employees do not have collective bargaining representation.

The police officers' and the police supervisors' union have a contract through December 31, 2017. The firefighters' union contract expired as of December 31, 2012. The agreement covering one non-public safety union expired on December 31, 2014. The other does not have an agreement. The City is in negotiations with the unions.

Pursuant to Wisconsin Statutes, non-public safety unions' right to collective bargaining is limited solely to employee wages. Wisconsin Statutes does not limit the ability of public safety unions to collectively bargain on most issues.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

General

Based on 2010 census results, the City's population is 594,833. Population in the four county area surrounding the City is estimated at 1,619,429 and represents 28% of the population of the State of Wisconsin.

City of Milwaukee
Selected Economic Data

	Population		
Year	Department of Administration	U.S. Census	Adjusted Gross Income Per Return
2015	595,787		Not Available
2014	595,993		$37,340
2013	596,500		37,300
2012	595,425		35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2009	584,000		32,500
2008	590,870		33,160
2007	590,190		33,240
2000	605,572	596,974	32,370

Sources: U.S. Census and the Wisconsin Department of Administration, Demographic Service Center and the Wisconsin Department of Revenue, Division of Research and Analysis. The Division's population estimates are used in the distribution of State Shared Revenues.

Building Permits

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2011 through December 2015.

General Total

Year	Value	Permits Issued
2015	$303,762,859	2,332
2014	539,753,288	2,443
2013	269,010,398	2,217
2012	254,896,334	2,297
2011	269,386,167	2,340

Residential Building

	Single Family		Multi-Family		Total		Permits
Year	Value	# Of Units	Value	# Of Units	Value	# Of Units	Issued
2015	$ 4,240,620	26	$78,356,702	657	$82,597,322	682	46
2014	4,423,531	31	16,096,831	300	20,520,362	331	39
2013	5,429,015	43	46,923,592	430	52,352,607	473	53
2012	4,408,472	44	30,455,000	281	34,863,472	325	60
2011	17,892,282	139	42,327,598	364	60,219,880	503	222

Commercial Building

Year	Value	Permits Issued
2015	$ 58,724,198	31
2014	320,611,159	49
2013	83,584,379	42
2012	52,952,469	51
2011	58,518,315	47

Public Building

Year	Value	Permits Issued
2015	$21,178,391	252
2014	31,118,208	314
2013	24,248,685	147
2012	43,046,652	211
2011	49,456,901	256

Alterations and Additions

Year	Value	Permits Issued
2015	$141,262,948	2,003
2014	167,503,559	2,041
2013	108,824,727	1,975
2012	124,033,741	1,975
2011	101,191,071	1,815

Sources: Development Center, Department of City Development. Data accumulated from monthly reports submitted to U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division, Washington D.C.

Leading Business and Industrial Firms Located Within Milwaukee County

The listing of large employers in the Milwaukee County area that follows reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list, which includes only employers with the majority or all of their employment in Milwaukee County. The Employment Estimates can include employees located in counties contiguous to Milwaukee County.

Company	Business Description	Approximate Employment
Aurora Health Care Inc.	Health Care System	24,509
Wheaton Franciscan Healthcare	Health Care System	11,281
Froedert & Community Health	Health Care System	9,800
Roundy's Supermarkets Inc.	Retail Supermarkets	8,260
GE Healthcare	Health Care Technologies	6,000
The Medical College of Wisconsin	Private Medical School	5,170
Northwestern Mutual	Insurance, Investment Products	5,100
ProHealth Care Inc	Health Care System	4,729
Children's Hospital	Health Care System	4,530
Columbia St. Mary's Health System	Health Care System	4,500
Goodwill Industries	Training Programs, Retail, & Food Service	4,100
US Bank NA	Banking Services	3,500
Wisconsin Energy Corp	Electric & Natural Gas Utility	3,461
Johnson Controls Inc.	Control Systems, Batteries & Auto Interiors	3,400
BMO Harris Bank	Bank Holding Company	3,300
The Marcus Corp	Theaters and Hotel Properties	3,159
Rockwell Automation Inc	Industrial Automation Products	2,951
Potawatomi Bingo Casino	Casino	2,834
Harley-Davidson Inc.	Motorcycles & Accessories	2,736
Marquette University	University	2,733
(FIS) Fidelity National Info. Services	Banking and Payments Technology	2,600
Rexnord Corp.	Power Transmission Equipment	2,300
Bon-Ton Department Stores	Department Stores	2,260
Wells Fargo	Banking & Financial Services	2,220
Sendik's Food Markets	Retail Supermarkets	1,650
Briggs & Stratton Corp.	Small Gasoline Engines	1,500
Robert W Baird	Asset Management and Capital Markets	1,400
MillerCoors LLC	Beer Brewery	1,400
JPMorgan Chase & Co.	Global Financial Services	1,355
Joy Global Inc.	Manufactures & Distributes Mining Equip	1,319
Brady Corp.	Manufacturer of Identification Materials	1,147
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,100
Caterpillar Inc., (Bucyrus)	Manufactures & Distributes Mining Equip	1,000
Master Lock Co. LLC	Manufacturer of Padlocks & Security Products	750

Source: Milwaukee Business Journal, as of July 10, 2015.

EMPLOYMENT AND INDUSTRY

During 2015, the City's unemployment rate averaged approximately 6.7%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2011 through 2015.

Annual Unemployment Rates
(Not Seasonally Adjusted)

Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2015	6.7%	5.0%	4.6%	5.3%
2014	8.1	6.0	5.4	6.2
2013	10.1	7.2	6.7	7.4
2012	10.3	7.5	7.0	8.1
2011	11.1	8.1	7.8	8.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent Monthly Unemployment Rates
(Not Seasonally Adjusted)

Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
February, 2016	6.8%	5.5%	5.5%	5.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Not Seasonally Adjusted

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. In Milwaukee County, service sector (healthcare, service, finance, insurance, real estate and retail trade) employs 74% of the workforce. Construction and manufacturing firms employ 15% of the workforce. Federal, State, and local governments employ 11% of the workforce. The area is not dominated by any large employers.

Ten Largest Taxpayers With 2015 Estimated Equalized Valuations

US Bank Corp	$246,859,310
Northwestern Mutual Life Ins.	173,021,542
Mandel Group	142,893,099
Forest County Potawatomi Community	128,640,384
Marcus Corp/Milw City Center/Pfister	109,723,288
Metropolitan Associates	98,217,196
Brewery Works/ Riverbend Place	93,511,446
Jackson Street Holdings	83,522,476
100 E. Wisconsin - CW Wisconsin Ave. LLC	79,959,925
Gorman & Co.	79,464,113

Source: City of Milwaukee, Assessor's Office January 2016.

DEBT STRUCTURE

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 principal or interest on its debt obligations.

Legal Debt Limitations

Section 67.03 of the Wisconsin Statutes, as supplemented and amended, limits direct general obligation borrowing by the City to an amount equivalent to five percent of the equalized valuation of taxable property within the City. Section 119.49 of the Wisconsin Statutes, as supplemented and amended, further authorizes referendum approved-bonding in an additional amount equivalent to two percent of the equalized taxable property within the City for school capital purposes.

Debt Margin (Includes the Offered Obligations to be issued by the City)

Equalized Value of Taxable Property in the City		$25,980,469,600
Legal Debt Limitation for City Borrowing		
5% of Equalized Value		$1,299,023,480
General Obligation Debt Outstanding subject to 5% Limit as of 05/01/16	$763,600,000	
Plus: 2016 N2, B3 and T4	192,750,000	
Less: Provision for current year maturities	(24,195,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 05/01/16		$932,155,000
Total Debt Margin for City Borrowing (in Dollars)		$366,868,480
As a percentage		28.2%
including Extendable Municipal Commercial Paper (1)		19.6%
Legal Debt Limitation for School Purpose Borrowing		
2% of Equalized Value		$519,609,392
General Obligation Debt Outstanding subject to 2% Limit as of 05/01/16	$10,902,745	
Less: Provision for current year maturities	–	
Net General Obligation Debt Outstanding subject to the 2% Limit as of 05/01/16		$10,902,745
Total Debt Margin for School Purpose Borrowing (in Dollars)		$508,706,647
(As a percentage)		97.9%

(1) Excludes EMCP to be refunded by this Issue, and EMCP issued for Cash Flow purposes.

Analysis of General Obligation Debt
Outstanding as of May 1, 2016

Streets	$164,733,905
Tax Increment Districts	156,774,045
Public Buildings	117,979,927
Schools (5% City Borrowing)	78,877,677
Schools (2% School Purpose Borrowing)	10,902,745
Municipal Expenses	67,271,209
Bridges	39,413,870
Blight Elimination/Urban Renewal	32,981,760
Finance Real & Personal Property Tax Receivables	29,094,000
Police	25,604,929
Fire	17,866,601
Sewers	15,421,445
Library	15,348,419
Parking	10,726,656
Water	10,098,460
Playground/Recreational Facilities	4,456,835
Harbor	1,972,866
Local Improvement Projects/Special Assessments	517,396
Total	$800,042,745

General Obligation Debt Service Requirements

The following indicates the annual requirements of principal and interest on the general obligation debt of the City.

	Total G.O. Debt Service as of 05/01/16 (1)		Series 2016 N2, B3 and T4		Total Requirements After Issuance
	Principal (2)	Interest (3)	Principal	Interest	
2016	$ 27,570,000	$ 20,747,870		$ 1,639,207	$ 49,957,077
2017	92,220,239	33,163,220	$ 26,340,000	5,579,318	157,302,776
2018	141,163,544 (4)	28,806,858	18,495,000	5,045,393	193,510,795
2019	74,491,727	25,524,066	15,905,000	4,547,943	120,468,735
2020	67,606,322	22,762,616	15,580,000	4,032,918	109,981,856
2021	58,293,148	19,911,147	15,705,000	3,457,518	97,366,814
2022	52,604,005	18,433,723	11,435,000	2,968,568	85,441,296
2023	49,043,761	16,171,953	10,615,000	2,578,568	78,409,282
2024	43,610,000	10,751,384	10,630,000	2,197,274	67,188,658
2025	38,190,000	9,068,692	10,715,000	1,808,704	59,782,395
2026	28,580,000	7,588,680	10,805,000	1,413,923	48,387,602
2027	24,900,000	5,610,187	8,470,000	1,127,403	40,107,590
2028	17,290,000	3,855,424	8,525,000	942,116	30,612,541
2029	11,240,000	3,301,494	8,585,000	735,552	23,862,046
2030	6,955,000	2,958,866	8,230,000	503,924	18,647,790
2031	1,515,000	2,792,935	8,285,000	256,920	12,849,854
2032	31,580,000	542,011	2,190,000	100,050	34,412,061
2033			2,240,000	33,600	2,273,600
	$766,852,745 (5)	$231,991,127	$192,750,000	$38,968,898	$1,230,562,770

(1) Excludes debt to be refunded.
(2) Assumes Sinking Fund Deposits in year due.
(3) Assumes: the maximum interest rate of 9.0% on $30,000,000 of variable rate debt (the tax levy requirement).
(4) Includes $62 million for Series 2013 T6 that were issued to permit payment in advance to the City's retirement system. If the program is not repeated, the amount will be repaid from the amount normally budgeted for the annual contribution, thus returning the contribution to a payment made in arrears.
(5) Excludes $7,650,000 on deposit in the sinking fund accounts.

Trends of General Obligation Debt
(Thousands of Dollars)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2011	$934,004	$373,059	$560,945
2012	846,299	319,662	526,637
2013	872,014	295,522	576,492
2014	863,465	276,231	587,234
2015	892,221	263,175	629,046

* General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

Trends of Self-Sustaining General Obligation Debt
(Thousands of Dollars)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes (1)	Water (2)	Sewer (2)	Total Self-Sustaining
2011	$192,838	$12,170	$10,462	$52,728	$22,053	$82,807	$373,059
2012	189,351	11,684	9,505	56,201	18,727	34,194	319,662
2013	179,475	11,443	2,286	58,033	15,791	28,494	295,522
2014	171,810	11,533	1,242	55,927	12,670	23,049	276,231
2015	167,898	11,768	561	54,648	10,158	18,142	263,175

General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

(1) Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.
(2) Years 2011 and 2012 includes temporary borrowing pending refunding with revenue bonds.

Ratio of General Obligation Debt to Equalized and Assessed Values and to Per Capita

Year 12/31	Population (1)	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt/Net EV	GO Debt/AV	GO Debt/capita
2011	595,525	$27,954,669,900	$27,917,642,983	$934,004,150	3.34%	3.35%	$1,568
2012	595,425	26,421,932,000	25,322,100,578	846,299,150	3.20	3.34	1,421
2013	596,500	26,089,611,100	25,034,158,099	872,014,150	3.34	3.48	1,462
2014	595,993	26,138,108,100	25,024,542,439	863,464,646	3.30	3.45	1,449
2015	595,787	25,980,469,600	25,262,963,417	892,221,179	3.43	3.53	1,498

(1) Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

The Public Debt Amortization Fund may be used to purchase and prepay City GO Debt. Assuming the unsegregated fund balance is used to prepay City GO Debt at year-end, the following results would have occurred:

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2011	$57,046,631	3.14%	$1,473
2012	57,413,536	2.99%	1,325
2013	56,790,600	3.12%	1,367
2014	61,857,951	3.07%	1,345
2015 (1)	61,857,951	3.20%	1,394

(1) 12/31/15 balance is unknown at this time. Assumes balance is unchanged for the year.

Computation of Net Direct and Overlapping Debt
May 1, 2016

Governmental Unit	Debt Outstanding As of May, 2016	Percentage Applicable	Share of Debt As of May, 2016
City of Milwaukee (1)	$ 800,042,745	100.00%	$ 800,042,745
Area Board of Vocational, Technical and Adult Education, District No. 9	114,825,000	35.73	41,023,658
County of Milwaukee	645,409,246	44.35	286,220,943
Milwaukee Metropolitan Sewerage District	903,893,731	45.23	408,796,378
Total Net Direct and Overlapping Debt	$2,464,170,722		$1,536,083,725

(1) Includes $89.8 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

Future Financing

Prior to the issuance of the Offered Obligations, the City has $585 million authorized unissued general obligation debt for various corporate and capital improvement purposes, which can be issued at any time. The City also has $400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes.

The City has $200.9 million of Extendable Municipal Commercial Paper and PNC Line of Credit outstanding which can be refinanced with General Obligation Debt. $66.5 million for new capital purposes, and $22.4 million for refunding purposes will be refinanced with this issue, $75.0 million are anticipated to be permanently financed with Sewer Revenue Bonds, and $10 million are anticipated to be permanently financed with Water Revenue Bonds. The remaining $27 million is being refinancing in a separately offered general obligation debt along with $12 million for new money purposes.

The authorized unissued general obligation debt includes $69 million for sewer purposes and $27 million for water purposes. The sewer purpose debt is anticipated to be financed in 2016 on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund Program. The water purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Safe Drinking Water Loan Program.

See **"FINANCIAL INFORMATION – City Capital Improvement Plan"** herein for information on potential future capital needs.

City Capital Improvement Plan

The City's 2013-2018 Draft Capital Improvement Plan ("*CIP*") outlines planned capital improvement projects and programs. Some school purpose improvements are financed by the City for Milwaukee Public School, but are not included in the CIP.

The six-year CIP plan totals $1,045 million. About $727 million, or 70% of the planned spending, is intended to preserve the City's existing infrastructure facilities (streets, sewers, alleys, bridges, etc.). Approximately 57% ($594 million) is anticipated to be borrowed with General Obligation debt, 28% ($290 million) being borrowed with revenue debt.

Purpose	Amount ($ Millions)
Transportation	$326
Environment	457
Economic Development	140
Public Safety	65
Miscellaneous	57
Total	$1,045

The CIP has not yet been updated for the following projects:

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. Actual costs could be higher or lower. Other than for preliminary engineering, no amounts have yet been budgeted for the project and the foundation and building are currently being monitored.

The City has approved an estimated $98.8 million for phase I of a streetcar project. Phase I includes 3.8 miles of track with a one-way route length of 2.1 miles. A Federal grant of $54.9 million has been received for the project. The City has approved $43.9 million of Tax Incremental District borrowing to fund the remaining estimated construction and equipment costs.

Extendable Municipal Commercial Paper Program and other Liquidity

The City has authorized the issuance of EMCP with the Extendable Municipal Commercial Paper Notes, 2012 Program, Series C6, Series R7, and Series T8 (Taxable) (the "*Series C6 Notes*", "*Series R7 Notes*", and "*Series T8 Notes*" respectively, and together, the "*EMCP Notes*"). Any combination of Series C6 Notes, Series R7 Notes, and Series T8 Notes, up to an aggregate total of $200,000,000, is authorized to be outstanding at any time. The EMCP Notes are not general obligation debt of the City, however they are issued in anticipation of the issuance of general obligation promissory notes, which can be issued at any time. The EMCP Notes are authorized to be outstanding until May 22, 2017.

The EMCP Notes may be issued at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the EMCP Note program is to provide interim financing for expenditures pending the City's next long-term financing and short-term cash flow needs. As of May 1, 2016, the City had $150.9 million of Series C6 Notes outstanding, of which $65.9 million will be refinanced with the Offered Obligations.

The City has a taxable General Obligation Promissory Line of Credit Note with PNC Bank (the "*Line*") in the amount of $50,000,000. The Line may be drawn upon at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the Line is to provide interim financing for expenditures pending the City's next long-term financing and short-term cash flow needs. The Line is authorized to be outstanding until April, 2023. As of May 1, 2016, the City had $50 million outstanding under the Line, $23 million of which will be refinanced with the Offered Obligations.

Other Variable Rate Exposure

The City has no outstanding Auction Rate securities. The City has $30 million of multi-modal general obligation bonds (the "*MMB*") that are authorized to be outstanding through February 15, 2032, as Rolling Tender Variable Rate Bonds (the "*RTV*"), that are anticipated to remain variable rate until redeemed. The RTVs have an interest rate that is set weekly by a remarketing agent. An owner of an RTV may tender an RTV on 7-days' notice. If the tendered RTV is not remarketed, the tendered RTV enters a 173-day extension period (total of 180 days from the tender date), during which time the City makes its best efforts to remarket into another mode, including fixed rate mode.

It is anticipated that, over time, up to 15-25% of the tax levy supported long-term general obligation debt will be in the form of variable rate debt.

In 2003, the Redevelopment Authority of the City of Milwaukee, on behalf of the Milwaukee Public Schools, issued $130,850,000 of Taxable Pension Funding Bonds, 2003 Series D in Auction Rate Mode and insured by MBIA. In 2005, the 2003 Series D bonds were converted to Index Bonds ("*IB*") whose interest rate is reset monthly to 1-month LIBOR + 25 basis points. The IB bond owners do not have an option to put the bonds. The 2003 Series D bonds also have an interest rate swap that pays Milwaukee Public Schools 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by Milwaukee Public Schools, effectively converting the IB to a fixed rate with no basis risk.

REVENUE BONDING

The City has issued revenue bonds for its Water and Sewerage Systems and has issued industrial revenue bonds on behalf of borrowers for eligible projects. Additionally, the Housing Authority of the City (the "*Housing Authority*"), the Redevelopment Authority of the City (the "*Redevelopment Authority*"), the Milwaukee Economic Development Corporation and related entities also have outstanding obligations. Collectively, the programs of the Housing and Redevelopment Authorities and Milwaukee Economic Development Corporation complement the City-financed economic development projects and foster the same development objectives.

Water System Revenue Bonds – Beginning in 1998, the City and the State of Wisconsin entered into loan agreements under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of May 1, 2016, the outstanding balance was $14 million.

Sewerage System Revenue Bonds – In 2001, the City created the Sewerage System Revenue Bonds with the issuance of $29,095,000 of Sewerage System Revenue Bonds, and has periodically issued debt under the Resolution. As of May 1, 2016, total outstanding Sewerage System Revenue Bonds was $79 million with a final maturity in 2033.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. As of May 1, 2016, the City had $102 million outstanding under the Program. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See **"Future Financing"**).

Industrial Revenue Bonding Program – The City has established guidelines relating to its Industrial Revenue Bonding Program. These guidelines establish criteria for IRB financing. The guidelines delineate that the primary goals of this program are to create additional tax base, additional jobs, or both. Industrial land, buildings, and machinery and equipment used in the manufacturing process and pollution abatement equipment of new or expanding industries are eligible projects. Since the first

IRB issue in 1973, the City has closed 125 issues amounting to approximately $265 million. The City has no responsibility to either secure or redeem IRB debt, and thus neither guarantees nor lends its own credit to these obligations.

Housing Authority of the City of Milwaukee – Most of the Housing Authority bonds and notes are secured by a lien on all revenues of the Housing Authority Low Income Housing Program. The Housing Authority has also issued debt for "*stand alone*" projects. The Housing Authority bonds and notes are limited obligations of the Housing Authority and are neither a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

Between 1983 and December 1, 2012, the Housing Authority issued revenue bonds of approximately $149 million, of which approximately $8.3 million are still outstanding.

Redevelopment Authority of the City of Milwaukee – The Redevelopment Authority is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to the Section 66.1333 (formerly Section 66.431) of the Wisconsin Statutes, as supplemented and amended ("*Redevelopment Authority Act*").

The Redevelopment Authority has as its purpose the carrying out of blight elimination, slum clearance and urban renewal programs and projects as set forth in the Redevelopment Authority Act, and is authorized under the Redevelopment Authority Act to issue revenue bonds for the financing of such programs and projects, and to enter into revenue agreements to provide revenues for the payment of such revenue bonds.

Since its creation, the Redevelopment Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Redevelopment Authority Act. In connection with the financing of a number of such projects, the Redevelopment Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power.

The majority of these issues are supported solely by the revenues of the various projects. While in each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power, there are certain issues which involve contingent liabilities of the Redevelopment Authority and/or the City.

As of May 1, 2016, the Redevelopment Authority had outstanding: one bond issue with $21 million outstanding that has a moral obligation pledge of the City; and $222 million in four bond issues for Milwaukee Public Schools, one secured by a lease, and three secured by loan agreement, with the Milwaukee Board of School Directors ("*MBSD*"). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City's, or MBSD's, taxing powers. The loan agreements with MBSD includes a pledge of certain state aid payable to MBSD.

The Redevelopment Authority has also issued debt payable from tax increment revenues. (See **"TAX INCREMENT DISTRICT FINANCING"** herein).

Milwaukee Economic Development Corporation – As of December 31, 2015, the Milwaukee Economic Development Corporation, itself, or through related entities, funded loans for 1,150 businesses

and projects utilizing $349 million to leverage a total of $1.6 billion in investment. 1,050 loans have been enrolled in the Capital Access Program with covered loan amounts totaling $57 million.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over $60 million in bonds have financed projects located within tax increment districts ("*TID*") of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2015, $168 million general obligation bonds for TID purposes were outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately $7 million of debt secured by tax increment revenues. The debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three year extension under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City's general property tax levy.

FINANCIAL INFORMATION

Budgeting

Each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year which is filed with the Mayor not later than the second Tuesday in May of each year, at which time the Comptroller submits a statement of anticipated non property tax revenues in accordance with City Charter provisions. Under the City Charter, changes to these non-property tax revenue estimates can be made only by the Comptroller. The Mayor holds hearings on departmental spending requests during July and August at the times and places the Mayor or Common Council by ordinance directs. The Mayor submits a proposed budget to the Common Council on or before September 28th of each year. This budget includes the Comptroller's anticipated non property tax revenues. Subsequent to receipt of the budget by the Common Council, its Committee on Finance and Personnel reviews the Mayor's proposed expenditure budget. The Mayor and Common Council hold a public hearing on the entire budget no later than the 30th day of October. The Common Council subsequently adopts a property tax levy, but cannot change the Comptroller's anticipated revenues budget. The final budget must be adopted by the 14th of November. The City is under no State or local levy limits with respect to General Obligation Debt Service.

Adopted Budget – Combined Revenues – 2016

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Taxes						
Property Tax – General	$107,996,533	–	$61,160,365	$949,000		$170,105,898
Provision for Empl Retirement (1)	81,632,883					81,632,883
Contingent Fund	5,000,000					5,000,000
Total Taxes	$194,629,416	–	$61,160,365	$949,000		$256,738,781
Revenues						
Taxes and PILOT	$ 17,978,800					$ 17,978,800
Licenses and Permits	16,067,300					16,067,300
Intergovernmental Revenues	263,581,600	$42,285,325				305,866,925
Charges for Service	161,880,551					161,880,551
Fines and Forfeitures	4,060,000					4,060,000
Miscellaneous Revenues	19,290,300	9,500,000				28,790,300
Fringe benefits (2)	23,000,000					23,000,000
Parking	16,599,956		$ 3,050,000	$ 5,000,000	$ 17,356,044	42,006,000
Water Works	–		3,760,263	12,818,000	77,266,737	93,845,000
Sewer Maintenance Fund	–		5,627,212	2,700,000	53,877,015	62,204,227
Retained Earnings					40,384,660	40,384,660
Delinquent Taxes			30,900,130			30,900,130
Tax Incremental Districts			22,237,062			22,237,062
Other Self Supporting Debt			32,691,692			32,691,692
Cash Flow borrowings			126,000,000			126,000,000
Special Assessments		9,843,361		1,548,000		11,391,361
Capital Revenue				19,300,000		19,300,000
Total Revenues	$522,458,507	$61,628,686	$224,266,359	$41,366,000	$188,884,456	$1,038,604,008
Tax Stabilization Fund						
Transfer from Reserves	$21,087,000					$21,087,000
Sale of Bonds and Notes						
General City				$147,807,000		$147,807,000
Enterprise Funds				56,326,000		56,326,000
Grand Total	$738,174,923	$61,628,686	$285,426,724	$246,448,000	$188,884,456	$1,520,562,789

(1) Includes employer and employee pension contributions and City employers' share of FICA.
(2) For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

Adopted Budget – Combined Appropriations – 2016

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Expenditures						
Administration, Dept of	$ 12,822,568			$ 4,340,000		$ 17,162,568
Assessor's Office	4,840,478			556,000		5,396,478
City Attorney	7,947,579					7,947,579
City Treasurer	3,079,646					3,079,646
Common Council – Clerk	9,317,681			225,000		9,542,681
Municipal Court	3,272,768					3,272,768
Comptroller	5,190,001					5,190,001
Dept of City Development	4,781,490			61,830,000		66,611,490
Election Commission	2,878,719					2,878,719
Employee Relations, Dept of	5,004,998					5,004,998
Fire and Police Commission	1,765,343					1,765,343
Fire Department	111,311,820			3,179,000		114,490,820
Health Department	13,619,554			745,000		14,364,554
Library Board	23,527,408			5,800,000		29,327,408
Mayor's Office	1,290,281					1,290,281
Neighborhood Services	21,893,171			2,925,000		24,818,171
Police Department	277,233,534			9,070,000		286,303,534
Port of Milwaukee	4,801,671			4,400,000		9,201,671
DPW–Administration	3,720,222					3,720,222
DPW–Infrastructure	38,655,825			58,067,000		96,722,825
DPW–Operations	83,300,611			9,955,000		93,255,611
Water Works			$ 3,760,263	25,660,000	$110,807,177	140,227,440
Sewer Maintenance Fund			5,627,212	44,404,000	58,513,171	108,544,383
Special Purpose Accounts	162,856,130					162,856,130
Pension Funds	117,606,039					117,606,039
Debt Service – City			131,720,444			131,720,444
Debt Service – Schools			15,268,805			15,268,805
Debt Service – Cash Flow			126,000,000			126,000,000
Contingency	5,000,000					5,000,000
Delinquent Tax Fund		9,500,000				9,500,000
Parking			3,050,000	6,780,000	19,564,108	29,394,108
Grant & Aid Fund		42,285,325				42,285,325
Special Capital Projects				8,512,000		8,512,000
Economic Development		9,843,361				9,843,361
Fringe Benefit Offset	(187,542,614)					(187,542,614)
Grand Total	$738,174,923	$61,628,686	$285,426,724	$246,448,000	$188,884,456	$1,520,562, 789

Budgetary Comparison Schedule – General Fund
For The Years Ending December 31, 2010 Through 2014
(Thousands of Dollars)

	2010	2011	2012	2013	2014
Revenues:					
Property Taxes	168,031	166,841	167,927	172,594	179,269
Other Taxes	5,097	4,371	3,363	3,544	6,091
Licenses and Permits	12,948	13,289	14,410	15,030	16,063
Intergovernmental	270,939	273,240	260,141	259,735	260,886
Charges for Services	97,146	103,493	108,190	111,881	114,743
Fines and Forfeitures	5,422	5,076	5,042	4,492	4,577
Other	20,323	13,387	23,483	35,378	32,284
Total General Fund Revenues	579,906	579,697	582,556	602,654	613,913
Tax Stabilization Fund Withdrawals	13,070	14,600	13,767	14,900	20,000
Other Financing Sources and Equity					
Transfers (Net)	49,640	46,199	47,470	107,770 (1)	49,492
Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources	642,616	640,496	643,793	725,324	683,405
Expenditures:					
General Government	253,328	229,556	208,013	313,667 (1)	254,418
Public Safety	264,067	258,994	265,900	270,680	267,344
Public Works	94,482	96,557	93,421	99,907	103,244
Health	9,996	8,872	8,656	9,147	9,028
Culture and Recreation	15,656	15,566	15,912	15,900	16,342
Conservation and Development	3,747	3,991	4,320	3,379	3,519
Total Expenditures	641,276	613,536	596,222	712,680	653,895
Sources Over (Under) Expenditures	1,340	26,960	47,571	12,644	29,510
Fund Balance - January 1 (excludes reserved for use during the year)	58,286	45,026	58,219	90,890	83,534
Fund Balance - December 31	59,626	71,986	105,790	103,534	113,044
Fund Balance Components:					
Reserved for Encumbrances & Carryovers	8,144				
Reserved for Inventory	7,220				
Reserved for Mortgage Trust	135				
Reserved for Environmental Remediation	303				
Reserved for Next Year's Budget	14,600				
Reserved for Subsequent Years' Budget	29,224				
New presentation as of FY 2011					
Nonspendable		15,044	15,721	15,389	17,301
Restricted		0	0	0	0
Committed		2,995	1,835	1,741	1,587
Assigned		26,778	35,915	43,172	44,150
Unassigned		27,169	52,319	43,232	50,006
Total Fund Balance	71,356	71,986	105,790	103,534	113,044

(1) $62 million was borrowed in 2013 for a pension early payment program.

Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget	14,600	13,767	14,900	20,000	16,700
Reserved for Subsequent Years' Budget	29,224	34,937	59,800	49,947	56,599

City of Milwaukee
General Fund – Actual 2015 Cashflow Summary
(Millions of Dollars)
(December is Estimated)

Description	January	February	March	April	May	June	July	August	September	October	November	December
Balance	$87,017,000	$80,933,000	$33,919,000	$12,244,000	$(516,000)	$121,147,000	$59,402,000	$138,617,000	$128,786,000	$109,015,000	$100,542,000	$266,062,000
Receipts												
Property Taxes	6,598,000	12,995,000	2,533,000	16,707,000	6,106,000	19,712,000	76,078,000	18,116,000	16,269,000	19,512,000	1,455,000	65,911,000
State Aids												
Shared Revenue							41,662,000				186,129,000	
Highway Aids	6,356,000			6,356,000			7,366,000			6,356,000		
Payment Muni Services		2,514,000										
Computer Exemption Aid							4,782,000					
Other	30,394,000	8,152,000	8,278,000	7,308,000	6,788,000	5,173,000	7,690,000	9,113,000	6,432,000	9,309,000	12,212,000	17,898,000
Pension Fees	2,367,000	2,503,000	13,400,000	-	410,000	2,625,000	754,000	1,238,000	3,374,000	1,169,000	2,745,000	1,613,000
City services (solid waste snow/ice	3,286,000	2,930,000	2,619,000	2,390,000	2,772,000	2,489,000	2,652,000	2,893,000	2,551,000	3,711,000	5,209,000	4,506,000
City PILOTS (major)		62,000										15,217,000
Parking Transfers						8,680,000						8,680,000
Summerfest												1,580,000
Street sweeping fee						8,033,000						8,530,000
Vehicle Registration Fee	427,000	434,000	577,000	726,000	627,000	561,000	613,000	594,000	545,000	547,000	539,000	464,000
Potawatomi PILOT								5,411,000				
Year End Transfers	65,251,000											
Delinquent taxes transfer					29,413,000							
Note Proceeds					125,000,000							
Total Receipts	114,679,000	29,590,000	27,407,000	33,487,000	171,116,000	47,273,000	141,597,000	37,365,000	29,171,000	40,604,000	208,289,000	124,399,000
Disbursements												
Salaries & benefits	(40,516,000)	(38,717,000)	(39,846,000)	(36,789,000)	(39,669,000)	(41,516,000)	(53,889,000)	(38,267,000)	(40,220,000)	(38,150,000)	(39,215,000)	(60,481,000)
Services & supplies	(20,247,000)	(9,452,000)	(9,236,000)	(9,458,000)	(9,784,000)	(6,653,000)	(8,493,000)	(8,929,000)	(8,722,000)	(10,927,000)	(3,554,000)	(23,290,000)
Employer Pension Contribution	(60,000,000)											
General Fund Purchase Delinq		(28,435,000)										
Contractual Tax Pmt						(60,849,000)						
Year end transfers												(30,000,000)
Note Princ Repay												(125,000,000)
Total Disbursements	(120,763,000)	(76,604,000)	(49,082,000)	(46,247,000)	(49,453,000)	(109,018,000)	(62,382,000)	(47,196,000)	(48,942,000)	(49,077,000)	(42,769,000)	(238,771,000)
Ending Balance	$80,933,000	$33,919,000	$12,244,000	$(516,000)	$121,147,000	$59,402,000	$138,617,000	$128,786,000	$109,015,000	$100,542,000	$266,062,000	$151,690,000

City of Milwaukee
General Fund – Projections 2016 Cashflow Summary
(Millions of Dollars)

Projections 2016	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Balance	$151,690,000	$108,804,000	$66,703,000	$13,353,000	$(3,666,000)	$78,326,000	$4,436,000	$93,662,000	$80,506,000	$58,726,000	$46,263,000	$209,206,000
Receipts												
Property taxes	6,478,000	12,759,000	2,487,000	16,404,000	5,995,000	19,354,000	74,696,000	17,787,000	15,973,000	19,158,000	1,429,000	64,714,000
State Aids												
Shared Revenue							41,571,000				186,143,000	
Highway Aids	6,388,000			6,388,000			7,218,000			6,388,000		
Payment Muni Services		2,336,000										
Computer Exemption Aid							4,600,000					
Other	31,076,000	8,335,000	8,464,000	7,472,000	6,940,000	5,289,000	7,863,000	9,318,000	6,576,000	9,518,000	12,487,000	18,640,000
Pension Fees	2,220,000	10,400,000	3,207,000	263,000	671,000	2,877,000	1,014,000	1,496,000	3,623,000	1,427,000	2,996,000	1,869,000
City services	3,314,000	2,831,000	2,529,000	2,307,000	2,678,000	2,403,000	2,560,000	2,794,000	2,463,000	3,587,000	5,040,000	4,358,000
City PILOTS (major)												14,590,000
Parking & WaterTransfers						8,300,000						8,709,000
Summerfest												1,502,000
Street sweeping fee						9,063,000						9,559,000
Vehicle Registration Fee	431,000	425,000	618,000	688,000	593,000	530,000	580,000	561,000	514,000	516,000	508,000	436,000
Potawatomi PILOT								5,400,000				
Year End Transfers	30,000,000											
Delinquent taxes transfer					26,096,000							
Note Proceeds					90,000,000							
Total Receipts	79,907,000	37,086,000	17,305,000	33,522,000	132,973,000	47,816,000	140,102,000	37,356,000	29,149,000	40,594,000	208,603,000	124,377,000
Disbursements												
Salaries & benefits	(42,546,000)	(40,122,000)	(61,419,000)	(41,083,000)	(41,197,000)	(54,495,000)	(42,383,000)	(41,583,000)	(42,207,000)	(42,130,000)	(42,106,000)	(56,342,000)
Services & supplies	(20,247,000)	(9,452,000)	(9,236,000)	(9,458,000)	(9,784,000)	(6,653,000)	(8,493,000)	(8,929,000)	(8,722,000)	(10,927,000)	(3,554,000)	(23,289,000)
Employer Pension Contribution	(60,000,000)											
General Fund Purchase Delinq		(29,613,000)										
Contractual Tax Pmt						(60,558,000)						
Year End Transfers												(30,000,000)
Note Princ Repay												(90,000,000)
Total Disbursements	(122,793,000)	(79,187,000)	(70,655,000)	(50,541,000)	(50,981,000)	(121,706,000)	(50,876,000)	(50,512,000)	(50,929,000)	(53,057,000)	(45,660,000)	(199,631,000)
Ending Balance	$108,804,000	$66,703,000	$13,353,000	$(3,666,000)	$78,326,000	$4,436,000	$93,662,000	$80,506,000	$58,726,000	$46,263,000	$209,206,000	$133,952,000

City of Milwaukee
General Fund – Projected Cashflow Summary
(Millions of Dollars)
January 1, 2016 to December 31, 2016

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
BALANCE	151.690	108.804	66.703	13.353	(3.666)	78.326	4.436	93.662	80.506	58.726	46.263	209.206	
RECEIPTS													
Property Taxes	6.478	12.759	2.487	16.404	5.995	19.354	74.696	17.787	15.973	19.158	1.429	64.714	257.234
State Aids													
Shared Revenue	-	-	-	-	-	-	41.571	-	-	-	186.143	-	227.714
Highway Aids	6.388	-	-	6.388	-	-	7.218	-	-	6.388	-	-	26.382
Payment Muni. Services	-	2.336	-	-	-	-	-	-	-	-	-	-	2.336
Computer Exemption Aid	-	-	-	-	-	-	4.600	-	-	-	-	-	4.600
Other	31.076	8.335	8.464	7.472	6.940	5.289	7.863	9.318	6.576	9.518	12.487	18.640	131.978
Pension Fees	2.220	10.400	3.207	0.263	0.671	2.877	1.014	1.496	3.623	1.427	2.996	1.869	32.063
City Services Fees	3.314	2.831	2.529	2.307	2.678	2.403	2.560	2.794	2.463	3.587	5.040	4.358	36.864
City PILOTS (Major)	-	-	-	-	-	-	-	-	-	-	-	14.590	14.590
Parking Transfers	-	-	-	-	-	8.300	-	-	-	-	-	8.709	17.009
Summerfest Lease	-	-	-	-	-	-	-	-	-	-	-	1.502	1.502
Street Sweeping	-	-	-	-	-	9.063	-	-	-	-	-	9.559	18.622
Vehicle Registration Fee	0.431	0.425	0.618	0.688	0.593	0.530	0.580	0.561	0.514	0.516	0.508	0.436	6.400
Potawatomi PILOT	-	-	-	-	-	-	-	5.400	-	-	-	-	5.400
Year End Transfers	30.000	-	-	-	-	-	-	-	-	-	-	-	30.000
Delinquent Taxes Transfer	-	-	-	-	26.096	-	-	-	-	-	-	-	26.096
Note Proceeds (1)	-	-	-	-	90.000	-	-	-	-	-	-	-	90.000
TOTAL RECEIPTS	79.907	37.086	17.305	33.522	132.973	47.816	140.102	37.356	29.149	40.594	208.603	124.377	928.790
DISBURSEMENTS													
Salaries & Benefits	42.546	40.122	61.419	41.083	41.197	54.495	42.383	41.583	42.207	42.130	42.106	56.342	547.613
Services & Supplies	20.247	9.452	9.236	9.458	9.784	6.653	8.493	8.929	8.722	10.927	3.554	23.289	128.744
Employer Pension Contribution	60.000	-	-	-	-	-	-	-	-	-	-	-	60.000
Purchase Tax Delinquents	-	29.613	-	-	-	-	-	-	-	-	-	-	29.613
Contractual Tax Payment	-	-	-	-	-	60.558	-	-	-	-	-	-	60.558
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	30.000	30.000
Note Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	90.000	90.000
TOTAL DISBURSEMENTS	122.793	79.187	70.655	50.541	50.981	121.706	50.876	50.512	50.929	53.057	45.660	199.631	946.528
BALANCE	108.804	66.703	13.353	(3.666)	78.326	4.436	93.662	80.506	58.726	46.263	209.206	133.952	

City of Milwaukee
General Fund
Schedule of Cash Receipts and Disbursements
for the Year Ended December 31, 2015
(Millions of Dollars)

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)
January	$87.017	$114.679	$120.763	$80.933
February	80.933	29.590	76.604	33.919
March	33.919	27.407	49.082	12.244
April	12.244	33.487	46.247	(0.516)
May	(0.516)	171.116 (1)	49.453	121.147
June	121.147	47.273	109.018	59.402
July	59.402	141.597	62.382	138.617
August	138.617	37.365	47.196	128.786
September	128.786	29.171	48.942	109.015
October	109.015	40.604	49.077	100.542
November	100.542	208.289	42.769	266.062
December (3)	266.062	124.399	238.771 (2)	151.690
		$1,004.977	$940.304	

(1) $125 million of CFNs were issued.
(2) $125 million of CFNs were repaid in December.
(3) Estimated.

General Fund
Projected Schedule of Cash Receipts and Disbursements
for the Year Ended December 31, 2016
(Millions of Dollars)

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)	Ending Cash Balance Excluding Borrowing of $90 Million
January	$151.690	$79.907	$122.793	$108.804	$108.804
February	108.804	37.086	79.187	66.703	66.703
March	66.703	17.305	70.655	13.353	13.353
April	13.353	33.522	50.541	(3.666)	(3.666)
May	(3.666)	132.973 (1)	50.981	78.326	(11.674)
June	78.326	47.816	121.706	4.436	(85.564)
July	4.436	140.102	50.876	93.662	3.662
August	93.662	37.356	50.512	80.506	(9.494)
September	80.506	29.149	50.929	58.726	(31.274)
October	58.726	40.594	53.057	46.263	(43.737)
November	46.263	208.603	45.660	209.206	119.206
December	209.206	124.377	199.631 (2)	133.952	133.952
		$928.790	$946.528		

(1) Amount includes CFN principal receipts.
(2) Amount includes CFN principal repayment.

City of Milwaukee
Schedule of Cash and Investment Balances – All Funds – 2015
(Millions of Dollars)

	General Fund (1)	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (1)	Total
January	$80.933	$271.689	$77.660	$37.196	$467.478
February	33.919	209.891	87.093	59.762	390.665
March	12.244	202.811	90.709	(37.353)	268.411
April	(0.516)	175.191	104.654	74.414	353.743
May	121.147	31.372	97.104	(134.417)	115.206
June	59.402	117.324	89.382	(84.835)	181.273
July	138.617	233.674	93.778	(55.820)	410.249
August	128.786	207.410	94.137	(134.225)	296.108
September	109.015	186.051	94.411	(102.007)	287.470
October	100.542	117.329	94.841	(157.426)	155.286
November	266.062	112.319	95.312	(64.000)	409.693
December (estimate)	151.690	220.228	98.913	221.791	692.622

(1) Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

City of Milwaukee
Projected Schedule of Cash and Investment Balances – All Funds – 2016
(Millions of Dollars)

	General Fund (1)	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (2)	Total
January	$108.804	$266.579	$53.709	$36.087	$465.179
February	66.703	228.994	57.769	60.804	414.270
March	13.353	211.844	62.057	(37.308)	249.946
April	(3.666)	210.223	66.843	75.795	349.195
May	78.326	185.546	65.296	(133.852)	195.316
June	4.436	203.664	77.246	(83.502)	201.844
July	93.662	217.856	84.458	(55.047)	340.929
August	80.506	195.931	87.027	(134.110)	229.354
September	58.726	164.861	88.051	(101.207)	210.431
October	46.263	158.104	85.444	(158.017)	131.794
November	209.206	136.368	78.941	(63.405)	361.110
December	133.952	243.246	62.895	294.420	734.513

(1) Balances include proceeds from the sale of the RANs and subsequent principal payment.
(2) Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., the Neighborhood Improvement Development Corp., and the Century City Redevelopment Corp.

City of Milwaukee
Assessed and Equalized Valuations

	Year 2011 For 2012 Purposes	Year 2012 For 2013 Purposes	Year 2013 For 2014 Purposes	Year 2014 For 2015 Purposes	Year 2015 For 2016 Purposes
Real Property					
Residential	$17,069,535,250	$14,750,294,600	$14,265,490,669	$14,198,159,000	$14,254,964,300
Industrial (Manufacturing)	746,955,100	707,123,600	709,328,200	707,900,800	726,810,200
Mercantile (Commercial)	9,191,348,932	8,992,762,442	9,195,173,876	9,178,216,405	9,430,293,399
Total Real Property	$27,007,839,282	$24,450,180,642	$24,169,992,745	$24,084,276,205	$24,412,067,899
Personal Property	909,803,701	871,919,936	864,165,354	940,266,234	850,895,518
Total Assessed Valuations	$27,917,642,983	$25,322,100,578	$25,034,158,099	$25,024,542,439	$25,262,963,417
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee	$26,421,932,000	$26,089,611,100	$27,954,669,900	$26,138,108,100	$25,980,469,600
Ratio of Assessed to Equalized Valuation	95.84%	95.95%	99.87%	95.74%	97.24%

City of Milwaukee
Assessed Tax Rates
(Per $1,000 of Assessed Valuation)

	2012	2013	2014	2015	2016
Unit of Government					
City Government	$9.25	$10.25	$10.58	$10.71	$10.61
Milwaukee Public Schools	11.11	12.31	12.47	12.62	12.43
Milwaukee County	4.89	5.44	5.53	5.50	5.46
Milwaukee Area Technical College	1.95	2.21	2.22	1.33	1.29
Milwaukee Metropolitan Sewerage District	1.51	1.70	1.78	1.79	1.79
Gross Tax Rate Per $1,000	$28.71	$31.91	$32.58	$31.95	$31.58
Less: State Tax Credit	($1.81)	($1.96)	(1.96)	(1.98)	(2.23)
Net Tax Rate	$26.90	$29.95	$30.62	$29.97	$29.35

City of Milwaukee
Property Tax Levies and Collections
($ Amounts in Thousands)

Budget Year	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
	Levy	Collections	% of Levy	Amount	% Collected
2010	$291,943	$281,196	96.32	$9,856	99.69
2011	295,967	284,691	96.19	9,767	99.49
2012	301,051	288,749	95.91	9,086	98.93
2013	304,700	293,489	96.32	5,419	98.10
2014	307,246	295,624	96.22	0	96.22

Collection Procedures

If no payment of property taxes is received in January, the taxes become delinquent as of February 1st. If the taxes are not paid when due under the 10-month installment plan, they become delinquent for legal purposes on November 15th.

A letter is mailed to the taxpayer shortly after February 1st, telling of the delinquency and suggesting partial payments if full payment cannot be made. As directed by Chapter 74 of the Wisconsin Statutes interest at the rate of 1 percent per month is charged from the preceding January 1st. Periodic follow-up letters continue to be mailed.

Taxpayers are given every opportunity to pay their delinquent taxes and satisfactory agreements are arranged to bring this about. If a property owner continues to remain delinquent and the Treasurer's Office is unable to reach an arrangement by which the owner will pay the taxes, the Treasurer's Office starts foreclosure proceedings. The City enforces its own delinquent tax collections.

Taxes are foreclosed under Section 75.521 of the Wisconsin Statutes, which permits a legal action to be commenced one year from the date of delinquency. An exception to this provision is that legal action on owner-occupied dwellings may be deferred up to two years if authorized by Common Council action.

Insurance

The City has property insurance coverage in the amount of $1 billion with AIG, subject to a $250,000 deductible. The City also maintains insurance for theft, environmental matters, and its role as a wharfinger. The City is self-insured for liability. Under Wisconsin law, the City's tort liability is limited to $50,000 in non-automobile cases and $250,000 in automobile cases. The City follows a policy of requiring contract service providers to provide the City with indemnification and insurance as the City deems appropriate.

PENSION SYSTEM SUMMARY

Employes' Retirement System

The Employes' Retirement System (ERS) of the City is established pursuant to Section 36 of the Milwaukee City Charter provides retirement, disability and survivor benefits to the City and other agency employees and their beneficiaries. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

Active Members by Employee Groups
As of December 31, 2014

	Active Members	Covered Compensation
General City	3,340	$172,643,504
Water Department	296	15,720,461
Policemen	1,919	136,023,688
Firemen	804	56,587,061
Total City of Milwaukee	6,359	$380,974,714
School Board	3,968	$109,796,387
Milwaukee Technical College	1	57,048
Milwaukee Metro Sewer Dist	218	16,589,707
Veolia	53	4,121,292
Wisconsin Center District	82	3,841,653
Housing Authority	171	10,002,362
Redevelopment Authority	15	1,069,715
Total	10,867	$526,452,878

ERS Membership
As of December 31, 2014

Class	Vested	Non-Vested	Inactive	Retired
General & Elected	5,912	2,328		9,052
Police	1,726	194		2,248
Firefighters	718	86		1,280
Certain pre-1996				17
Total	8,356	2,608	3,279	12,597

Source: Tables 1c and 5 of the Actuarial Valuation Report as of January 1, 2015.

The primary benefit of the ERS is a defined benefit plan with eligible employees earning a Retirement Allowance for each year of service. Funding for the ERS is derived from Member and actuarially required employer contributions. Current Retirement Allowance accrual rates and Member contributions to the system (expressed as a percentage of compensation) are as follows:

Basic Benefit Accrual Rates and Member Contributions

Class	Retirement Allowance	Maximum Allowance	Member Contribution
General and Mayor hired prior to 1/1/2014	2.0%	70%	5.5%
General hired after 12/31/2013	1.6%	70%	4.0%
Other Elected Officials enrolled prior to 1/1/2014	2.5%	70%	7.0%
Elected Officials first enrolled after 12/13/2013	2.0%	70%	4.0%
Police	2.5%	90%	7.0%
Firefighters	2.5%	90%	7.0%

Schedule of Funding Progress
($ amounts in thousands)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	$4,797,437	$4,935,482	$138,045	97.2%	$529,939	26.0%
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
2008	4,076,297	4,113,089	36,792	99.1	536,558	6.9
2007	5,192,000	3,958,061	-	131.2	532,412	0.0

Source: Tables 14 and 16 of the Actuarial Valuation Report as of January 1, 2015.

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see http://www.cmers.com. The Employes' Retirement System Actuarial Valuation Report as of January 1, 2015 is available from EMMA and is hereby incorporated by reference. (See **"CONTINUING DISCLOSURE"** herein).

Policemen's Annuity and Benefit Fund

Membership in the Policemen's Annuity and Benefit Fund (PABF) consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2014, there were 11 members and 32 spouses receiving benefits under the fund program.

Current funding is derived from employer contributions. Chapter 35 of the City Charter provides that annual contributions consist of: 1) an amount sufficient to amortize the unfunded actuarial liability over a ten-year period with a series of level dollar payments; and 2) budgeted administrative expenses for the year.

For copies of the PABF actuarial reports, see http://www.cmers.com

Schedule of Funding and Contributions
($ amounts in thousands)

Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
2014	$ 147	$1,388	$1,241	10.6%
2013	412	1,778	1,366	23.2
2012	651	2,152	1,501	30.2
2011	1,008	2,451	1,444	41.1
2010	1,584	2,946	1,362	53.8
2009	1,936	3,687	1,751	52.5
2008	2,147	4,296	2,148	50.0

Source: Policemen's Annuity and Benefit Fund, Actuarial Valuation Reports as of January 1, 2015 (and each prior year). Summary of Principal Results.

Other Post-Employment Benefits

The City provides other post-employment benefits (OPEB) to its retirees for health and life insurance. A single-employer defined benefit healthcare plan and life insurance plan are sponsored by the City and administered by ERS. The City provides medical insurance benefits for substantially all retirees. Retiree coverage begins at age 55 with at least 15 years of service for General City employees, at any age with at least 25 years of service for Police employees, and at age 49 with at least 22 years of service for Fire employees. In addition, the City allows employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees.

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the base rate of the City's Basic Plan.

Eligible retirees are able to continue coverage under the City's Group Life Insurance Plan, and pay the same rate as active employees. The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching age 65, their coverage will be reduced in accordance with a reduction schedule, with the City assuming all future premiums.

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2014, the City paid approximately $34 million and $2 million, respectively, towards medical and life insurance for retirees.

The actuarial cost of health benefits and life insurance for retirees exceeds the average amount paid by retirees, therefore, the additional cost is paid by the City and is the basis for the OPEB obligation account for under GASB 45.

Funding Status and Funding Progress
($ amounts in thousands)

Annual Required Contribution (ARC)	$ 73,571
Interest on Net OPEB	13,032
Adjustment to ARC	(11,813)
Annual OPEB Cost	74,790
Contributions Made	36,747
Increase in net OPEB Obligation	38,043
Net OPEB Obligation – beginning of year	287,460
Net OPEB Obligation – end of year	$325,503

Source: City's 2014 CAFR.

Annual Cost and Net OPEB Liability
($ amounts in thousands)

Year Ended Dec 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$74,790	49.9%	$325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886
2010	81,311	41.8	174,360
2009	77,389	37.1	127,074
2008	73,100	45.0	78,400

Source: City's 2014 and prior years CAFRs.

Schedule of Funding Progress
($ amounts in thousands)

Valuation As of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Jan 1, 2014	$0	$ 928,496	$ 928,496	0.0%	$381,100	227%
Jan 1, 2013	0	888,983	888,983	0.0	382,795	218
Jan 1, 2012	0	946,857	946,857	0.0	409,572	231
Jan 1, 2011	0	916,383	916,383	0.0	407,840	225
Jan 1, 2010	0	1,007,573	1,007,573	0.0	413,648	244
Jan 1, 2009	0	959,562	959,562	0.0	419,811	229
July 1, 2008	0	880,700	880,700	0.0	425,400	207

Source: City's 2014 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

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.

LEGAL MATTERS

Litigation Statement

The City, its boards, officers and employees, have been defendants in numerous lawsuits over the years. Experience has shown that a relatively small number of suits commenced are reduced to judgment. The City does not carry a blanket policy of insurance against tort liability. In addition, Section 893.80 of the Wisconsin Statutes limits the amount recoverable against a political corporation, its officers, officials or employees for acts done in their official capacity to $50,000 in tort liability for non-automobile cases and $250,000 in automobile cases.

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of $1 million, existing on May 1, 2016.

Section 74.37 Litigation. There are presently 13 lawsuits pending against the City for property tax refunds under this statute. Of these, four have the potential to result in judgments in excess of $1 million. Marathon Oil and US Venture sued for property tax refunds in the total amount of about $3 million for their oil terminals for 2009-2014 in a bench trial in November, 2015. On February 29, 2016, the Judge issued a written decision sustaining the City's assessments. The plaintiffs may appeal the decision. CP-South Howell is requesting a refund of approximately $2.4 million for its airport parking lot for tax years 2007-2014; the case is set for trial in June, 2016. Metropolitan Associates is requesting a refund of approximately $2 million for several large residential apartment complexes around the City; one of these cases was tried in June, 2015; the court issued a decision sustaining the City's assessments; the plaintiff has filed an appeal, with a decision expected later this year. Clear Channel Outdoor brought a lawsuit for the refund of property taxes on its billboards for 2009-2013; (Lamar Outdoor has a similar claim pending); the total amount of these two claims could reach $10 million with interest; the Circuit Court ruled in the City's favor in the Clear Channel case; Clear Channel has appealed and the appeal is pending.

William Avery, et al. v. City of Milwaukee, et al. In this 2011 civil rights action, the plaintiffs claim that William Avery was wrongly convicted in 2005 of the 1998 murder of a woman. Avery spent six years in prison until DNA testing in 2010 linked the murder victim to another individual who has been convicted of murdering a number of other women. Avery claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Avery also claims that supervisors in the police department permitted such alleged misconduct to occur as a matter of practice. The matter was tried in June 2015, and the jury returned a verdict against two city officers in the amount of $1 million. Plaintiff's counsel petitioned for an award of attorneys' fees and costs totaling $808,285.45. On September 29, 2015, the trial court set aside the verdict, entered judgment

in favor of the defendants, and dismissed plaintiff's attorneys' petition for fees and costs. Plaintiff filed an appeal and the appeal is pending.

Robert Lee Stinson v. City of Milwaukee, et al. In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with two dental experts to produce false evidence. The defendants have all filed dispositive motions seeking to have the court dismiss the case. The trial court denied all defendants' motions. All defendants have appealed the denial to the court of appeals and the Court of Appeals ruled in favor of all of the defendants on August 25, 2015. Stinson filed a request for rehearing and rehearing by the entire Court of Appeals, which was granted. The matter has been argued to the entire court and is now awaiting their decision.

Estate of James F. Perry, et al. v. Wenzel, et al. This case stems from the September 13, 2010 death of James F. Perry, while he was in custody at the Milwaukee County Criminal Justice Facility (County CJF). According to the complaint, Mr. Perry was in the custody of members of the City of Milwaukee Police Department (City MPD) when he apparently experienced a seizure. Medical personnel were called to the City MPD jail. They treated Mr. Perry and transported him to a local hospital for further treatment and evaluation. Mr. Perry was released from the hospital and was returned to the City MPD jail. His processing there was completed, and he was then transferred to the County CJF, where he later suffered a heart attack and died. Mr. Perry's estate and his minor son brought suit, raising constitutional and state-law claims against the City, the Police Department, the County of Milwaukee, its Sheriff's Department, and various employees thereof. Plaintiffs' claims center around the allegation that all of the City and County employees who came into contact with Mr. Perry that day were deliberately indifferent to his alleged serious medical condition. Plaintiffs also allege direct failure-to-train and failure-to-supervise claims against the City and the County. Plaintiffs claim compensatory and punitive damages, along with attorneys' fees and costs. All City defendants have been served and have filed answers to the complaint. Discovery has been completed and summary judgment motions have been filed. The parties are awaiting the Court's rulings on those motions.

Lemons v. City of Milwaukee, et al. This case stems from the sexual assault of a citizen, which was committed by former officer Ladmarald Cates, while on duty. The City, Chief Flynn, former MPD chiefs, Mr. Cates and other police personnel are named as defendants. Plaintiff claims that the City is liable under theories of unlawful policies and practices as well as the actions of defendant officers. The City maintains that Mr. Cates' actions were committed outside the scope of his employment, and he is representing himself in this action. Discovery has been completed and a motion for summary judgment has been filed by the City. The court has yet to render a decision regarding that motion.

Estate of Dontre Hamilton v. City of Milwaukee. Dontre Hamilton's estate filed a notice of injury on August 26, 2014. Litigation has been threatened, but not yet initiated by the estate and family of Dontre Hamilton who died as a result of an officer-involved shooting. Officer Christopher Manney encountered Mr. Hamilton at Red Arrow Park located in downtown Milwaukee on April 30, 2014. The notice of injury relates that Mr. Hamilton was sleeping in the park and the officer allegedly woke and searched him for no legally justifiable purpose, causing a confrontation and struggle that resulted in the officer shooting Mr. Hamilton 14 times and causing his death. The officer has not been charged with any criminal violation as a result of the incident, but was subsequently discharged from employment, due to his decisions relative to the manner in which he approached Mr. Hamilton, although his use of force was then justified. Officer Manney has appealed his discharge to the circuit court. The notice of injury indicates that Mr. Hamilton was not married, but was survived by a minor child, his mother and his

brother. Mr. Hamilton was not employed at the time of the incident. No amounts of monetary damages were specifically claimed in the notice of injury. It is too early in the process to estimate the City's liability.

LEGAL OPINIONS

The legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Offered Obligations. Drafts of the legal opinions for the Offered Obligations are included herein as ***Appendix B***.

RATINGS

The City has requested ratings on the Offered Obligations from Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

Fitch Ratings has assigned a rating of "F1+" on the RANs and "AA" on the N2 Notes, B3 Bonds and T4 Bonds. Moody's Investors Service, Inc. has assigned a rating of "MIG1" on the RANs and "Aa3" on the N2 Notes, B3 Bonds and T4 Bonds. Standard & Poor's Ratings Group has assigned a rating of "SP-1+" on the RANs and "AA" on the N2 Notes, B3 Bonds and T4 Bonds.

The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Offered Obligations.

TAX MATTERS

TAX-EXEMPT OBLIGATIONS

Summary of Bond Counsel Opinion in connection with the Tax-Exempt Obligations

Bond Counsel are of the opinion that, under existing law, interest on the Tax-Exempt Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), Bond Counsel are of the opinion that interest on the Tax-Exempt Obligations will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that interest on the Tax-Exempt Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includible in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Tax-Exempt Obligations is not exempt from Wisconsin income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Tax-Exempt Obligations in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations. These requirements relate to the use and investment of the proceeds of the Tax-Exempt Obligations, the payment of certain amounts to the United

States, the security and source of payment of the Tax-Exempt Obligations and the use of the property financed with the proceeds of the Tax-Exempt Obligations.

Tax-Exempt Obligations Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Tax-Exempt Obligations is sold to the public (the "*Offering Price*") and the principal amount payable at maturity of such Tax-Exempt Obligations is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Tax-Exempt Obligation, the difference between the two is known as "*bond premium*;" if the Offering Price is lower than the maturity value of a Tax-Exempt Obligation, the difference between the two is known as "*original issue discount*."

Bond premium and original issue discount are amortized over the term of a Tax-Exempt Obligation on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Tax-Exempt Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Tax-Exempt Obligations at a price other than the Offering Price after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Tax-Exempt Obligations. In addition, owners of Tax-Exempt Obligations should consult their tax advisors with respect to the state and local tax consequences of owning the Tax-Exempt Obligations; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of proceeds of the Tax-Exempt Obligations that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "*temporary periods*," proceeds of the Tax-Exempt Obligations and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "*minor portion*") may generally not be invested in investments having a yield that is "*materially higher*" (1/8 of one percent) than the yield on the Tax-Exempt Obligations.

Rebate of Arbitrage Profit. Unless the City qualifies for an exemption, earnings from the investment of the "*gross proceeds*" of the Tax-Exempt Obligations in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Tax-Exempt Obligations are required to be paid to the United States at periodic intervals. For this purpose, the term "*gross proceeds*" includes the original proceeds of the Tax-Exempt Obligations, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Tax-Exempt Obligations.

Covenants to Comply

The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Tax-Exempt Obligations may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the City's agreements with the owners of the Tax-Exempt Obligations require neither acceleration of payment of principal of, or interest on, the Tax-Exempt Obligations, nor payment of any additional interest or penalties to the owners of the Tax-Exempt Obligations.

Federal Income Tax Consequences in connection with the Tax-Exempt Obligations

Pursuant to Section 103 of the Code, interest on the Tax-Exempt Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Tax-Exempt Obligations that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE TAX-EXEMPT OBLIGATIONS.

Cost of Carry. Owners of the Tax-Exempt Obligations will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Tax-Exempt Obligations. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Tax-Exempt Obligations is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Tax-Exempt Obligations is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Tax-Exempt Obligations may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Tax-Exempt Obligations may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Tax-Exempt Obligations may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Tax-Exempt Obligations.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Tax-Exempt Obligations held by such a company is properly allocable to the shareholder.

The opinions of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Tax-Exempt Obligations are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Tax-Exempt Obligations are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Tax-Exempt Obligations.

SERIES 2016 T4 BONDS

Interest on the T4 Bonds will be **included** in gross income for federal income tax purposes.

STATE TAX MATTERS

Interest on the Tax-Exempt Obligations and the T4 Bonds is not exempt from State of Wisconsin income tax or franchise tax.

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Offered Obligations as "*qualified tax-exempt obligations*" for purposes of Section 265 (b)(3) of the Code.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "*Commission*"), pursuant to the Securities Exchange Act of 1934 (the "*Rule*"), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the "*Undertaking*") for the benefit of holders including beneficial holders of the Offered Obligations to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the "*MSRB*"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access ("*EMMA*") system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate will be in substantially the form attached hereto as ***Appendix C***. The City intends to fully comply with the Undertaking relating to the Offered Obligations.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Offered Obligations (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the

purchase or sale of the Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

Prior to August of 2003 the City entered into continuing disclosure undertakings (the "*Pre-2003 Undertakings*") which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City's operations, the City had difficulty meeting that timing requirement and subsequently modified its continuing disclosure undertakings (the "*Post-2003 Undertakings*") to use a nine-month filing requirement for Annual Filing Information. Except as discussed below, within the previous five years, the City has not failed to comply in any material respect with regards to the Post-2003 Undertakings. With regards to the Pre-2003 Undertakings the City has failed to strictly comply with the 6-month time period for filing its Annual Financial Information and updating certain information on the sewerage system that does not significantly change from year to year.

The City has endeavored to report rating changes which would impact any of its outstanding debt due to bond insurer downgrades. However, since the Nationally Recognized Statistical Rating Organizations (NRSRO) and bond insurers do not notify the City of any such rating changes, no assurance can be provided that notices of all rating changes were reported.

FINANCIAL ADVISOR

Public Financial Management, Inc. has been retained as Financial Advisor to the City in connection with the issuance of the Offered Obligations.

UNDERWRITING

The Offered Obligations were purchased at competitive bidding conducted on May 5, 2016.

The award of the R1 Notes was made to Morgan Stanley & Co. LLC, its co-managers and associates.

The award of the N2 Notes and B3 Bonds was made to Bank of America Merrill Lynch, its co-managers and associates.

The award of the T4 Bonds was made to FTN Financial Capital Markets, its co-managers and associates.

The public reoffering yields of the Offered Obligations are detailed on the inside front cover of this Official Statement.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., the underwriter of the RANs, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the RANs.

CLOSING DOCUMENTS AND CERTIFICATES

Simultaneously with the delivery of and payment for the Offered Obligations by the Underwriters thereof, the City will furnish to the Underwriters the following closing documents, in form satisfactory to Bond Counsel:

(1) signature and no litigation certificates;

(2) tax certificates;

(3) certificates of delivery and payment;

(4) the opinions as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest on the Offered Obligations for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the forms as set forth in ***Appendix B***;

(5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);

(6) Continuing Disclosure Certificates; and

(7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

To the best of its knowledge, the information in this Official Statement does not include any untrue statement of a material fact, nor does the information omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Additional information may be obtained from the undersigned City Comptroller upon request.

Martin Matson, City Comptroller
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321

/s/ Martin Matson

Martin Matson
City Comptroller and Secretary
City of Milwaukee, Wisconsin

APPENDIX A

Audited Annual Financial Report of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2014

Selected Sections of the Comprehensive Annual Financial Report

The City's Comprehensive Annual Financial Report for the year ended December 31, 2014, is available from EMMA and is hereby incorporated by reference.

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement, nor has the independent auditor been asked to give consent to the inclusion of this appendix in this Official Statement.

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INTRODUCTORY 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, as of and for the year ended December 31, 2014, 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 100% 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 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 as of December 31, 2014, 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.

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 on pages 18 - 32, 98 and 99, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 were derived from and relate 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 is 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 July 27, 2015, on our consideration of 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 27, 2015

Within this section of the City of Milwaukee Comprehensive Annual Financial Report, the City of Milwaukee's (City's) management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This *Management Discussion and Analysis* (MD&A) should be read in conjunction with the City's basic financial statements, which follow this discussion. Additional information is available in the letter of transmittal, which precedes the MD&A. The MD&A 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 2014 by $941 million (net position); $214 million in governmental activities and $727 million in business-type activities. Governmental activities' unrestricted assets reflect a deficit of $746 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 2% compared to the previous year of $923 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 – $1.418 billion.
  - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $222 million.
  - Unrestricted net deficit – $(699) million.

- The City's total 2014 year-end other post-employment benefits (OPEB) obligation is $326 million; an increase of 14% from the 2013 obligation of $287 million. The obligation is based on an actuarial valuation as of January 1, 2014, which indicates the 2014 actuarial accrued liability for benefits was $928 million over a 30-year amortization period.

- Total liabilities of the City remained the same at $1.8 billion. The long-term portion of total liabilities ($1.6 billion) consists of $326 million for OPEB, $1.1 billion for outstanding debt and $76 million for compensated absences, claims, and judgments.

- City governmental expenses exceeded combined program revenues by $662 million. General revenues and transfers of $677 million resulted in a $15 million increase of net position for the year. Business-type activities produced an increase of net position of 0.4% over 2013, generating a net change of $3 million in 2014.

- For governmental activities, program revenue supported 24% of the total expenses for 2014. Property taxes and other taxes financed 32% of the primary government's governmental activities' expenses, state aids for the General Fund funded 29%, and miscellaneous revenues and transfers supported 15% of the expenses. Expenses were less than total revenues and transfers by 2% in 2014.

- For business-type activities, program revenue supported 123% of the expenses for 2014; and, in total exceeded the expenses by $46 million. Miscellaneous revenue and transfers reduced this excess by $43 million to result in a $3 million increase for the year.

- The City's total governmental funds reported total ending fund balances of $313 million this year. Compared to the prior year ending fund balance of $346 million, a decrease of $33 million resulted in a 10% decrease by year end 2014.

- The General Fund balance at year-end 2014 totaled $113 million – a $9 million increase compared to 2013. This ending Fund Balance is about 14% of combined General Fund expenditures and transfers disbursed for the year.

- The operating expenditures of the General Fund were $17 million less than budgeted. General government expenditures, $256 million, realized the most cost savings. The most significant items, that total $19 million, account for nearly all of the total positive budget variance for the year 2014.

- Outstanding General Obligation bonds and notes payable decreased by $11 million during the current fiscal year from $861 million to $850 million. In addition, revenue bonds of $95 million, extendable municipal commercial paper of $106.7

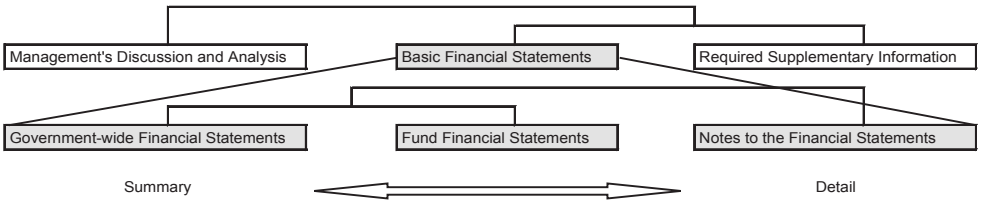
million and state loans of $92 million were outstanding at year end for a total of $1.1 billion, which remained the same from 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure A-1

COMPONENTS OF THE FINANCIAL SECTION



The basic financial statements include two kinds of statements.

- Government-wide financial statements that provide both long-term and current period information about the City's overall financial status.
- "Fund" specific financial statements that focus on individual components of City government, reporting the City's operations in more detail than the government-wide statements.
  - Governmental fund statements tell how general government services such as public safety were financed in the past year as well as what remains for future spending.
  - Proprietary fund statements offer current year and long-term financial information about business-type activities such as the water utility and the sewer maintenance systems.
  - Fiduciary fund statements provide financial information about certain operations—such as benefit plans for the City's employees—in which the City is solely a trustee or 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 a broad overview of the City's finances, in a manner 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 and deferred inflows and outflows. 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 and deferred inflows and outflows—is one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one measure of whether its financial health is improving or deteriorating. 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 column 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 governmental 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, C-2 and H-1. 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 is depicted in Exhibit E-2.

Combining and Individual Fund Statements and Schedules and 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	
	2013	2014	2013	2014	2013	2014
Current and other assets	$ 962,360	$ 889,945	$ 118,382	$ 124,887	$ 1,080,742	$ 1,014,832
Capital assets	1,018,488	1,095,321	921,280	962,293	1,939,768	2,057,614
Total assets	1,980,848	1,985,266	1,039,662	1,087,180	3,020,510	3,072,446
Loss on refunding	-	-	726	526	726	526
Long-term obligations	1,279,301	1,301,935	283,290	303,308	1,562,591	1,605,243
Other liabilities	215,172	178,660	32,970	56,928	248,142	235,588
Total liabilities	1,494,473	1,480,595	316,260	360,236	1,810,733	1,840,831
Gain on refunding	-	337	-	-	-	337
Subsequent years property taxes	287,666	290,721	-	-	287,666	290,721
Net position:						
Net investment in capital assets	706,111	748,374	648,594	669,428	1,354,705	1,417,802
Restricted	216,314	211,316	770	930	217,084	212,246
Unrestricted	(723,716)	(745,740)	74,764	57,112	(648,952)	(688,628)
Total net position	$ 198,709	$ 213,950	$ 724,128	$ 727,470	$ 922,837	$ 941,420

Net position of the City's governmental activities increased 7% to $214 million for 2014. The portion of net position restricted as to use totaled $211 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled $748 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 $746 million at the end of 2014 does not imply that the City has inadequate financial resources available to meet its current obligations. For example, 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 will include the amounts needed in future years' budgets as these obligations come due.

The net position of business-type activities increased 1% to $727 million in 2014. 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 2% and for business-type activities increased 7% from 2013 due primarily to the issuance and retirement of long-term debt and the recording of OPEB.

Total assets including capital assets increased $52 million or 2% from 2013. Capital assets of the primary government increased 6% from the previous year due to several completed major street projects by the State of Wisconsin. For 2014, capital assets of the Water Works and the Sewer Maintenance Funds comprise 94% of the City's total capital assets related to business-type activities. These are the City's two largest enterprise (business-type) funds. The Water Works capital assets (45%) consist primarily of water mains and related water facilities and plants; and, the Sewer Maintenance Fund (49%) 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 $853 million for governmental activities. Forty-three percent of governmental purpose revenues are intergovernmental revenues (State aids, Federal and State grants) while 33% is derived from property and other taxes. Charges for services represent 14% of total revenues, and the remaining 10% generated by licenses, permits, fines and forfeits and other miscellaneous sources.

The City's governmental activity expenses cover a range of services, with $316 million (36%) related to public safety (fire and police, neighborhood services). General government expenditures total $250 million (28%) while public works expenditures

total $170 million (19%). Program specific revenues (charges for services) generated only about 13% of the revenue needed to support the cost of governmental activities. General revenues (taxes, State aids, and miscellaneous) provide the funds for the remaining four percent.

Total governmental activities revenues and transfers exceeded expenditures by $15 million. For business-type activities revenues exceeded its expenditures and transfers by $3 million however, prior to the transfer of $43 million from business type funds to governmental funds, business type funds showed a $46 million excess of revenues over expenses while governmental activities showed a $30 million gap of revenues below 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	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	$ 111,881	$ 114,743	$ 234,480	$ 236,002	$ 346,361	$ 350,745
Operating grants and contributions	75,747	73,758	-	-	75,747	73,758
Capital grants and contributions	1,536	30,315	3,852	799	5,388	31,114
General revenues:						
Property taxes and other taxes	276,193	284,664	-	-	276,193	284,664
State aids for General Fund	259,735	260,886	-	-	259,735	260,886
Miscellaneous	82,059	88,718	1,443	1,471	83,502	90,189
Total revenues	807,151	853,084	239,775	238,272	1,046,926	1,091,356
Expenses						
General government	305,744	249,874	-	-	305,744	249,874
Public safety	320,317	315,952	-	-	320,317	315,952
Public Works	169,250	170,054	-	-	169,250	170,054
Health	19,743	18,852	-	-	19,743	18,852
Culture and recreation	20,348	21,503	-	-	20,348	21,503
Conservation and development	45,605	57,617	-	-	45,605	57,617
Capital contribution to Milwaukee Public Schools	278	-	-	-	278	-
Contributions	22,331	24,001	-	-	22,331	24,001
Interest on long-term debt	28,275	23,105	-	-	28,275	23,105
Water	-	-	68,728	72,540	68,728	72,540
Sewer Maintenance	-	-	44,795	46,840	44,795	46,840
Parking	-	-	24,248	24,053	24,248	24,053
Port of Milwaukee	-	-	3,855	3,825	3,855	3,825
Metropolitan Sewerage District User Charges.	-	-	43,737	44,557	43,737	44,557
Total expenses	931,891	880,958	185,363	191,815	1,117,254	1,072,773
Increase in net position before transfers	(124,740)	(27,874)	54,412	46,457	(70,328)	18,583
Transfers	41,628	43,115	(41,628)	(43,115)	-	-
Increase in net position	(83,112)	15,241	12,784	3,342	(70,328)	18,583
Net position – Beginning	281,821	198,709	711,344	724,128	993,165	922,837
Net position – Ending	$ 198,709	$ 213,950	$ 724,128	$ 727,470	$ 922,837	$ 941,420

Governmental Activities

Revenues for the City's governmental activities totaled $853 million, while total expenses totaled $881 million for 2014. Total revenues, excluding transfers, supported 97% of total expenses; 102% with transfers. Comparable data for 2013 indicates 87% of all revenues, excluding transfers supported the 2013 expenses and, 91% including transfers.

Property taxes represent 33% of the total revenues for 2014 and 2013. The total actual property tax revenues increased 3% over the previous year. The City of Milwaukee's share of the Tax Rate increased $0.33 from $10.25 in 2013 to $10.58 in 2014 (per $1,000 of Assessed Value), due mainly to a decrease in assessed property value. State aids for the General Fund was $260 million both in 2013 and 2014. The combined property taxes and State aids comprised approximately 64% of the total revenues for governmental funds in 2014 compared to 66% in 2013. Charges for services equaled 13% of the total revenues in 2014, the same as 2013. Operating grants, capital grants, and contributions increased $27 million, to a total $104 million or 12% of total revenues in 2013 compared to 10% in 2013.

The total 2014 governmental activities expenditures decreased by $51 million (5%) over 2013. A $62 million total employer contribution to Employes' Retirement System (ERS) in 2013 was the major reason for the $54 million decrease in governmental activities expenses.

Chart 1
2014 Expenses and Program Revenues - Governmental Activities

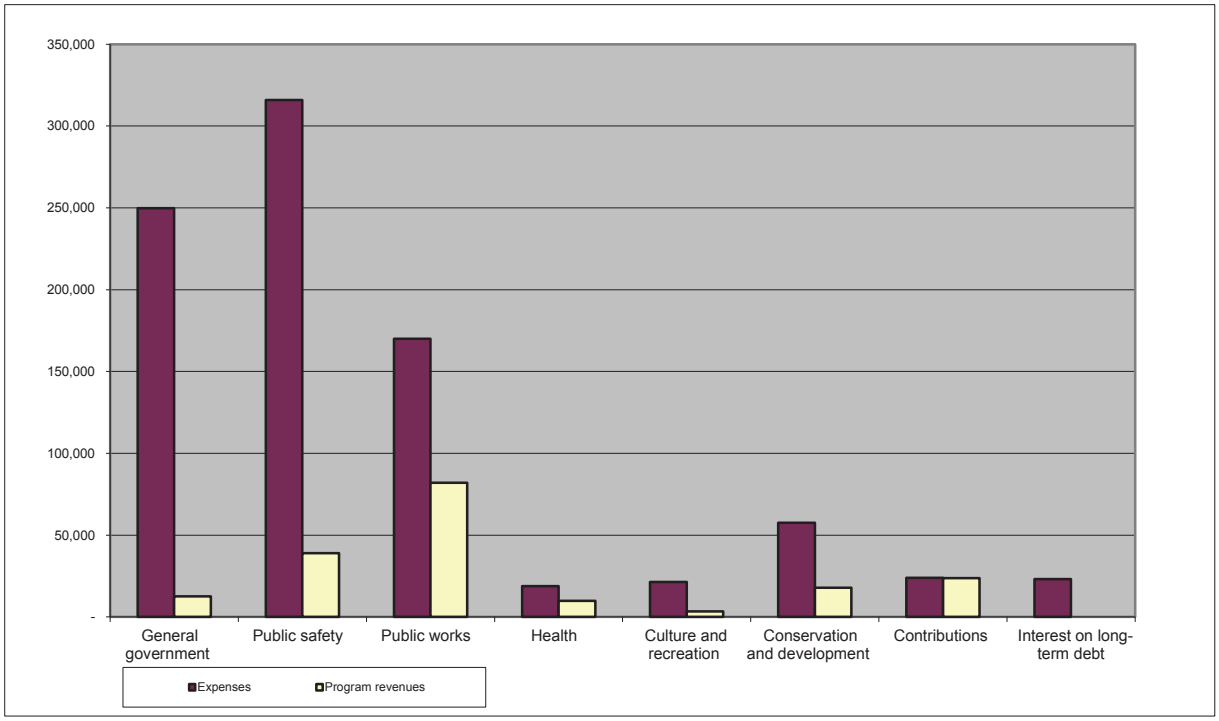


Table 3 presents the cost of each of the City's largest programs as depicted in the Chart 1 above, as well as each program's net costs (total cost less the revenues generated by the activities). General government includes most City departments, such as: Mayor, Common Council, Administration, Employee 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	
	2013	2014	2013	2014
General government	$ 305,744	$ 249,874	$ 293,204	$ 237,323
Public safety	320,317	315,952	279,908	276,946
Public works	169,250	170,054	88,996	57,779
Health	19,743	18,852	9,192	9,012
Culture and recreation	20,348	21,503	16,551	18,071
Conservation and development	45,605	57,617	25,863	39,657
Contributions	22,609	24,001	738	249
Interest on long-term debt	28,275	23,105	28,275	23,105
Total Governmental Activities	$ 931,891	$ 880,958	$ 742,727	$ 662,142

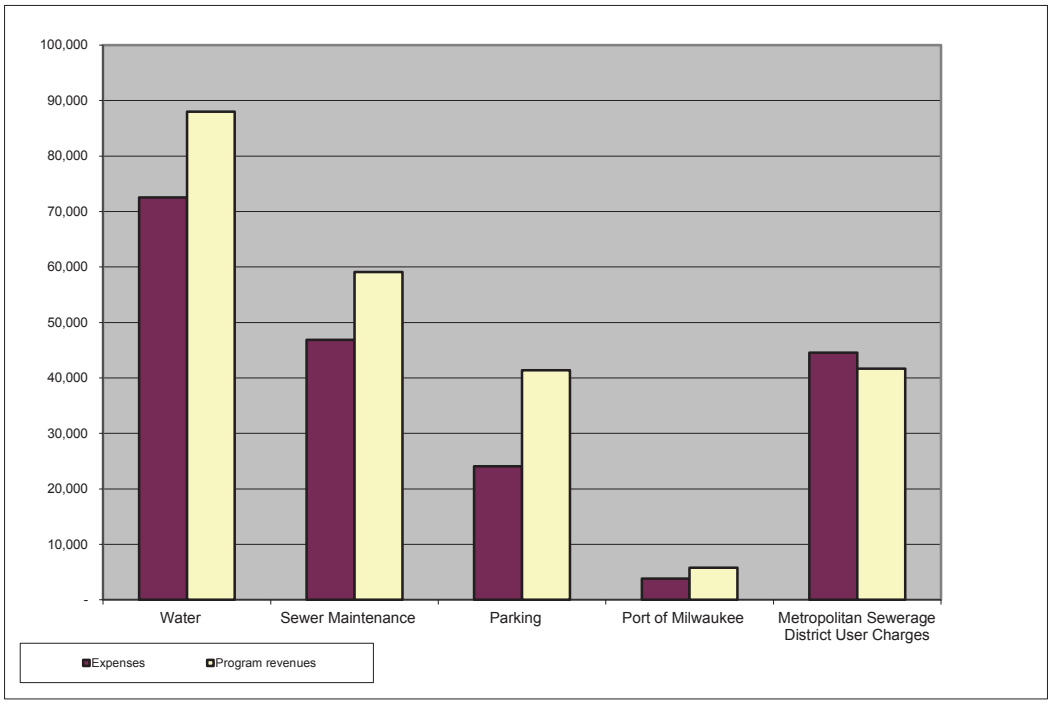
The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities decreased in 2014 to $662 million from $742 million in 2013 or 11% change. Because such a small portion of total costs are supported by program revenue, the remainder of the total 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 Waterworks and Sewer Maintenance. The Water Works had operating revenue of $88 million, expenses of $72 million and operating income of $16 million. The Sewer Maintenance produced a net operating income of $36 million after operating revenue of $59 million and operating expenses of $23 million.

Business-type revenues on Table 2 decreased by $1 million in 2014 compared to 2013, which is less than one percent. Total expenses and transfers of all enterprise funds of the City increased from 2013 to 2014 by $8 million or 3%. Overall, 2014 year-end Total Net Position increased by $3 million to $727 million, which is less than one percent.

Chart 2
2014 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.

As the City completed 2014, its Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $313 million, a decrease of $33 million or 10% from 2013. The Capital Projects Fund balance decreased to a fund balance of negative $20 million. The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects. This practice minimizes City borrowing costs and facilitates compliance with Federal Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled $92 million in 2014 compared to $83 million in 2013. The General Obligation Debt Service Fund incurred a reduction in fund balance of $2 million due to financing sources and revenues being less than debt service expenditures and other financing uses. The General Fund increased by $8 million to $111 million.

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

Chart 3
2014 City Spending by Function - Governmental Funds

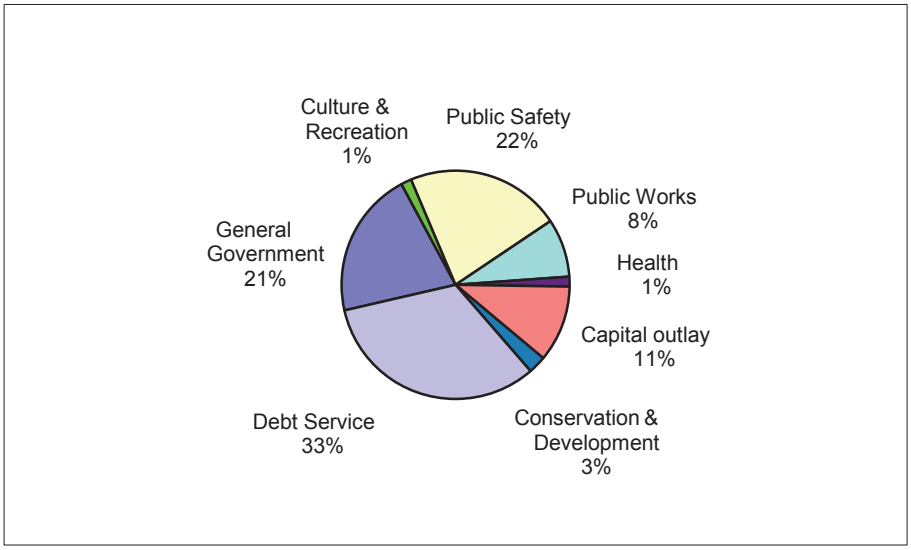
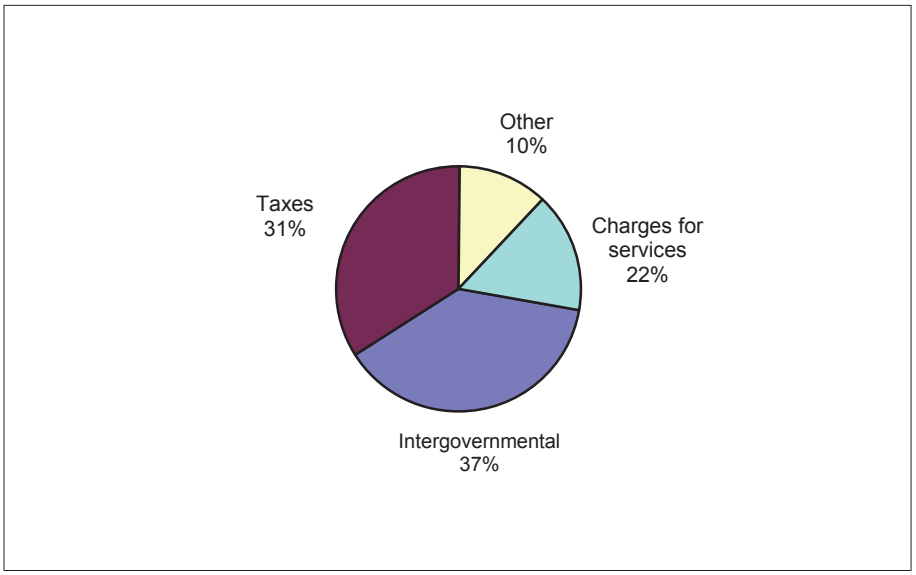


Chart 4
2014 Revenues by Source - Governmental Funds



Revenues for governmental functions overall totaled $832 million in the fiscal year ended December 31, 2014. Expenditures for governmental funds totaled $1.3 billion. Expenditures exceeded revenues by $460 million. Other financing sources helped to close the gap, resulting in a net decrease in governmental fund balances of $33 million for the year compared to an increase of $7 million in 2013. 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 $9 million or 9%. Revenues and other financing sources totaled approximately $811 million and expenditures and other financing uses totaled approximately $802 million - detailed in Table 4 below. Revenues decreased by $18 million from 2013 and expenditures decreased by $50 million from 2013, with expenditures exceeding revenues by 7%. Other Financing Sources (consisting of debt proceeds and transfers in from other funds), exceeded Other Financing Uses (consisting of transfers out to other funds) by $52 million. This excludes the budgeted use of funds from the fund balance. Nearly $20 million was budgeted from the fund balance to fund the 2014 General Fund budget. This was an increase of $5 million from 2013.

Total General Fund revenues for 2014 totaled $624 million. The largest revenue category is intergovernmental at $260 million with 42% of the total revenue. The second largest revenue source is Property Taxes with $179 million or 29%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 18% or $114 million. These three categories combined comprise 89% of the total revenues for 2014.

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				Expenditures and Other Financing Uses			
Revenues:	**2013**	**2014**	**% Change**	**Expenditures:**	**2013**	**2014**	**% Change**
Property taxes	$ 172,594	$ 179,269	3.9%	General government	$ 317,356	$ 262,948	-17.1%
Other taxes	3,544	6,091	71.9%	Public safety	270,680	268,426	-0.8%
Licenses and permits	15,030	16,063	6.9%	Public works	99,907	103,339	3.4%
Intergovernmental	259,735	260,886	0.4%	Health	9,147	9,171	0.3%
Charges for services	111,881	114,743	2.6%	Culture and recreation	15,900	17,012	7.0%
Fines and forfeits	4,492	4,587	2.1%	Conservation and development	3,379	3,522	4.2%
Contributions received	21,871	23,752	8.6%		-	-	
Other	16,978	18,796	10.7%				
Total Revenues	606,125	624,187	3.0%	Total Expenditures	716,369	664,418	-7.3%
Other Financing Sources				Other Financing Uses			
Debt proceeds	188,860	139,948	-25.9%				
Transfers in	46,247	46,912	1.4%	Transfers out	127,119	137,119	7.9%
Total Revenues and Other Financing Sources	841,232	811,047	-3.6%	Total Expenditures and other Financing Uses	$ 843,488	$ 801,537	-5.0%
Excess of Revenues over Expenditures	(110,244)	(40,231)	63.5%				
Net Change in Fund Balance	$ (2,256)	$ 9,510	-521.5%				

Beginning in 2006, the City began issuing General Obligation Cash-Flow Promissory Notes (rather than Revenue Anticipation Notes) in advance of receipt of the State Shared Revenues. For 2014, $110 million was issued and 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 decreased its fund balance by $2 million to $140 million or 2%. Total revenues of the General Obligation Debt Service increased from $99 million in 2013 to $112 million in

2014. Revenues combined with *Other Financing Sources* totaled $425 million; expenditures combined with *Other Financing Uses* totaled $427 million; resulting in a *net decrease in Fund Balance* for year end 2014 of a deficit of $2 million.

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, 2014 showed a negative fund balance of $20 million (an increase in the fund balance of $24 million from 2013). In 2014, total debt proceeds amounted to $92 million as compared to $83 million in 2013, an 11% increase. Total revenues decreased by $3 million from 2013; expenditures increased from $98 million to $140 million or 41%. The issuance of bonds and notes during 2014 for capital purposes combined with revenues and transfers were not sufficient to cover the current year's expenditures and, as a result, decreased the year-end fund balance by $24 million to result in a fund deficit.

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 $57 million. This was a decrease from $75 million at December 31, 2013. This decrease includes a $16 million in Water Works and decreases in the non-major enterprise funds.

In 2014, operating revenues of the enterprise funds totaled $236 million (less than 1% increase); total operating expenses increased $5 million to $166 million. The Water Works is the largest enterprise activity for the City, comprising approximately 37% of the total operating revenues. The Sewer Maintenance Fund comprises 25% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2014, Water Works operating revenues increased 4% while Sewer Maintenance operating revenues increased 3%; all other enterprise funds' operating revenues combined decreased about 4% compared to 2013. Water Works non-operating revenues for 2014 are mainly composed of interest income and other miscellaneous revenues.

The Water Works incurred total expenses of $72 million for 2014 compared to $68 million for 2013. Excluding depreciation expense, operating expenses increased over the previous year by $1.5 million. The non-operating interest expense of the Water Works decreased $73,000 due to the scheduled principal maturing on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds increased by 1% from 2013.

General Fund Budgetary Highlights

For the fiscal year ended December 31, 2014, the General Fund budgetary basis revenues were higher than budgeted revenues by $1 million. Revenue categories for property taxes and fines/forfeitures had an unfavorable variance compared to budget of $9 million; however, all other categories of licenses/permits, intergovernmental, charges for services and other exceed the final budgeted amounts by $10 million. Actual 2014 revenues increased from that of the prior year by $11 million. Intergovernmental revenues remained constant at $260 million. This category includes financing from the State for shared taxes, local street aids, and payment for municipal services. The operating expenditures were $17 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 2013 less the encumbrances carried over to 2015. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2013 by the Common Council less those appropriations authorized for carryover to 2015. 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 2014 General Fund expenditure budget of $669 million and the final budget of $673 million. This is a 7% decrease over the final 2013 budget of $723 million. The original revenue budget totaled $611 million with the final budget remaining approximately same. This is a less than 1% increase over the final 2013 revenue budget of $607 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 $104 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 by the amount of the budgeted withdrawal from the Fund Balance of $20 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2014 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 $117 million or 6%. Governmental activities' capital assets increased $77 million or an 8% increase from 2013. Business-type activities' capital assets increased $41 million or 4% at the end of 2014. A schedule comparing the assets by type for 2013 and 2014 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 new additions were $95 million and net deletions were $18 million for 2014 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 $26 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 62% of its total net assets with 28% consisting of machinery and equipment. The total net change in all Water Works net capital assets was an increase of $16 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Capital assets not being depreciated:						
Land	$ 164,660	$ 165,730	$ 19,096	$ 19,096	$ 183,756	$ 184,826
Construction in progress	44,241	76,391	12,096	27,731	56,337	104,122
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:						
Buildings	291,942	307,965	95,805	97,699	387,747	405,664
Infrastructure	1,540,926	1,605,990	967,395	1,002,751	2,508,321	2,608,741
Improvements other than buildings	11,909	11,909	8,025	8,150	19,934	20,059
Machinery and equipment	193,770	193,790	242,638	253,901	436,408	447,691
Intangible software	2,605	2,605	-	-	2,605	2,605
Nonutility property	-	-	3,654	3,654	3,654	3,654
Accumulated depreciation	(1,232,907)	(1,270,401)	(427,429)	(450,689)	(1,660,336)	(1,721,090)
Total	$ 1,018,488	$1,095,321	$ 921,280	$ 962,293	$ 1,939,768	$ 2,057,614

Debt

At year-end, the City had $836 million in general obligation bonds and notes, $92 million in State loans, $95 million in revenue bonds, and $106.7 million in extendable municipal commercial paper outstanding as itemized in Table 6.

New debt issued for general obligation bonds and notes totaled $215 million, of which $213 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 $1,081 at the end of 2013 and $1,074 at the end of 2014; a 1% decrease from the prior year. As of December 31, 2014, the City's outstanding net general obligation debt for governmental activities was 2.45% 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 2014, notes were issued in the amount of approximately $30.7 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	
	2013	2014	2013	2014	2013	2014
General obligation bonds and notes (backed by the City)	$ 822,046	$ 814,522	$ 39,334	$ 35,247	$ 861,380	$ 849,769
Extendable Municipal Commercial Paper	46,400	41,700	45,600	65,000	92,000	106,700
State loans	-	-	82,736	92,100	82,736	92,100
Revenue bonds (backed by specific fee revenues)	-	-	98,871	94,624	98,871	94,624
Total	$ 868,446	$ 856,222	$ 266,541	$ 286,971	$ 1,134,987	$ 1,143,193

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2014 is 7.2%, compared to 8.7% for 2013. The City of Milwaukee per capita income for the most recent fiscal year available (2013) was $41,017, compared to $40,628 for 2012. Table 13 contains demographic and economic statistics for the last ten calendar years.

The 2015 adopted City Budget is about $1.51 billion with a General Fund budget of $734 million. The General Fund budget increased nearly 2.2% over the 2014 budget of $718 million. In 2015, the City should expend $120 million for health insurance and related costs compared to $110 million budgeted for 2014, an increase of 9%. The City eliminated all mandatory furlough days for 2015.

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. Actual costs could be higher or lower. Other than for preliminary engineering, no amounts have yet been budgeted for the project and the foundation and building are currently being monitored.

The City has approved an estimated $98.8 million for Phase I of a streetcar project. Phase I includes 3.8 miles of track with a One-Way Route Length of 2.1 miles. A federal grant of $54.9 million has been received for the project. The City has approved $43.9 million of Tax Incremental District borrowing to fund the remaining estimated construction and equipment costs.

Total property taxes levied for all funds of the City in 2014 for 2015 purposes increased $.13 per thousand dollars of assessed valuation to a rate of $10.71 (1.2%). The 2013 for 2014 rate increased $.32 (from $10.25 to $10.58 or 3.2%).

The total City property tax levy increased to $256 million from $254 million in 2013. While the rate for 2014 increased, the assessed valuation decreased 1.1%; thus providing roughly the same amount in total property tax revenue in all funds. The property tax levy will provide $114.2 million for general City purposes in 2015. This represents an increase of $18 million in the property tax revenue from 2014 or a 20% increase. Property Tax Levy for Employee Retirement Purposes will decrease $7.4 million for 2015. The 2015 General City Purpose budget includes $122 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 2015. This fee represents 30% of the total charges for services in the 2015 budget. The Street Sweeping-Leaf Collection and Tree Pruning Fee is expected to generate about $16 million for 2015, about a $1 million increase over 2014. This Fee comprises 13% of the total charges for services in 2015 compared to 12% in 2014.

Estimated General City Purposes intergovernmental revenues, primarily from the State of Wisconsin, are projected to total $262.2 million; an increase of $2.3 million from 2014.

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, 2014
(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	$ 312,810	$ 57,279	$ 370,089	$ 23,685
Receivables (net):				
Taxes	244,642	-	244,642	-
Accounts	44,356	43,301	87,657	142
Unbilled accounts	511	18,864	19,375	-
Special assessments	7,332	-	7,332	-
Notes and loans	104,156	-	104,156	40,817
Accrued interest	379	39	418	1,347
Due from component units	22,764	-	22,764	-
Due from primary government	-	-	-	289
Due from other governmental agencies	142,406	484	142,890	763
Inventory of materials and supplies	9,549	2,806	12,355	-
Inventory of property for resale	26	-	26	5,815
Prepaid items	1,014	2,104	3,118	256
Other assets	-	10	10	-
Total Noncapital Assets	889,945	124,887	1,014,832	73,114
Capital assets:				
Capital assets not being depreciated:				
Land	165,730	19,096	184,826	12,200
Construction in progress	76,391	27,731	104,122	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	307,965	97,699	405,664	85,786
Infrastructure	1,605,990	1,002,751	2,608,741	333
Improvements other than buildings	11,909	8,150	20,059	4,264
Machinery and equipment	193,790	253,901	447,691	159
Intangible software	2,605	-	2,605	565
Nonutility property	-	3,654	3,654	-
Accumulated depreciation	(1,270,401)	(450,689)	(1,721,090)	(16,964)
Total Capital Assets	1,095,321	962,293	2,057,614	86,343
Total Assets	1,985,266	1,087,180	3,072,446	159,457
Deferred Outflows of Resources:				
Loss on refunding	-	526	526	-

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2014
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 49,254	$ 22,140	$ 71,394	$ 3,144
Accrued expenses	21,263	951	22,214	33
Accrued interest payable	9,531	1,145	10,676	-
Internal balances	(32,197)	32,197	-	-
Due to component units	289	10	299	-
Due to other governmental agencies	1,466	-	1,466	2,581
Unearned revenues	4,054	485	4,539	
Revenue anticipation notes payable	125,000	-	125,000	-
Other liabilities	-	-	-	2,759
Due to primary government:				
Due within one year	-	-	-	908
Due in more than one year	-	-	-	21,856
Long-term obligations:				
Due within one year	154,342	82,784	237,126	905
Due in more than one year	1,147,593	220,524	1,368,117	78,876
Total Liabilities	1,480,595	360,236	1,840,831	111,062
Deferred Inflows of Resources:				
Gain on refunding	337	-	337	-
Subsequent years property taxes	290,384	-	290,384	880
Total Deferred Inflows of Resources	290,721	-	290,721	880
NET POSITION				
Net investment in capital assets	748,374	669,428	1,417,802	24,998
Restricted for:				
Debt service	201,569	930	202,499	-
Other purposes	9,747	-	9,747	12,471
Unrestricted	(745,740)	57,112	(688,628)	10,046
Total Net Position	**$ 213,950**	**$ 727,470**	**$ 941,420**	**$ 47,515**

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, 2014
(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	$ 249,874	$ 10,344	$ 2,207	$ -
Public safety	315,952	23,833	15,173	-
Public works	170,054	78,520	3,440	30,315
Health	18,852	923	8,917	-
Culture and recreation	21,503	1,114	2,318	-
Conservation and development	57,617	9	17,951	-
Contributions	24,001	-	23,752	-
Interest on long-term debt	23,105	-	-	-
Total Governmental Activities	880,958	114,743	73,758	30,315
Business-type Activities:				
Water	72,540	88,013	-	384
Sewer Maintenance	46,840	59,121	-	275
Parking	24,053	41,411	-	-
Port of Milwaukee	3,825	5,765	-	140
Metropolitan Sewerage District User Charges	44,557	41,692	-	-
Total Business-type Activities	191,815	236,002	-	799
Total Primary Government	$ 1,072,773	$ 350,745	$ 73,758	$ 31,114
Component units:				
Redevelopment Authority	$ 10,492	$ 7,012	$ 3,722	$ 571
Neighborhood Improvement Development Corporation	672	251	222	52
Century City Redevelopment Corporation	686	272	-	-
Total Component Units	$ 11,850	$ 7,535	$ 3,944	$ 623

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

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
$ (237,323)		$ (237,323)	
(276,946)		(276,946)	
(57,779)		(57,779)	
(9,012)		(9,012)	
(18,071)		(18,071)	
(39,657)		(39,657)	
(249)		(249)	
(23,105)		(23,105)	
(662,142)		(662,142)	
-	$ 15,857	15,857	
-	12,556	12,556	
-	17,358	17,358	
-	2,080	2,080	
-	(2,865)	(2,865)	
-	44,986	44,986	
(662,142)	44,986	(617,156)	
			$ 813
			(147)
			(414)
			252
284,664	-	284,664	-
260,886	-	260,886	-
88,718	1,471	90,189	1,105
43,115	(43,115)	-	-
677,383	(41,644)	635,739	1,105
15,241	3,342	18,583	1,357
198,709	724,128	922,837	46,158
$ 213,950	**$ 727,470**	**$ 941,420**	**$ 47,515**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and investments	$ 90,128
Receivables (net):	
Taxes	156,320
Accounts	42,607
Unbilled accounts	511
Special assessments	-
Notes and loans	6
Accrued interest	263
Due from other funds	64,941
Due from component units	-
Due from other governmental agencies	2,885
Advances to other funds	6,593
Inventory of materials and supplies	9,549
Inventory of property for resale	26
Prepaid items	1,014
Total Assets	**$ 374,843**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 31,534
Accrued expenses	21,188
Due to other funds	1,260
Due to component units	33
Due to other governmental agencies	-
Unearned revenue	1,031
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	55,046
Deferred Inflows of Resources:	206,753
Fund Balances:	
Nonspendable	17,301
Restricted	-
Committed	1,587
Assigned	44,150
Unassigned	50,006
Total Fund Balances	113,044
Total Liabilities, Deferred Inflows and Fund Balances	**$ 374,843**

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
$ 179,724	$ 35,038	$ 6,016	$ 1,904	$ 312,810
51,443	-	2,508	34,371	244,642
-	-	1,733	16	44,356
-	-	-	-	511
-	-	7,332	-	7,332
65,476	26,704	-	11,970	104,156
-	116	-	-	379
-	-	-	299	65,240
22,421	-	318	25	22,764
125,095	-	6,165	8,261	142,406
-	-	-	-	6,593
-	-	-	-	9,549
-	-	-	-	26
-	-	-	-	1,014
$ 444,159	**$ 61,858**	**$ 24,072**	**$ 56,846**	**$ 961,778**
$ 45	$ -	$ 13,834	$ 3,841	$ 49,254
-	-	-	75	21,263
3,128	-	6,057	22,598	33,043
-	-	187	69	289
-	-	116	1,350	1,466
-	-	1,688	1,335	4,054
125,000	-	-	-	125,000
-	-	6,593	-	6,593
128,173	-	28,475	29,268	240,962
176,275	-	15,646	9,342	408,016
-	-	-	-	17,301
139,711	61,858	3,616	9,747	214,932
-	-	-	8,489	10,076
-	-	-	-	44,150
-	-	(23,665)	-	26,341
139,711	61,858	(20,049)	18,236	312,800
$ 444,159	**$ 61,858**	**$ 24,072**	**$ 56,846**	**$ 961,778**

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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, 2014
(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 312,800
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 $104,563 accumulated depreciation	203,402	
Infrastructure, net of $1,026,950 accumulated depreciation	579,040	
Improvements other than buildings, net of $9,193 accumulated depreciation	2,716	
Machinery and equipment, net of $128,061 accumulated depreciation	65,729	
Intangible assets net of $1,634 accumulated depreciation	2,313	
Construction in progress	76,391	
		1,095,321
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected	16,061	
Grant revenues to be collected	6,559	
Special assessments to be collected	6,702	
Notes and loans receivable to repay long-term bonds and notes	88,310	
		117,632
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(9,531)	
Bonds and notes payable	(856,222)	
Gain on refunding	(337)	
Unamortized premiums	(54,626)	
Compensated absences	(46,779)	
Net other postemployment benefits obligation	(316,725)	
Claims and judgments	(27,583)	
		(1,311,803)
Total net position of governmental activities (Exhibit 1)		**$ 213,950**

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, 2014
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 179,269
Other taxes	6,091
Special assessments	
Licenses and permits	16,063
Intergovernmental	260,886
Charges for services	114,743
Fines and forfeits	4,587
Contributions received	23,752
Other	18,796
Total Revenues	624,187
Expenditures:	
Current:	
General government	262,948
Public safety	268,426
Public works	103,339
Health	9,171
Culture and recreation	17,012
Conservation and development	3,522
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	664,418
Excess (Deficiency) of Revenues over Expenditures	(40,231)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	139,948
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	46,912
Transfers out	(137,119)
Total Other Financing Sources and Uses	49,741
Net Change in Fund Balances	9,510
Fund Balances - Beginning	103,534
Fund Balances - Ending	**$ 113,044**

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
$ 61,807	$ -	$ 8,960	$ -	$ 250,036
25,520	2,864	-	-	34,475
-	-	1,945	-	1,945
-	-	-	-	16,063
767	-	6,392	49,942	317,987
16,404	-	-	-	131,147
-	-	-	-	4,587
-	-	-	-	23,752
7,549	2,958	8,410	14,751	52,464
112,047	5,822	25,707	64,693	832,456
434	4	-	4,877	268,263
-	-	-	15,173	283,599
-	-	-	3,440	106,779
-	-	-	8,917	18,088
-	-	-	2,318	19,330
-	-	-	29,061	32,583
-	-	139,898	-	139,898
385,884	-	-	-	385,884
37,322	-	-	-	37,322
447	-	-	-	447
424,087	4	139,898	63,786	1,292,193
(312,040)	5,818	(114,191)	907	(459,737)
70,000	-	91,776	30,720	332,444
41,216	-	-	-	41,216
(1,080)	-	-	(1,426)	(2,506)
12,783	-	-	-	12,783
188,912	-	-	-	235,824
(2,218)	(6,900)	(2,022)	(44,450)	(192,709)
309,613	(6,900)	89,754	(15,156)	427,052
(2,427)	(1,082)	(24,437)	(14,249)	(32,685)
142,138	62,940	4,388	32,485	345,485
$139,711	**$ 61,858**	**$ (20,049)**	**$ 18,236**	**$ 312,800**

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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, 2014

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		(32,685)
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 ($147,165) less additions from Construction-in-Progress ($16,988) exceeded depreciation expense ($52,330) in the current period less loss on disposals ($1,014)		76,833
Notes and loans receivable to repay long-term bonds and notes		(5,049)
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	$ 153	
Capital grants and contributions	(1,366)	
Special assessments beginning of the year $6,607 less $6,702 at year end	95	
		(1,118)
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(373,660)	
Issuance premiums	(12,783)	
Gain on refunding	(87)	
Repayments:		
Principal retirement	385,884	
Amortization:		
Premiums	13,307	
Gain/Loss on refunding	(180)	
		12,481
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	3,682	
Net other postemployment benefits obligation	(37,355)	
Claims and judgments	(1,779)	
Accrued interest on bonds and notes	231	
		(35,221)
Changes in net position of governmental activities (Exhibit 2)		**$ 15,241**

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, 2014
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 10,286	$ 20,258	$ 15,710	$ 46,254
Restricted cash and cash equivalents	930	10,095	-	11,025
Receivables (net):				
Accounts	16,392	15,718	11,191	43,301
Unbilled accounts	13,613	2,492	2,759	18,864
Accrued interest	-	39	-	39
Due from other funds	4,089	1,486	1,007	6,582
Due from other governmental agencies	-	484	-	484
Advances to other fund	191	-	-	191
Inventory of materials and supplies	2,572	234	-	2,806
Prepaid items	2,086	-	18	2,104
Other assets	10	-	-	10
Total Current Assets	50,169	50,806	30,685	131,660
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	2,065	-	17,031	19,096
Construction in progress	23,377	732	3,622	27,731
Capital assets being depreciated:				
Buildings	29,055	-	68,644	97,699
Infrastructure	369,922	614,967	17,862	1,002,751
Improvements other than buildings	-	-	8,150	8,150
Machinery and equipment	236,062	5,015	12,824	253,901
Nonutility property	3,654	-	-	3,654
Accumulated depreciation	(235,376)	(142,025)	(73,288)	(450,689)
Net Capital Assets	428,759	478,689	54,845	962,293
Total Noncurrent Assets	428,759	478,689	54,845	962,293
Total Assets	478,928	529,495	85,530	1,093,953
Deferred Outflows of Resources:				
Loss on refunding	-	522	4	526

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2014

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 6,533	$ 4,630	$ 10,987	$ 22,150
Accrued expenses	616	140	195	951
Accrued interest payable	154	129	165	448
Compensated absences	1,207	179	280	1,666
Advances from other funds	-	-	191	191
Due to component units	-	-	-	-
Due to other funds	34,865	-	3,914	38,779
Unearned revenue	-	484	1	485
Extendable Municipal Commercial Paper	-	65,000	-	65,000
General obligation debt payable - current	2,511	703	2,171	5,385
Total Current Liabilities	45,886	71,265	17,904	135,055
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	1,335	9,398	-	10,733
Accrued interest payable	-	697	-	697
Total Current Liabilities Payable from Restricted Assets	1,335	10,095	-	11,430
Noncurrent Liabilities:				
General obligation debt payable	10,197	7,984	11,733	29,914
Revenue bonds & State loans payable	9,549	172,284	-	181,833
Other post employment benefits obligation	5,059	1,957	1,761	8,777
Total Noncurrent Liabilities	24,805	182,225	13,494	220,524
Total Liabilities	72,026	263,585	31,398	367,009
NET POSITION:				
Net investment in capital assets	405,167	223,320	40,648	669,135
Restricted for Debt Service	930	-	-	930
Unrestricted	805	43,112	13,488	57,405
Total Net Position	**$ 406,902**	**$ 266,432**	**$ 54,136**	**$ 727,470**

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, 2014
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 72,526	$ -	$ -	$ 72,526
Statutory sewer user fee	-	-	40,456	40,456
Sewer maintenance fee	-	59,121	-	59,121
Rent	-	-	12,667	12,667
Fire protection service	7,449	-	-	7,449
Parking meters	-	-	4,997	4,997
Parking permits	-	-	4,054	4,054
Vehicle towing	-	-	5,651	5,651
Parking forfeitures	-	-	19,807	19,807
Other	8,038	-	1,236	9,274
Total Operating Revenues	88,013	59,121	88,868	236,002
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	39,350	39,350
Employee services	-	6,672	8,070	14,742
Administrative and general	7,858	-	-	7,858
Depreciation	16,864	6,955	3,461	27,280
Transmission and distribution	23,228	-	-	23,228
Services, supplies, and materials	-	9,771	20,923	30,694
Water treatment	13,288	-	-	13,288
Water pumping	7,492	-	-	7,492
Billing and collection	2,903	-	-	2,903
Total Operating Expenses	71,633	23,398	71,804	166,835
Operating Income	16,380	35,723	17,064	69,167
Nonoperating Revenues (Expenses):				
Investment income	7	4	-	11
Grant revenue	-	263	140	403
Interest expense	(907)	(5,752)	(631)	(7,290)
Other	286	(17,690)	1,174	(16,230)
Total Net Nonoperating Revenues (Expenses)	(614)	(23,175)	683	(23,106)
Income before Contributions and Transfers	15,766	12,548	17,747	46,061
Capital contributions	384	12	-	396
Transfers in	-	-	571	571
Transfers out	(12,397)	(7,709)	(23,580)	(43,686)
Change in Net Position	3,753	4,851	(5,262)	3,342
Total Net Position - Beginning	403,149	261,581	59,398	724,128
Total Net Position - Ending	**$ 406,902**	**$ 266,432**	**$ 54,136**	**$ 727,470**

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

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 81,789	$ 58,752	$ 89,869	$ 230,410
Receipts from interfund services provided	5,337	-	-	5,337
Payments to suppliers	(29,772)	(7,545)	(60,277)	(97,594)
Payments to employees	(20,872)	(6,798)	(8,100)	(35,770)
Payments from other funds	-	-	2,003	2,003
Payments to other funds	14,777	-	58	14,835
Net Cash Provided by Operating Activities	51,259	44,409	23,553	119,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	286	267	101	654
Other nonoperating expenses	-	(17,694)	571	(17,123)
Transfers to other funds	(12,397)	(7,709)	(23,580)	(43,686)
Net Cash Used by Noncapital Financing Activities	(12,111)	(25,136)	(22,908)	(60,155)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	1,312	49,722	1,785	52,819
Acquisition of property, plant, and equipment	(32,944)	(33,149)	(1,765)	(67,858)
Retirement of bonds, notes, and revenue bonds	(4,385)	(24,354)	(3,650)	(32,389)
Interest paid	(986)	(6,471)	(649)	(8,106)
Other	-	-	1,174	1,174
Net Cash Used for Capital and Related Financing Activities	(37,003)	(14,252)	(3,105)	(54,360)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	8	4	-	12
Net Increase (Decrease) in Cash and Cash Equivalents	2,153	5,025	(2,460)	4,718
Cash and Cash Equivalents - Beginning	9,063	25,328	18,170	52,561
Cash and Cash Equivalents - Ending	**$ 11,216**	**$ 30,353**	**$ 15,710**	**$ 57,279**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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	$ 10,286	$ 20,258	$ 15,710	$ 46,254
Restricted Cash	930	10,095	-	11,025
	$ 11,216	$ 30,353	$ 15,710	$ 57,279
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 16,380	$ 35,723	$ 17,064	$ 69,167
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	16,864	6,955	3,461	27,280
Changes in assets and liabilities:				
Receivables	(1,195)	(1)	1,001	(195)
Due from other funds	20,519	(368)	(130)	20,021
Inventories	78	(75)	-	3
Prepaid items	(1,375)	1	-	(1,374)
Other assets	(1)	-	-	(1)
Accounts payable	413	2,300	101	2,814
Accrued liabilities	(825)	(274)	(243)	(1,342)
Net other postemployment benefits obligation	401	148	109	658
Due to other funds	-	-	2,191	2,191
Unearned revenue	-	-	(1)	(1)
Net Cash Provided by Operating Activities	$ 51,259	$ 44,409	$ 23,553	$ 119,221

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $383,727.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $191,790 with a net value of $0, and received donated assets in the amount of $12,000.

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, 2014
(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$ 1,216	$ 2,993	$ 229,928
Total Assets	1,216	2,993	$ 229,928
LIABILITIES			
Liabilities:			
Accounts payable	$ 387	$ 105	$ 1,518
Due to other governmental agencies	-	-	228,410
Total Liabilities	387	105	$ 229,928
Net Position Held In Trust For:			
Employees' pension benefits and other purposes	**$ 829**	**$ 2,888**	

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, 2014
(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 3,213	$ -
Private donations	-	1,816
Total Contributions	3,213	1,816
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	6
Total Additions	3,213	1,822
Deductions		
Benefits	3,224	-
Fees remitted from Trust	-	1,560
Other	-	227
Total Deductions	3,224	1,787
Change in Net Position	(11)	35
Net Position - Beginning	840	2,853
Net Position - Ending	**$ 829**	**$ 2,888**

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

CITY OF MILWAUKEE

Exhibit D-1

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2014
(Thousands of Dollars)

ASSETS	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
Current Assets:				
Cash and investments	$ 6,276	$ 1,366	$ 211	$ 7,853
Restricted cash and investments	15,319	513	-	15,832
Receivables (net):				
Accounts	81	55	6	142
Notes and loans	40,015	802	-	40,817
Accrued interest	1,174	173	-	1,347
Due from primary government	289	-	-	289
Due from other governmental agencies	763	-	-	763
Inventory of property for resale	4,942	873	-	5,815
Prepaid items	241	-	15	256
Total Noncapital Assets	69,100	3,782	232	73,114
Capital assets:				
Capital assets not being depreciated:				
Land and land improvements	11,091	-	1,109	12,200
Construction in progress	-	-	-	-
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	(15,834)	-	(1,130)	(16,964)
Total Capital Assets, Net of Depreciation	76,046	-	10,297	86,343
Total Assets	145,146	3,782	10,529	159,457

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2014
(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	$ 3,081	$ 21	$ 42	$ 3,144
Accrued expenses	2	13	18	33
Due to other governmental agencies	2,372	-	209	2,581
Other liabilities	2,307	452	-	2,759
Total Current Liabilities	7,762	486	269	8,517
Due to primary government:				
Due within one year	883	25	-	908
Due in more than one year	21,856	-	-	21,856
Total Due to Primary Government	22,739	25	-	22,764
Long-term obligations:				
Due within one year	755	150	-	905
Due in more than one year	59,996	30	18,850	78,876
Total Noncurrent Liabilities	60,751	180	18,850	79,781
Total Liabilities	91,252	691	19,119	111,062
Deferred Inflows of Resources:				
Unavailable revenue	637	243	-	880
Total Deferred Inflows of Resources	637	243	-	880
Total Liabilities and Deferred Inflows of Resources	91,889	934	19,119	111,062
NET POSITION:				
Net investment in capital assets	26,051	-	(1,053)	24,998
Restricted	11,414	1,057	-	12,471
Unrestricted	15,792	1,791	(7,537)	10,046
Total Net Position	**$ 53,257**	**$ 2,848**	**$ (8,590)**	**$ 47,515**

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, 2014
(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	$ 10,492	$ 7,012	$ 3,722	$ 571
Neighborhood Improvement Development Corp.				
Housing improvements	672	251	222	52
Century City Redevelopment Corporation				
Rental income	686	272	-	-
Total Component Units	$ 11,850	$ 7,535	$ 3,944	$ 623
General revenues:				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position - Beginning, as restated (note 1w)				
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
$ 813	$ -	$ -	$ 813
-	(147)	-	(147)
-	-	(414)	(414)
813	(147)	(414)	252
735	370	-	1,105
735	370	-	1,105
1,548	223	(414)	1,357
51,709	2,625	(8,176)	46,158
$ 53,257	**$ 2,848**	**$ (8,590)**	**$ 47,515**

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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 units 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 are a 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 arises 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, 2014 is approximately $1,898,000.

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, 2014 were approximately $594,000, $432,000, and $1,341,000 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 $27,930,000 as of December 31, 2014.

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	5-50 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

During 2014, the City implemented GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this statement is to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. The implementation of this Statement did not have a significant impact on the financial statements.

In July 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* The objective of this statement is to enhance note disclosures and RSI for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This Statement will only impact the Pension plan.

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. The City will implement this Statement beginning with the year ending December 31, 2015. The City has not analyzed the potential impact of the Statement on its financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No 68.* The objective of this statement is to address an issue regarding the application of the transition provisions of Statement No. 68. The issue relates to contributions to a defined benefit plan after the measurement date of the government's beginning net pension liability. This Statement will eliminate the source of a potential significant understatement of restated net position and expense in the first year on implementation of Statement 68. The City will implement this Statement simultaneously with Statement 68 beginning with the year ending December 31, 2015. The City has not analyzed the potential impact of the Statement on its financial statements.

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 not required until the year ending December 31, 2015. New disclosures for investment balances will be required by the City as a result of this Statement.

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, 2014, 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	$ 253,089	$ 253,089	$ -	$ -	$ -	see below
Other Deposits	113	113	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	7,769	7,769	-	-	-	not rated
Wisconsin Local Government Investment Pool	74,153	74,153	-	-	-	not rated
Municipal Bonds	11,092	486	8,426	2,180	-	see below
U.S. Treasury strips	643	-	643	-	-	Moodys-Aaa
Treasuries (Fiscal Agent)	16,454	16,454	-	-	-	not rated
GNMA Bonds	6,776	119	-	-	6,657	Moodys-Aaa
	$ 370,089	$ 352,183	$ 9,069	$ 2,180	$ 6,657	
Fiduciary activities:						
Investment type						
Pooled Deposits and Investments	$ 233,097	$ 233,097	$ -	$ -	$ -	see below
Other Deposits	172	172	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	8	8	-	-	-	not rated
U.S. Treasury strips	860	430	430	-	-	Moodys-Aaa
	$ 234,137	$ 233,707	$ 430	$ -	$ -	

Security Ratings

The Governmental and Business-type municipal bond holdings of $11,092,000 were rated by Moody's as follows: Aaa (9.2%), Aa1 (32%), Aa2 (1.8%), Aa3 (8%), A2 (1.8%), with the remaining holdings unrated (17%).

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, 2014, 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	$ 34,079	$ 34,079	$ -	$ -	$ -	not rated
Other Deposits	3,756	3,756	-	-	-	not rated
Deposits and Investments						
Interest Checking	178,610	178,610	-	-	-	not rated
Wisconsin Local Government Investment Pool	178,197	178,197	-	-	-	not rated
Investment Portfolio	76,573	12,008	58,974	885	4,706	see below
Certificates of Deposits	14,971	14,971	-	-	-	not rated
	$ 486,186	$ 421,621	$ 58,974	$ 885	$ 4,706	

Investment Portfolio Ratings
Corporate bond holdings of $34,596,000 were rated as follows: Fitch AA- (4.3%), Moody's Aa1 (4.4%), Aa2 (19.9%), Aaa (10.1%), Standard & Poors AA (30.1%), AA- (17.1%), AA+ (8.1%), Aaa (6%).

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, 2014, $5,000 of the City's bank balances were 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, 2014:

		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	$ 5,277	$ 5,277	$ -	$ -	$ -	not rated
Local Government Investment Pool	320	320	-	-	-	not rated
U.S. Treasury Money Market Fund	7,980	7,980	-	-	-	Aaa
U.S. Treasury Notes	1,543	427	1,116	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	624	76	548	-	-	Aaa
Municipal Bonds	423	226	197	-	-	Aa3
Corporate Bonds	2,205	396	1,809	-	-	Baa
Certificates of Deposit	3,886	3,886	-	-	-	Aa
Money Market	1,427	1,427	-	-	-	N/A
	$ 23,685	$ 20,015	$ 3,670	$ -	$ -	

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, 2014 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
Redevelopment Authority	$ 8,404,994	$ 3,443,927
Neighborhood Improvement Development Corporation	1,904,696	1,112,647

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, 2014, 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)		
2009 and prior	$ 1,360	$ 1,942	$ 3,302
2010	1,224	2,134	3,358
2011	2,698	4,523	7,221
2012	5,042	8,233	13,275
2013	11,139	18,409	29,548
Total delinquent property taxes receivable	$ 21,463	$ 35,241	56,704
Property taxes receivable on foreclosed property			39,186
Less: Allowance for uncollectible taxes			(32,368)
Net delinquent property taxes receivable, including tax deeded property			$ 63,522

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

Governmental activities	Balance 01-01-14	Additions	Deletions	Balance 12-31-14
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 164,660	$ 1,300	$ 230	$ 165,730
Construction in progress	44,241	49,138	16,988	76,391
Intangible right of ways	1,342	-	-	1,342
Total capital assets not being depreciated	210,243	50,438	17,218	243,463
Capital assets being depreciated:				
Buildings	291,942	16,787	764	307,965
Infrastructure	1,540,926	72,281	7,217	1,605,990
Improvements other than buildings	11,909		-	11,909
Machinery and equipment	193,770	7,659	7,639	193,790
Intangible software	2,605	-	-	2,605
Total capital assets being depreciated	2,041,152	96,727	15,620	2,122,259
Less accumulated depreciation for:				
Buildings	97,385	7,894	716	104,563
Infrastructure	1,003,794	30,373	7,217	1,026,950
Improvements other than buildings	8,894	299	-	9,193
Machinery and equipment	121,637	13,327	6,903	128,061
Intangible software	1,197	437	-	1,634
Total accumulated depreciation	1,232,907	52,330	14,836	1,270,401
Total capital assets being depreciated, net	808,245	44,397	784	851,858
Government activity capital assets, net	$ 1,018,488	$ 94,835	$ 18,002	$ 1,095,321

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

General government	$ 676
Public safety	9,228
Public works	41,521
Health	201
Culture and recreation	704
Total	$ 52,330

Business-type activities	Balance 01-01-14	Additions	Deletions	Balance 12-31-14
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 2,065	$ -	$ -	$ 2,065
Construction in progress	7,747	33,529	17,899	23,377
Total capital assets not being depreciated	9,812	33,529	17,899	25,442
Capital assets being depreciated:				
Buildings	29,055	-	-	29,055
Infrastructure	366,897	3,056	31	369,922
Machinery and equipment	225,138	14,843	3,919	236,062
Nonutility property	3,654	-	-	3,654
Total capital assets being depreciated	624,744	17,899	3,950	638,693
Less accumulated depreciation for:				
Buildings	17,750	918	-	18,668
Infrastructure	94,990	4,935	46	99,879
Machinery and equipment	109,021	10,872	3,703	116,190
Nonutility property	500	139	-	639
Total accumulated depreciation	222,261	16,864	3,749	235,376
Total capital assets being depreciated, net	402,483	1,035	201	403,317
Water Works capital assets, net	412,295	34,564	18,100	428,759
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	-	732	-	732
Total capital assets not being depreciated	-	732	-	732
Capital assets being depreciated:				
Infrastructure	582,865	32,294	192	614,967
Machinery and equipment	4,880	135	-	5,015
Total capital assets being depreciated	587,745	32,429	192	619,982
Less accumulated depreciation for:				
Infrastructure	132,421	6,651	192	138,880
Machinery and equipment	2,841	304	-	3,145
Total accumulated depreciation	135,262	6,955	192	142,025
Total capital assets being depreciated, net	452,483	25,474	-	477,957
Sewer Maintenance capital assets, net	452,483	26,206	-	478,689

	Balance 01-01-14	Additions	Deletions	Balance 12-31-14
		(Thousands of Dollars)		
Other business-type activities:				
Capital assets not being depreciated:				
Land	17,031	-	-	17,031
Construction in progress	4,349	1,301	2,028	3,622
Total capital assets not being depreciated	21,380	1,301	2,028	20,653
Capital assets being depreciated:				
Buildings	66,750	1,894	-	68,644
Infrastructure–port	17,633	229	-	17,862
Improvements other than buildings	8,025	125	-	8,150
Machinery and equipment	12,620	283	79	12,824
Total capital assets being depreciated	105,028	2,531	79	107,480
Less accumulated depreciation for:				
Buildings	45,696	2,037	-	47,733
Infrastructure–port	10,267	324	-	10,591
Improvements other than buildings	6,539	314	-	6,853
Machinery and equipment	7,404	786	79	8,111
Total accumulated depreciation	69,906	3,461	79	73,288
Total capital assets being depreciated, net	35,122	(930)	-	34,192
Other business-type activities, net	56,502	371	2,028	54,845
Business-type activity capital assets, net	$ 921,280	$ 61,141	$ 20,128	$ 962,293

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

Water Utility	
Depreciation	$ 16,725
Depreciation charged to Sanitary Sewer	139
	16,864
Sewer Maintenance	6,955
Other business-type activities	3,461
Total	$ 27,280

	Balance 01-01-14	Additions	Deletions	Balance 12-31-14
		(Thousands of Dollars)		
Component Units				
Capital assets not being depreciated:				
Land	$ 12,013	$ 187	$ -	$ 12,200
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	12,013	187	-	12,200
Capital assets being depreciated:				
Buildings	85,310	476	-	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,092	172	-	4,264
Machinery and equipment	159	-	-	159
Intangibles	565	-	-	565
Total capital assets being depreciated	90,459	648	-	91,107
Less accumulated depreciation for:				
Buildings	13,583	2,232	-	15,815
Infrastructure	79	314	-	393
Improvements other than buildings	491	14	-	505
Machinery and equipment	35	17	-	52
Intangibles	142	57	-	199
Total accumulated depreciation	14,330	2,634	-	16,964
Total capital assets being depreciated, net	76,129	(1,986)	-	74,143
Component units capital assets, net	$ 88,142	$ (1,799)	$ -	$ 86,343

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, 2014 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 197,797	$ 88,283	$ 4,304	$ -	$ 290,384
Delinquent property taxes	8,956	-	-	7,105	16,061
Unavailable grant revenue	-	-	4,322	2,237	6,559
Long-term receivables	-	87,992	318	-	88,310
Unbilled special assessments	-	-	6,702	-	6,702
Total	$ 206,753	$ 176,275	$ 15,646	$ 9,342	$ 408,016

6. SHORT-TERM DEBT

During 2014, the City issued and repaid $110,000,000 of General Obligation Cash Flow Promissory Notes, Series 2014 R1 (G.O. CFNs). The G.O. CFNs 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 2014.

As of December 31, 2013, the City had outstanding $130,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2014, the City repaid the outstanding balance and issued $125,000,000 short-term RANs for the same purpose. The new notes of $125,000,000 bear an interest rate of 1.5% and will mature on June 30, 2015. The liability and related receivable to repay the revenue anticipation notes are recorded in the General Obligation Debt Service Fund.

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2014 were as follows:

	Balance 01-01-14	Additions	Deductions	Balance 12-31-14	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 723,083	$ 213,380	$ 212,247	$ 724,216	$ 101,591
Milwaukee Public Schools	98,963	-	8,657	90,306	6,979
Deferred amount on refundings	70	87	(180)	337	-
Unamortized premiums	55,150	12,783	13,307	54,626	-
Extendable Municipal Commercial Paper					
City	46,400	90,280	94,980	41,700	41,700
Milwaukee Public Schools	-	70,000	70,000	-	-
Compensated absences	50,461	78	3,760	46,779	2,381
Net other postemployment benefits obligation	279,370	71,378	34,023	316,725	-
Claims and judgments	25,804	6,847	5,068	27,583	1,691
Total governmental activities	$ 1,279,301	$ 464,833	$ 441,862	$ 1,302,272	$ 154,342
Business-type activities					
Water Works					
General obligation bonds and notes	$ 15,791	$ -	$ 3,121	$ 12,670	$ 2,511
Deferred amount on refundings	-	-	-	-	-
Unamortized premiums	91	-	53	38	-
Extendable Municipal Commercial Paper	-	-	-	-	-
Revenue bonds	10,836	1,312	1,264	10,884	1,335
Compensated absences	1,251	587	631	1,207	1,207
Net other postemployment benefits obligation	4,659	1,983	1,583	5,059	-
Total Water Works	32,628	3,882	6,652	29,858	5,053
Sewer Maintenance					
General obligation bonds and notes	9,388	-	701	8,687	703
State Loans	82,736	14,222	4,858	92,100	4,978
Revenue bonds	88,035	-	4,295	83,740	4,420
Deferred amount on refundings	(712)	-	(190)	(522)	-
Unamortized premiums	6,748	-	906	5,842	-
Extendable Municipal Commercial Paper	44,000	35,500	14,500	65,000	65,000
Compensated absences	221	200	242	179	179
Net other postemployment benefits obligation	1,809	735	587	1,957	-
Total Sewer Maintenance	232,004	50,657	25,899	256,983	75,280

	Balance 01-01-14	Additions	Deductions	Balance 12-31-14	Amounts Due within One Year
		(Thousands of Dollars)			
Other Enterprise Funds					
General obligation bonds and notes	14,155	1,764	2,029	13,890	2,171
Deferred amount on refundings	(14)	-	(10)	(4)	-
Unamortized premiums	33	-	19	14	-
Extendable Municipal Commercial Paper	1,600	20	1,620	-	-
Compensated absences	315	16	51	280	280
Net other postemployment benefits obligation	1,622	694	555	1,761	-
Total Other Enterprise	17,396	2,494	4,264	15,941	2,451
Total business-type activities	$ 282,028	$ 57,033	$ 36,815	$ 302,782	$ 82,784
Component Units					
Revenue bonds	$ 61,285	$ -	$ 3,310	$ 57,975	$ 755
Unamortized discounts	-	-	-	-	-
Notes payable	20,380	-	1,350	19,030	150
Advance from other organizations	-	-	-	-	-
Environmental remediation liability	-	2,287	-	2,287	-
Net other postemployment benefits	419	88	18	489	-
Total component units	$ 82,084	$ 2,375	$ 4,678	$ 79,781	$ 905

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, 2014, general obligation bonds totaling $8,854,605 was issued of which $8,741,702 was issued to finance capital improvements and $112,903 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, 2014, there was $13,694,646 of debt outstanding. There is also $90,306,263 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, 2014, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $1,060,199,000. These assets are excluded from the financial statements of the City.

As of December 31, 2014, $171,809,539 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is $219,196,122. 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 2014 the City received loans from the State's Safe Drinking Water Loan Program for Water Works Fund projects for a total of $1,311,125, and from the State's Clean Water Fund Program for Sewer Maintenance Enterprise Fund projects for a total of $14,222,264. 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, 2014, installment loans totaling $53,669,314 was issued of which $24,794,108 was issued to finance capital improvements, $225,806 for business-type activities and $28,649,400 to purchase 2013'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+".

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

Line of Credit

Balance 01-01-14	Additions	Deletions	Balance 12-31-14
$ 2,060	-	2,060	$ -

F. Extendable Municipal Commercial Paper

During 2014, the City continued to issue Extendable Municipal Commercial Paper Promissory Notes (the "EMCP"), 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 2014, $195,800,000 of EMCP were issued of which $25,000,000 were for cash flow needs of the City, $58,241,000 was issued to finance capital expenditures, $7,018,000 for fiscal purposes, $41,000 for non-major enterprise, $35,500,000 for Sewer purposes pending borrowing with sewer 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 01-01-14	Additions	Deletions	Balance 12-31-14
$ 92,000	195,800	181,100	$ 106,700

The principal amount outstanding at any one time may not 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. Of the $106,700,000 outstanding on December 31, 2014, $65,000,000 is planned to be financed on a long term basis with revenue bonds, and $41,700,000 with long-term general obligation debt.

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					
2015	$ 108,570	$ 33,500	$ -	$ -	$ 142,070
2016	87,803	28,626	-	-	116,429
2017	74,994	24,578	-	-	99,572
2018	129,305	20,434	-	-	149,739
2019	62,618	16,598	-	-	79,216
2020-2024	198,250	47,925	-	-	246,175
2025-2029	121,387	11,523	-	-	132,910
2030-2034	31,595	298	-	-	31,893
Total	$ 814,522	$ 183,482	$ -	$ -	$ 998,004
Business-type activities					
Water Works					
2015	$ 2,511	$ 617	$ 1,335	$ 225	$ 4,688
2016	1,818	487	1,386	191	3,882
2017	856	395	1,421	156	2,828
2018	857	353	1,456	120	2,786
2019	858	310	306	99	1,573
2020-2024	4,175	920	1,620	402	7,117
2025-2029	1,595	79	1,781	239	3,694
2030-2034	-	-	1,579	62	1,641
Total	$ 12,670	$ 3,161	$ 10,884	$ 1,494	$ 28,209

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Sewer Maintenance					
2015	$ 703	$ 414	$ 9,398	$ 5,889	$ 16,404
2016	706	380	9,651	5,635	16,372
2017	681	346	9,922	5,350	16,299
2018	681	313	10,252	5,015	16,261
2019	681	279	10,619	4,636	16,215
2020-2024	4,435	753	55,285	16,999	77,472
2025-2029	800	19	49,255	7,988	58,062
2030-2034	-	-	21,458	1,341	22,799
Total	$ 8,687	$ 2,504	$ 175,840	$ 52,853	$ 239,884
Other Enterprise					
2015	$ 2,171	$ 628	$ -	$ -	$ 2,799
2016	1,668	527	-	-	2,195
2017	1,324	448	-	-	1,772
2018	1,227	386	-	-	1,613
2019	1,153	329			1,482
2020-2024	4,609	897	-	-	5,506
2025-2029	1,738	126	-	-	1,864
Total	$ 13,890	$ 3,341	$ -	$ -	$ 17,231
Total Component Units					
2015	$ 150	$ 225	$ 755	$ 17	$ 1,147
2016	-	211	965	17	1,193
2017	-	210	1,190	17	1,417
2018	-	193	1,435	16	1,644
2019	753	208	1,700	16	2,677
2020-2024	3,738	919	13,280	70	18,007
2025-2029	3,953	705	23,865	43	28,566
2030-2034	4,179	479	14,785	6	19,449
2035-2039	4,418	240	-	-	4,658
2040-2049	1,839	26	-	-	1,865
Total	$ 19,030	$ 3,416	$ 57,975	$ 202	$ 80,623

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, 2014, the City's legal debt limit was $1,129,659,000. Of this amount, $521,792,000 was for school purposes and $607,867,000 was for City purposes.

I. Refundings

In May 2014, the City issued General Obligation Promissory Notes, Series 2014 N2 with a par amount of $29,975,686 and Corporate Purpose Bonds, Series 2014 B3 with a par amount of $12,645,395. 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 $7,150,000 of Extendable Municipal Commercial Paper.

In prior years, the City defeased certain general obligation bonds by placing the proceeds from new general obligation bonds in an irrevocable trust to provide all future debt service payments on the bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2014, $38,685,000 of City bonds are considered defeased.

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, 2014 is approximately $16,559,000 for the City and $488,000,000 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. The City's employer contributions to the System for the plan year 2014 was $74,790,000 equal to the required contributions on behalf of the plan members for the year. This amount consisted of $36,747,000 from the employer and $42,786,000 from employees. Total contributions for the years ended December 31, 2013 and 2012 were $70,607,000 and $80,324,000, 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.

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 2014, the City paid approximately $34,327,000 and $2,429,000, 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	$	73,571,000
Interest on Net OPEB Obligation		13,032,000
Adjustment to ARC		(11,813,000)
Annual OPEB Cost		74,790,000
Contribution made		36,746,665
Increase in net OPEB Obligation		38,043,335
Net OPEB Obligation - beginning of year		287,460,000
Net OPEB Obligation - end of year	$	325,503,335

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
12/31/2012	$ 76,156,000	46.6%	253,523,000
12/31/2013	71,489,000	52.5%	287,460,000
12/31/2014	74,790,000	49.9%	325,503,335

Funded Status and Funding Progress. Actuarial liabilities decreased from $946.9 million as of January 1, 2012, to $928.5 million as of January 1, 2014. Factors contributing to the decrease in actuarial liabilities were favorable healthcare claims experience, favorable demographic experience and changes in plan provisions including increasing the portion of premium paid by certain retirees. As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $928,496,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $928,496,000. The covered payroll (annual payroll of active employees covered by the plan) was $381,099,831 and the ratio of the UAAL to the covered payroll was 227 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 2014, approximately $7,401,092 was paid for sick leave from all funds. At December 31, 2014, accumulated sick leave earned but not taken totaled approximately $162,192,908 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 2014, terminal leave payments totaled $1,219,000 to employees retiring during the year. As of December 31, 2014, the City has accrued approximately $29,014,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $46,780,000 with the remainder accrued vacation leave of $17,766,000.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2014 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
			(Thousands of Dollars)			
Nonspendable						
Loans receivable	$ 6	$ -	$ -	$ -	$ -	$ 6
Advances	6,593	-	-	-	-	6,593
Inventory	9,549	-	-	-	-	9,549
Inventory of property for resale	26	-	-	-	-	26
Prepaid items	1,014	-	-	-	-	1,014
Investment-Targeted Mortgage	113	-	-	-	-	113
Spendable						
Restricted for:						
Future debt payments	-	139,711	61,858	-	-	201,569
Capital projects	-	-	-	3,616	-	3,616
Grants	-	-	-	-	4,026	4,026
Economic Development	-	-	-	-	5,721	5,721
Committed to:						
Contributions	1,587	-	-	-	-	1,587
Debt	-	-	-	-	-	-
Delinquent taxes	-	-	-	-	8,489	8,489
Assigned to:						
Conservation and development	138	-	-	-	-	138
General government	22,072	-	-	-	-	22,072
Health	186	-	-	-	-	186
Library	130	-	-	-	-	130
Public safety	3,656	-	-	-	-	3,656
Public works	1,035	-	-	-	-	1,035
2015 budgetary financing	16,700	-	-	-	-	16,700
Environmental remediation	233	-	-	-	-	233
Unassigned	50,006	-	-	(23,665)	-	26,341
Total Fund Balance	$ 113,044	$ 139,711	$ 61,858	$ (20,049)	$ 18,236	$ 312,800

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, 2014, the tax stabilization reserve was $73,299,000. Of this amount, $16,700,000 has been committed to the funding of the 2015 General Fund budget and $56,599,000 is unassigned for 2015 and subsequent years' budgets. This Reserve includes an amount for advances of $6,593,000 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.

Fund deficit

The Capital Projects Fund had a deficit fund balance of $20,049,000 as of December 31, 2014, which is the result of expending funds for construction in advance of issuing general obligation bonds. The City plans to eliminate the fund deficit through the issuance of general obligation bonds in 2015.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2014 were as follows:

		Due From					
		General Fund	Nonmajor Governmental Funds	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
				(Thousands of Dollars)			
Due To	General Fund	$ -	$ 299	$ 961	$ -	$ -	$ 1,260
	General Obligation Debt	-	-	3,128	-	-	3,128
	Capital Projects	6,057	-	-	-	-	6,057
	Nonmajor Governmental Funds	22,598	-	-	-	-	22,598
	Water Works	32,372	-	-	1,486	1,007	34,865
	Sewer Maintenance	-	-	-	-	-	-
	Nonmajor Enterprise Funds	3,914	-	-	-	-	3,914
	Totals	$ 64,941	$ 299	$ 4,089	$ 1,486	$ 1,007	$ 71,822

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, 2014 the outstanding balance was $6,593,000.

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, 2014 the outstanding balance was $191,000

Interfund transfers for the year ended December 31, 2014 were as follows:

Funds Transferred To	Fund Transferred From	Amount
General Fund	General Obligation Debt	$ 1,647
	Nonmajor Governmental Funds	9,073
	Sewer Maintenance	925
	Water Works	12,397
	Nonmajor Enterprise Funds	1,586
	Nonmajor Enterprise Funds	19,611
	Nonmajor Enterprise Funds	1,673
	Subtotal General Fund	**46,912**
General Obligation Debt	General	135,000
	General	2,119
	Public Debt Amortization	6,900
	Capital Projects	2,022
	Nonmajor Governmental Funds	35,377
	Sewer Maintenance	6,784
	Nonmajor Enterprise Funds	710
	Subtotal Debt Service	**188,912**
Nonmajor Enterprise	General Obligation Debt	571
	Subtotal Nonmajor Proprietary	**571**
	Total Interfund Transfers	**$ 236,395**

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, 2014 were as follows:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from RACM for reimbursable expenditures	318
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	22,421
Due from NIDC for home and Community Development Block grants	25
Total	$ 22,764

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to RACM for reimbursable expenditures	220
Due to RACM for home and Community Development Block grants	69
Total	$ 289

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2015 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)
2015	$ 5,609
2016	4,433
2017	4,061
2018	3,826
2019	3,408
2020-2024	18,471
2025-2029	18,662
2030-2034	11,567
2035 and beyond	5,801
Total	$ 75,838

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, 2014 were as follows:

General liability claims	$ 13,358,000
Workers' compensation claims	12,346,000
Unemployment claims	466,000
Pollution remediation obligation	1,413,000

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

	2013	2014
Beginning of year liability	$ 23,784,000	$ 25,804,000
Current year claims and changes in estimates	5,118,000	6,847,000
Claim payments	(3,098,000)	(5,068,000)
End of year liability	$ 25,804,000	$ 27,583,000

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:

	2013	2014
Beginning of year liability	$ -	$ 7,098,000
Current year claims and changes in estimates	62,530,000	93,561,000
Claim payments	(55,432,000)	(92,648,000)
End of year liability	$ 7,098,000	$ 8,011,000

Several plaintiffs have brought a series of approximately a dozen similar lawsuits against the City for the refund of allegedly excessive property taxes on various commercial properties such as apartment buildings and pharmacies. The Circuit Court branches have begun to schedule trials in the last half of 2014.

A plaintiff has challenged the assessment of its billboards in a section 74.37 action. The Wisconsin Supreme Court decided in 2006 that the economic scarcity value of the city-issue billboard permit has value that can be assessed as real property. The Joint Finance Committee of the Wisconsin Legislature recently approved a new property tax exemption for these permits that would end this assessment as of January 1, 2014, if adopted by the full Legislature and signed by the Governor. This would effectively reverse the Supreme Court decision, leaving the taxes the City collected in 2009, 2010, 2011 and 2012 still at issue in the court. The circuit court branches have begun to scheduling trials in the last half of 2014, however, these cases are still pending.

Several Plaintiffs are contesting the property tax assessments of their contiguous oil terminals. They allege that the City's inclusion of the value of certain through-put contracts is contrary to law and that a tax refund is warranted. The City asserts that the inclusion of the value of these contracts in the assessment is consistent with the law because they run with the property. The four separate cases have been consolidated in court for a trial in 2015. This case is still pending.

A total of 19 lawsuits have been filed related to body cavity and strip search cases at the City of Milwaukee as of December 31, 2014. Three have been settled and 16 still remain pending.

Additionally, in 2014, six new lawsuits were filed against the City of Milwaukee. These are related to individual claims against the City, two businesses filing suit against the City related to not granting licenses and finally a taxicab company filing a lawsuit against the City for the City removing the taxicab permit limits.

However, in 2014, four cases were settled related to the following cases. The first one was a case against a police officer, which was settled for $1,200,000. Another case of a citizen who claimed he was unlawfully shot by a police officer was settled for $190,000.

Chaunte Ott had filed suit in 2009 that he was wrongly convicted of murder and imprisoned for 13 years. This case was settled for $6,500,000. Lastly, a case from 2007 where a city resident was rear-ended by a city vehicle filing for damages was settled for $40,000.

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 2014, the City spent $38,000 in pollution remediation-related activities. At December 31, 2014, the City has an outstanding liability of $1,413,000 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City has accrued $233,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. The City spent $75,374 in post-closure care of solid waste landfills during 2014. 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, 2014.

Commitments

The following is a list of encumbrances by function at December 31, 2014:

	General Fund	Capital Projects	Water Works	Total
		(Thousands of Dollars)		
General government	$ 16,072	$ 11	$ -	$ 16,083
Conservation and development	138	4,597	-	4,735
Health	186	-	-	186
Library	130	3,043	-	3,173
Public safety	3,656	3,759	-	7,415
Public works	1,035	-	-	1,035
Infrastructures	-	37,650	8,199	45,849
Total	$ 21,217	$ 49,060	$ 8,199	$ 78,476

14. SUBSEQUENT EVENTS

On February 12, 2015, the City issued $4,135,000 of Extendable Municipal Commercial Paper for refunding purposes. This issuance was repaid on May 28, 2015.

On March 2, 2015, the City issued $29,325,000 of Extendable Municipal Commercial Paper for refunding purposes. This issuance was repaid on May 28, 2015.

On March 11, 2015, the City was advanced $6,590,067 on the 2014 Clean Water Fund loan from the State for Water Works purposes. Annual payments are required in each of the years 2015 through 2034.

On May 28, 2015, the City issued $125,000,000 of general obligation cash flow promissory notes for cash flow purposes. The maturity date is December 23, 2015, and is anticipated to be repaid from the receipt of State shared revenues.

On May 28, 2015, the City issued $131,270,000 of general obligation promissory notes, series N2 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2016 through 2025.

On May 28, 2015, the City issued $27,565,000 of general obligation corporate purpose bonds, series B3 for capital projects and refunding purposes. The bonds mature in each of the years 2026 through 2032.

On May 28, 2015, the City issued $21,490,000 of general obligation corporate purpose bonds, series T4 for capital projects. The bonds mature in each of the years 2026 through 2032.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 188,270	$ 188,270	$ 179,269	$ (9,001)
Other taxes	3,022	3,837	6,091	2,254
Licenses and permits	13,921	13,921	16,063	2,142
Intergovernmental	259,956	259,956	260,886	930
Charges for services	112,958	113,446	114,743	1,297
Fines and forfeits	4,755	4,755	4,577	(178)
Other	28,457	28,457	32,284	3,827
Total Revenues	611,339	612,642	613,913	1,271
Expenditures:				
Current:				
General government	273,522	275,922	254,418	21,504
Public safety	269,098	268,001	267,344	657
Public works	97,450	103,334	103,244	90
Health	9,269	9,472	9,028	444
Culture and recreation	16,229	16,380	16,342	38
Conservation and development	3,344	3,520	3,519	1
Total Expenditures	668,912	676,629	653,895	22,734
Deficiency of Revenues over Expenditures	(57,573)	(63,987)	(39,982)	24,005
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	4,948	139,948	135,000
Transfers in	32,875	34,519	46,912	12,393
Transfers out	-	-	(137,119)	(137,119)
Contributions received	30,451	30,451	23,752	(6,699)
Contributions used	(25,282)	(24,984)	(24,001)	983
Use of fund balance - reserved for tax stabilization	20,000	20,000	20,000	-
Total Other Financing Sources and Uses	58,044	64,934	69,492	4,558
Net Change in Fund Balance	471	947	29,510	28,563
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	83,534	83,534	83,534	-
Fund Balance - Ending	**$ 84,005**	**$ 84,481**	**$ 113,044**	**$ 28,563**

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 $20 million at January 1, 2014.

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 2014, this amount was $13.5 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, 2014
(unaudited)

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
1/1/2012	-	946,857,500	946,857,500	0.0%	409,571,707	231.20%
1/1/2013	-	888,982,700	888,982,700	0.0%	382,794,900	232.23%
1/1/2014	-	928,496,000	928,496,000	0.0%	408,230,744	227.44%

See accompanying independent auditors' report.

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, 2014
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.

REMAINDER OF FINANCIAL SECTION
Combined and Individual Fund Statements and Schedules
Miscellaneous Financial Data

STATISTICAL SECTION

Pages 101-162 Omitted

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APPENDIX B

Draft Forms of Legal Opinions

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May 20, 2016

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of $90,000,000 aggregate principal amount of Revenue Anticipation Notes, Series 2016 R1 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 19, 2016.

The Notes constitute an issue of "revenue anticipation notes" under Section 67.12(1) of the Wisconsin Statutes and are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Notes are dated May 20, 2016, mature (without option of prior redemption) on December 20, 2016 and bear interest from their date at the rate of one and one half per centum (1.50%) per annum payable at maturity.

In our opinion, the Notes are valid and legally binding limited obligations of the City; payment of the principal of and interest on the Notes is secured by an irrevocable pledge of State of Wisconsin aid payments to be received by the City and by a pledge of all other general fund revenues included in the City budget for the current calendar year, which are due to the City and have not yet been received as of the date of issuance of the Notes and which are not otherwise pledged or assigned. The Notes are not general obligations of the City and neither the full faith and credit nor the general taxing power of the City is pledged as security for the payment of the principal of or interest on the Notes. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

Interest on the Notes is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 20, 2016

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of $124,670,000 aggregate principal amount of General Obligation Promissory Notes, Series 2016 N2 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 19, 2016.

The Notes constitute an issue of "promissory notes" under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Notes are dated May 20, 2016, mature (without option of prior redemption) on March 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on September 1, 2016 and semiannually thereafter on March 1 and September 1 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2017	$24,960,000	2.00%
2018	17,115,000	3.00
2019	13,575,000	3.00
2020	13,230,000	4.00
2021	13,025,000	4.00
2022	8,730,000	4.00
2023	8,220,000	4.00
2024	8,550,000	4.00
2025	8,605,000	4.00
2026	8,660,000	4.00

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

Interest on the Notes is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 20, 2016

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of $40,675,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2016 B3 (the "Bonds") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on December 20, 2011, February 5, 2013, January 22, 2014, January 21, 2015 and January 19, 2016.

The Bonds constitute an issue of "corporate purpose bonds" under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Bonds are dated May 20, 2016, mature on March 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on September 1, 2016 and semiannually thereafter on March 1 and September 1 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2027	$7,535,000	2.00%
2028	7,565,000	2.25
2029	7,600,000	2.50
2030	7,515,000	3.00
2031	7,555,000	3.00
2032	1,435,000	3.00
2033	1,470,000	3.00

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on March 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Bonds, however, is includable in earnings and profits of a

corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted to comply with these requirements.

Interest on the Bonds is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 20, 2016

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of $27,405,000 aggregate principal amount of Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4 (the "Bonds") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on December 20, 2011, February 5, 2013, January 22, 2014, January 21, 2015 and January 19, 2016.

The Bonds constitute an issue of "corporate purpose bonds" under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Bonds are dated May 20, 2016, mature on March 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on September 1, 2016 and semiannually thereafter on March 1 and September 1 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2017	$1,380,000	2.00%
2018	1,380,000	2.00
2019	2,330,000	2.00
2020	2,350,000	2.00
2021	2,680,000	2.00
2022	2,705,000	2.00
2023	2,395,000	2.00
2024	2,080,000	2.11
2025	2,110,000	2.23
2026	2,145,000	2.42
2027	935,000	2.57
2028	960,000	2.67
2029	985,000	2.77
2030	715,000	2.87
2031	730,000	2.93
2032	755,000	3.00
2033	770,000	3.00

The Bonds maturing on or after March 1, 2027 are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on March 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The

enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Wisconsin income taxes.

Respectfully submitted,

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APPENDIX C

Form of Continuing Disclosure Certificate
and list of EMMA filings for the past 5 years

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the "Certificate") dated as of December 1, 2010 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the "City") and pursuant to resolution 100846 duly adopted by the Common Council of the City on November 23, 2010 (the "Resolution"). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

ARTICLE I - Definitions

Section 1.1. Definitions. The following capitalized terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the financial information and operating data as described in an Addendum Describing Annual Report (Exhibit B); and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(c) and (d) of this Certificate.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a new Addendum Describing Annual Report shall be executed describing the information to be provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the City may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification, other than modifications prescribed by GASB, shall be provided to the Repository, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(3) "Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the City.

(4) "GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

(5) "GASB" means the Governmental Accounting Standards Board.

(6) "Material Event" means any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults, if material;
(iii) unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) unscheduled draws on credit enhancements reflecting financial difficulties;
(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Offered Obligations, or other events affecting the tax-exempt status of the Offered Obligations;

(vii) modifications to rights of Security Holders, if material;

(viii) bond calls, if material;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;

(xi) rating changes;

(xii) tender offers;

(xiii) bankruptcy, insolvency, receivership or similar event of the Obligor (as specified in the Addendum Describing Annual Report).

The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligor.

(xiv) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of substantially all of the assets of the Obligor, other than pursuant to its terms, if material; and

(xv) appointment of a success or additional trustee or the change of name of a trustee, if material.

(7) "Material Event Notice" means notice of a Material Event.

(8) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

(9) "Offered Obligations" means an issue of municipal securities of the City in connection with which the City has executed and delivered a Supplemental Certificate (Exhibit C).

(10) "Official Statement" means the "final official statement" as defined in paragraph (f)(3) of the Rule.

(11) "Repository" means the SID and repository(ies), as designated from time to time by the SEC to receive continuing disclosure filings. The SID, repository(ies), and filing information are set forth in the Addendum Describing Repository and SID (Exhibit A) as may be revised from time to time.

(12) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this

Certificate, including any amendments and official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(13) "SEC" means the United States Securities and Exchange Commission.

(14) "Security Holders" means the holders from time to time of Offered Obligations.

(15) "SID" means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of this Certificate, there is no SID.

(16) "State" means the State of Wisconsin.

(17) "Unaudited Financial Statements" means the same as Audited Financial Statements, except the same shall not have been unaudited.

(18) "Underwriters" means the underwriter(s) purchasing an issue of Offered Obligations.

ARTICLE II - The Undertaking

Section 2.1. Purpose. This Certificate shall apply to Offered Obligations, and shall constitute a written undertaking for the benefit of the Security Holders, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2. Annual Financial Information. (a) The City shall provide Annual Financial Information for the City with respect to each fiscal year of the City, by no later than nine months after the end of the respective fiscal year, to the Repository.

(b) The City shall provide, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) above to the Repository.

Section 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the City shall provide Audited Financial Statements, when and if available, to the Repository.

Section 2.4. Notices of Material Events. (a) If a Material Event occurs, the City shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a Material Event Notice to the Repository.

(b) Upon any legal defeasance of an Offered Obligation, the City shall provide notice of such defeasance to the Repository, which notice shall state whether the Offered Obligations to be defeased have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 2.5. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this

Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Material Event Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

ARTICLE III - Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) either (1) provided to the Repository existing at the time of such reference, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from the MSRB.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Material Event Notices. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Offered Obligations.

Section 3.4. Transmission of Information and Notices. Transmission of information and notices shall be as prescribed by the SEC and the Repository. The transmission requirements are described in the Addendum Describing Repository.

ARTICLE IV - Termination, Amendment and Enforcement

Section 4.1. Termination. (a) The City's obligations under this Certificate with respect to an Offered Obligation shall terminate upon legal defeasance, prior redemption or payment in full of the Offered Obligation.

(b) This Certificate or any provision hereof, shall be null and void in the event that the City (1) delivers to the City an opinion of Counsel, addressed to the City, to the effect that those portions of the Rule which require the provisions of this Certificate or any of such provisions, do not or no longer apply to the Offered Obligations, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the Repository.

Section 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the Comptroller, without the consent of the Security Holders if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby; (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the City shall have received an opinion of Counsel addressed to the City, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the Security Holders; and (4) the City delivers copies of such opinion and amendment to the Repository.

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate;

(2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

(c) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, other than changes prescribed by GASB, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the City to the Repository.

Section 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the Security Holders. Beneficial owners of Offered Obligations shall be third-party beneficiaries of this Certificate.

(b) Except as provided in this subparagraph (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the City to comply with the provisions of this Certificate shall be enforceable by the Security Holders, including beneficial owners of Offered Obligations. The Security Holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of Offered Obligations pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Security Holders for purposes of this subsection (b).

(c) Any failure by the City to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING REPOSITORY AND SID

This Addendum Describing Repository (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "Issuer") pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the filing information as specified by the Securities and Exchange Commission.

Repositories

In December, 2008, the Securities and Exchange Commission modified Exchange Act Rule 15c2-12 to require that Continuing Disclosure shall be made to the Electronic Municipal Market Access system administered by the MSRB ("EMMA"). Pursuant to that modification, continuing disclosure filings will be provided to the Municipal Securities Rulemaking Board for disclosure on the EMMA system.

Information submitted to the MSRB for disclosure on the EMMA shall be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SID (State Information Depository)

None.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT

This Addendum Describing Annual Report for General Obligation Debt (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "City") pursuant to the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the content of Annual Financial Information prepared with respect to general obligation debt of the Issuer. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

WMM:RL

SUPPLEMENTAL CERTIFICATE

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated December 1, 2010. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

$90,000,000 Revenue Anticipation Notes, Series 2016 R1
$124,670,000 General Obligation Promissory Notes, Series 2016 N2
$40,675,000 General Obligation Corporate Purpose Bonds, Series 2016 B3
$27,405,000 Taxable General Obligation Corporate Purpose Bonds, Series 2016 T4

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT

Date of Issues:

May 20, 2016

No Previous Non-Compliance. The Issuer represents that for the period beginning 6 years prior to the date hereof, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, this Supplemental Certificate is executed this 20th day of May, 2016.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

MM:RL

City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2011

			CAFRF (1)	
Date	Submission ID	Description of Filing	City	MPS
5/2/2016	ER755640	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
4/26/2016	EP735155	POS: Series 2016 T4		
4/26/2016	EP735154	POS: Series 2016 N2, B3		
4/26/2016	EP735152	POS: Series 2016 R1		
3/8/2016	ES622894	Rating Change: Moody's on RACM (MPS NSI) to "A1" and "A2"		
1/4/2016	ES611748	CAFR, MPS, 6/30/15		2015
1/4/2016	ES611742	Bond Call: 2006 B2		
11/19/2015	EP705011	Reoffering Circular, Series 2012 V10		
10/5/2015	ER730150	OS Series 2015 M7 MPS RANs		
9/22/2015	ES596432	POS: Series 2015 M7 MPS RANs		
9/10/2015	EA600555	CAFR, City, 12/31/14, previous file replaced with final formatting		
7/31/2015	EA600555	CAFR, City, 12/31/14, raw formatting (archived)	2014	
7/1/2015	ER718386	Bond Call: 2005 B10, 2019-2022 maturities		
7/1/2015	ER716342	Bond Call: 2005 B10, 2016-2018 maturities		
6/29/2015	ER713827	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
6/26/2015	ER712870	Official Statement RACM 2015A MPS QSCB		
6/4/2015	EP687877	Failure to file CAFR, City by June 30		
5/26/2015	EP685340	OS Series 2015 T4		
5/26/2015	EP685338	OS Series 2015 N2 B3		
5/26/2015	EP685335	OS Series 2015 R1		
5/8/2015	ER699706	POS: Series 2015 R1, N2, B3, and T4		
5/1/2015	ER697247	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
1/30/2015	EA572313	CAFR, MPS, 6/30/14		2014
1/23/2015	EA566970	Bond Call: 2005 B2, 2018-2022 maturities		
1/20/2015	EA564896	Bond Call: 2005 A5		
1/8/2015	ER670752	Bond Call: 2005 B2, 2018-2022 maturities		
12/31/2014	ER667442	Bond Call: 2005 B2		
10/23/2014	ER645647	Successor Trustee: 2009 M6, and 2010 M6 QSCB		
10/14/2014	EA543863	OS Series 2014 M4		
10/7/2014	EA472095	2012 CAFR, City updated to also be the AFI filing		
10/1/2014	EP666595	POS Series 2014 M4		
7/31/2014	ER639237	CAFR, City, 12/31/13	2013	
7/29/2014	ER637373	Pension Actuarial Valuation Report, 1/1/13		
7/29/2014	ER637379	Pension Actuarial Valuation Report, 1/1/14		
7/18/2014	ER635579	Successor Trustee, 2003 RACM Pension Bonds		

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2011

			CAFRF (1)	
Date	Submission ID	Description of Filing	City	MPS
7/14/2014	EA521008	Bank Loan, Series 2013 T4, PNC Line		
6/3/2014	ER626851	Failure to file CAFR, City by June 30		
5/9/2014	EA508249	Official Statement with updated financial information		
5/9/2014	EA508254	Official Statement with updated financial information		
5/9/2014	EA508256	Official Statement with updated financial information		
4/11/2014	EP645783	Rating Change: Moody's on City to "Aa3"		
1/30/2014	ER606473	Bond Call: Series 2004 B1		
12/29/2013	ER598943	CAFR, MPS, 6/30/13		2013
10/18/2013	ER579753	Official Statement with updated financial information		
9/13/2013	ER570974	CAFR, City, 12/31/11 (color)		
9/13/2013	ER570972	Official Statement with updated financial information		
8/20/2013	EA472095	CAFR, City, 12/31/12	2012	
6/26/2013	EA461298	Failure to file CAFR, City by June 30		
6/26/2013	EA461481	Bond Call: RACM 2003A (MPS NSI)		
6/17/2013	EA457491	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
5/15/2013	EA454755	Bond Call: 2004 B1		
5/15/2013	EA454753	Bond Call: 2003 B6		
5/15/2013	EA454742	Refunding: 2003 B6, 2004 B1, RACM 2005A		
5/1/2013	EP614626	Bond Call: Sewer 2003		
4/11/2013	EP612596	Bond Call: RACM 2002A (MPS NSI)		
4/2/2013	EP608693	Bond Call: Sewer 2003 S4		
2/18/2013	EA438554	CAFR, MPS, 6/30/12 (Revised)		
2/6/2013	EA440349	Bond Call: 2003 B1		
12/28/2012	ER529554	CAFR, MPS, 6/30/12		2012
10/3/2012	EP573117	Rating Change: Fitch on City to "AA"		
8/9/2012	EP557070	Bond Call: Series Y		
8/4/2012	EP555645	City Pension Actuarial Valuation Report, 1/1/12		
8/1/2012	ER517058	CAFR, City, 12/31/11 (black and white)	2011	
7/24/2012	ER513579	Bond Call: Series Y		
6/27/2012	ER506658	Failure to file CAFR, City by June 30		
5/4/2012	EP532107	Official Statement with updated financial information		
5/4/2012	EP532139	Defeasance: Series Y, 2003 B1, 2004 B1, 2005 B2, 2005 B10		
4/23/2012	ER498389	Bond Call: Series 2005 V8		
4/18/2012	ER496979	Bond Call: Sewer 2001		
4/16/2012	ER496146	Rating Change: Moody's on City to "Aa2"		
2/7/2012	ER488520	Bond Call: Series W		
2/1/2012	ER486957	Bond Call: Series W		
12/29/2011	ER471009	CAFR, MPS, 6/30/11		2011
12/9/2011	ER460717	Rating Change: S&P on Assured Guarantee to "AA-"		
10/3/2011	EP491777	Bond Call: Series 2005 V8		

City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2011

			CAFRF (1)	
Date	Submission ID	Description of Filing	City	MPS
8/29/2011	EP470073	CAFR, City, 12/31/10	2010	
7/18/2011	EP459500	Bond Call: Series T		
7/18/2011	EP459484	Bond Call: Series U		
7/7/2011	ER426014	Bond Call: Series T		
6/20/2011	ER418455	Modification of Rights: Sewer 2001, Sewer 2003 S4		
6/9/2011	ER414894	Failure to file CAFR, City by June 30		
6/9/2011	ER414892	Official Statement with updated financial information		
6/9/2011	ER414891	Official Statement with updated financial information		
6/9/2011	ER414890	Bond Call: Series U		
6/9/2011	ER414889	Bond Call: Series T		
6/9/2011	ER414887	Defeasance: Sewer 2001, Sewer 2003 S4		

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.

The Depository Trust Company ("*DTC*"), New York, NY, will act as securities depository for the Offered Obligations. The Offered Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Offered Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "*banking organization*" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "*clearing corporation*" within the meaning of the New York Uniform Commercial Code, and a "*clearing agency*" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U. S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Offered Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Obligations on DTC's records. The ownership interest of each actual purchaser of each Note ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Obligations, except in the event that use of the book-entry system for the Offered Obligations is discontinued.

To facilitate subsequent transfers, all Offered Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Obligations with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered

Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Offered Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Offered Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Offered Obligations by causing the Direct Participant to transfer the Participant's interest in the Offered Obligations, on DTC's records, to Agent. The requirement for physical delivery of Offered Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Obligations to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Offered Obligations at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note or Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE CITY, THE PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE OFFERED OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OFFERED OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OFFERED OBLIGATIONS; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF OFFERED OBLIGATIONS.

CITY OF MILWAUKEE
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INCORPORATED JAN. 31 1846