Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2016

Office of the Comptroller

Martin Matson
Comptroller

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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Martin Matson
Comptroller

Aycha Sirvanci, CPA, CIA
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Rocklan Wruck, CPA
Special Deputy Comptroller

Office of the Comptroller

July 27, 2017

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

Dear Mayor and Council Members:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Milwaukee for the fiscal year ended December 31, 2016. This report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee. The report was prepared by the Office of the Comptroller in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units separately. The CAFR reflects the actual financial activity of the past year rather than proposed activity for a future year which is presented in the City's Annual Budget.

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

An independent firm of licensed certified public accountants, CliftonLarsonAllen LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodifieded opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP.

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

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Milwaukee was incorporated as a city on January 31, 1846, pursuant to the laws of the territory of Wisconsin. The City, in operation under a Home Rule Charter since 1874, provides for a council-mayor form of government.

The Mayor, Comptroller, Treasurer, City Attorney, and 15 Common Council members are elected officials of the City. Local elections are nonpartisan. Officials are elected to identical four-year terms. The most recent City of Milwaukee general election for these positions was held in April 2016. The Mayor is the Chief Executive Officer and maintains a cabinet form of government controlling major City departments by appointing department heads subject to confirmation by the Common Council. The Mayor is responsible for the preparation of an annual city expenditure budget, subject to review and adoption by the Common Council. The Common Council is responsible for the management and control of the finances and property of the City and has the full power and authority to establish, enforce, and modify all regulations for the government. The Comptroller, as the Chief Financial Officer for the City, is responsible for establishing City accounting policies and procedures, revenue estimating and monitoring, examination and investigation of all matters related to the finances of the City, issuance of debt and financial reporting. The City Treasurer is responsible for the receipt, disbursement, and investment of all monies accruing to the City, including the collection of property taxes. The City Attorney is responsible for all legal matters of the corporation, including furnishing legal opinions, drafting all legal documents and defending the City in any legal actions.

The City of Milwaukee provides a full range of municipal services, including police and fire protection, sanitation, health, culture and recreation, public works, conservation and development and administrative support services. Also included in this report are the enterprise operations of the Metropolitan Sewerage District User Charge, Parking, Port, Sewer Maintenance, and Water Works. These activities are under the direct oversight of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability, and the exclusion of which would cause these financial statements to be misleading or incomplete, are considered component units and are part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units for fiscal year 2016: Century City Redevelopment Corporation, the Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation.

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

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, WI. It is the 31st largest city in the United States with a 2016 WI Department of Administration estimated population of 594,667. Milwaukee is the largest city, by population, in the State and also the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the State with a combined population of 2.04 million for the Milwaukee-Racine-Waukesha metropolitan area.

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

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

Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In the past few decades, major new additions to the City include the Milwaukee Riverwalk, the Wisconsin Center, Miller Park, the Calatrava (an internationally renowned addition to the Milwaukee Art Museum and Pier Wisconsin), as well as major renovations to the University of Wisconsin – Milwaukee Panther Arena. Many new condos, lofts, and apartments have been constructed or are under construction within the lakefront and riverfront neighborhoods.

Milwaukee plays an important role in international and domestic trade. Of vital importance to both the local and state economies, the Port of Milwaukee is an international seaport providing transportation and distribution services to commercial businesses in the area. The protected harbor permits year-round use of the port with access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through the Mississippi River. The Port of Milwaukee processed over 2 million metric tons of cargo in 2016. The Port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to the U.S. Coast Guard, and the U.S. Naval Reserve. The Harbor Commission also facilitates public access, cultural and recreational activities for the general public by leasing property to the Milwaukee Art Museum, Milwaukee World Festivals, Discovery World, cruise ships and the Lake Express high-speed ferry.

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

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. The City currently has 31 active Business Improvement Districts and 49 active Tax Incremental Districts and manages various Development Fund Projects to promote urban renewal throughout the City. The City of Milwaukee cooperates with surrounding governmental jurisdictions, working together to promote economic development. This approach won praise recently from the Brookings Institution's Vice President and Director of its Metropolitan Policy Program, Amy Liu (http://www.brookings.edu/blogs/the-avenue/posts/2016/04/27-milwaukee-economic-development-liu). Quoting Ms. Liu: "…this region is proving that it's possible for jurisdictions, businesses, and nonprofit organizations to join forces and remake economic development—embracing shared assets—to create durable, inclusive growth."

The City of Milwaukee is undergoing an amazing revitalization as evidenced by the downtown building boom. Northwestern Mutual is changing the city's skyline with a 32 story office tower that will have over a million square feet of office space. It will be the largest office structure in the State of Wisconsin. As of this date, the tower is almost complete and employees will be moving in late summer of 2017. Additionally, Northwestern Mutual is building a 33 story upscale apartment tower downtown with an estimated cost of $100 million set to finish in the spring of 2018. The City is also constructing the first phase of the Milwaukee Streetcar line. An expansion, scheduled to break ground in 2018 has already been approved. The City, County and State worked together to approve a financing package for a new $534 million Milwaukee Bucks Arena. Public financing is limited to $250 million. The new Arena is currently being constructed next to the BMO Harris Bradley Center. Both the Northwestern project; and the new Buck's Arena include resident preference goals, requiring the employment of local residents during construction. Over the next two years, a new high-rise, named the Couture, will be built along Milwaukee's lakefront. The Couture, will be a 44-story, $122 million mixed use development, containing both apartments and retail. It is expected to create more than 2,000 jobs, and similar to other downtown projects, requires the employment of local residents during construction. In 2016, there were 2,196 units of housing either completed or under construction in the greater downtown area.

In 2016, many companies moved into to the City of Milwaukee from other areas including HSA Bank, Hammes Company, Bader Rulter and Plunkett Raysich Architects. These companies relocated to the downtown, Third Ward,

and Schlitz Park areas. Additionally, BMO Harris Bank is building a new downtown office tower and a new branch in the Sherman Park neighborhood.

City-wide, approximately 14,000 new housing units have been constructed in the last twelve years. Also, the City and private sector interests have joined in a formal partnership to chart a course for development and recreational opportunities in the area around the Milwaukee harbor which includes the Port of Milwaukee, the University of Wisconsin-Milwaukee's School of Freshwater Science, and the headquarters of Rockwell International. The City continues its efforts to market and redevelop the 30th Street Industrial Corridor known as the Century City Business Park. Century City, which has the potential to be a major employment center and economic hub, encompasses 60 acres of industrial-use land. A 53,000 square foot industrial building has been completed and is ready for occupancy. A new round of construction is about to begin including a greenway and other infrastructure improvements. The North End, a development project that runs along the Milwaukee River on the north end of downtown, is nearly finished. Phase II, which includes155 residential units, has been completed. Phase III, which includes a $53 million mixed use project with 168 residential units and 28,000 square feet of retail has also been completed and is open for business. Phase IV broke ground in January 2016 for a six story, 155-unit apartment building has recently been completed as well. In 2017, Phase V, commenced with the construction of 89 apartments, and is planned for a 2018 completion.

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

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

ECONOMIC OUTLOOK

For the year 2016, the City's unemployment rate averaged approximately 5.8%; compared to the State of Wisconsin average of 4.1% and the United States average of 4.9% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate decreased almost one percentage point in 2016 from 6.7% in 2015.

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain high investment grade ratings of AA from Fitch and Standard & Poor's, for the City's most recent 2017 General Obligation Bonds and Notes. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best) rating with D being the lowest (worst). The AA rating indicates the City's bonds are considered high, credit quality, investment grade issues. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies have indicated that the City's bond ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, and a diverse tax base. The City keeps the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest, nor has the City ever issued any new debt for the purpose of paying the principal or interest on current debt, in an effort to prevent default.

The 2016 property tax rate for 2017 purposes is $10.75 compared to the prior year's $10.61 per $1,000 of assessed value. The 2017 budgetary City property tax levy of approximately $263.8 million represents a slight increase compared to the $256.7 million in 2016. The estimated assessed value used for 2017 budget purposes was $24.5 billion, approximately $300 million higher than the prior year. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2016 was 27.5% compared to 28.6% for 2015 as depicted in Exhibit E-1.

Property tax increases are limited by state legislation. The 2017 budget estimates intergovernmental revenues of $265.3 million which is an increase of $2.6 million from 2016. The largest amount of state aids comes in the form

of State Shared Revenue. It is expected to be $219 million in 2017, roughly the same as 2016. The state transportation aids (the second largest category) total $26.8 million for 2017, an increase of approximately $400,000 from 2016. Another large State aid is the Expenditure Restraint Payment. The intent of this program is to reward communities who control their General Fund expenditures and the City is estimated to receive $9 million for 2017. Due to relatively flat State aids in recent years, revenue diversification and enhancement are essential to retaining existing service levels. However, State restrictions on the type of charges for service that are available to municipalities restrict the City's ability to diversify revenue. Two such revenue sources in the 2017 Charges for Services category are the solid waste fee of $39.6 million and the snow and ice fee totaling $8.9 million. Total Charges for Services are estimated to increase $200,000, to $127 million, in 2017.

The City remains in good financial condition, as is depicted in Note 9 of the Notes to the Financial Statements. The General Fund maintains a Reserve for Tax Stabilization (a fund balance account) that accumulates the net of revenues and other financing sources less expenditures and other financing uses, and, less other fund reserves. For 2016, this reserve was decreased by $5 million to a year-end balance of $84 million compared to $89 million for 2015. The 2017 budget includes a withdrawal of $27.6 million, leaving that portion of the Reserve for Tax Stabilization available for future years at $50.7 million, after reserving for advances of $5.7 million to the Capital fund.

MAJOR CAPITAL PROJECTS

The 2017 capital budget includes funds for various infrastructure and building projects. For 2017, the City capital improvements budget, not including enterprise funds and grants and aid funding, totals $151 million, a decrease of 11% or $18.6 million from the 2016 budget of $169.6 million. Funding of $53 million for various tax incremental district's and development projects comprises 35% of the total capital budget for 2017. The Department of Public Works budget for bridges ($6.9 million), street/paving construction ($33 million), various building, equipment and forestry projects ($14 million) and City Hall Foundation ($13 million), totals $66.9 million or approximately 44% of the total 2017 capital budget. Police projects ($7.6 million), Fire projects ($2.9 million) and Library projects ($2.8 million) in the aggregate total $13.3 million or 9% of the total capital budget. The remainder of capital funding for 2017 is spread among a variety of City departments.

The 2017 Plan and Budget Summary for capital projects includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose components total at least $2 million. The major projects planned for 2017 total $22.5 million and are comprised of five major street projects. The City has a Capital Improvements Committee to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Enterprise Fund and component entities that maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments by the City Treasurer was approximately 0.43% in 2016 as compared to 0.23% in 2015. The City continued to use the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. The investable balance generates interest earnings for the City, which is used to offset the property tax levy. The City's long-term pooled cash investment program complies with State Statue 66.0603, and earned an annualized net investment rate of return of 1.33% on about $78.2 million in investments.

During 2016, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting ongoing cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled $365 million, compared to $375 million in 2015. The financing was accomplished through offerings of $90 million Revenue Anticipation Notes and $50 million of Extendable Municipal Commercial Paper (EMCP) for City purposes. Offerings of $180 million of Revenue Anticipation Notes and $45 million of EMCP were issued for school purposes. The school purpose borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aid.

During 2016, for temporary borrowing purposes, the City entered into three credit agreements. On November 18, 2016, the City entered into a tax-exempt revolving loan agreement with U.S. Bank National Association (Loan) in the amount of $80,000,000. On December 7, 2016, the City entered into a $50,000,000 taxable and a $100,000,000 tax-exempt line of credit agreements with JPMorgan Chase Bank, National Association (Lines). The Lines and Loan are secured by a

General Obligation pledge of the City and may be drawn upon at any time for public purposes. During 2016, $126 million was drawn on the loans with a balance remaining of $75.5 million at December 31, 2016. The City's Extendable Commercial Paper program expired on May 22, 2017. As of December 31, 2016, there was a zero balance of EMCP outstanding.

RISK MANAGEMENT

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

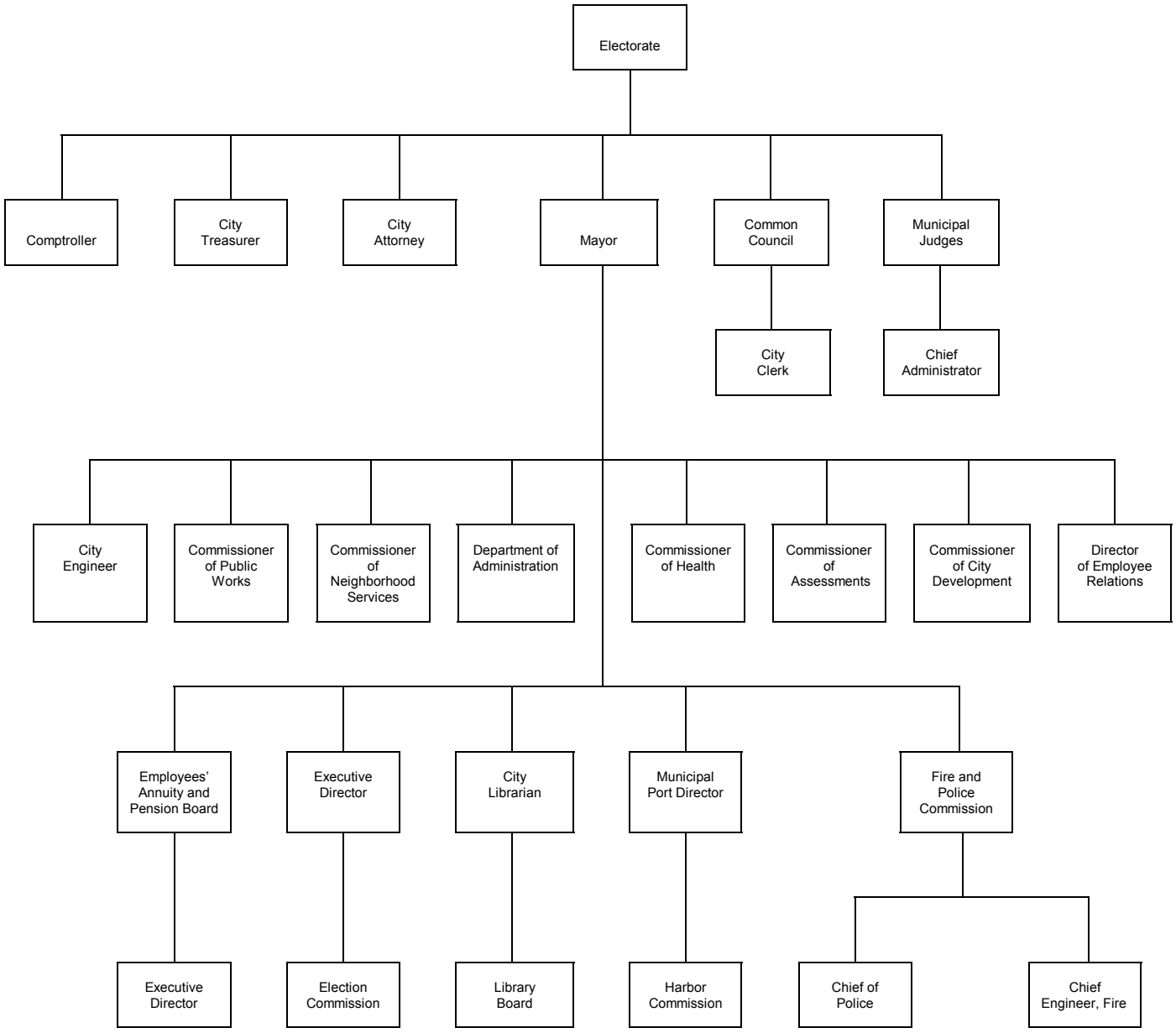
ACKNOWLEDGEMENTS

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

Sincerely,

Martin Matson
Comptroller

CITY OF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2016



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2016

ELECTED

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

COMMON COUNCIL

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

FINANCE RELATED (Non-Elected)

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Members
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin (City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Redevelopment Authority of the City of Milwaukee, the Neighborhood Improvement Development Corporation, and the Century City Redevelopment Corporation, which represents one-hundred percent of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As disclosed in Note 15 to the financial statements, in 2016, the beginning net position of the Redevelopment Authority of the City of Milwaukee was restated to record transactions involving the Milwaukee Public Schools (MPS) as a lease receivable instead of construction in progress. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory section, the statistical section, and the miscellaneous financial data have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2017, on our consideration of the City of Milwaukee, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Milwaukee, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 27, 2017

The Management's Discussion and Analysis (MD&A) section of the City of Milwaukee's (City) Comprehensive Annual Financial Report (CAFR) provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. The MD&A is an integral portion of the CAFR and information reported herein should be read in conjunction with the information presented in the letter of transmittal and the accompanying financial statements and disclosures which follow this section. This section focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

Statement of Net Position

- Total net position (assets less liabilities) at the close of fiscal year 2016 was $897 million, a 9% decrease compared to the previous year's total of $984 million. Of the $897 million net position, $137 million related to governmental activities and $760 million related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled ($856) million. This deficit is caused in part, by the City's significant investments in private-purpose developments which do not produce any direct financial return to the City. The City also finances certain long-term liabilities as they come due rather than when they are incurred.

- The vast majority of the City's net position is capital assets, most of which do not generate revenues by their use. Total net position is comprised of the following:
  - Capital assets, including property and equipment, net of related debt and accumulated depreciation – $1.501 billion.
  - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $178 million.
  - Unrestricted net deficit – $(782) million.

- The total 2016 year-end other post-employment benefits (OPEB) obligation is $423 million; an increase of 13% from the 2015 obligation of $374 million. The obligation is based on an actuarial valuation as of January 1, 2016, which indicates the 2016 actuarial accrued liability for benefits was $1 billion over a 30-year amortization period.

- In 2015, the City implemented GASB 68 for pensions. The 2016 year-end, net pension liability is $349 million, based on an actuarial valuation as of January 1, 2015, rolled forward to January 1, 2016. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.

- Total 2016 liabilities increased to $2.5 billion ($2.219 billion long-term and $311 thousand short-term) from the 2015 total of $2.129 billion ($1.857 billion long-term and $272 thousand short-term). The long-term portion of total liabilities, including amounts due within one year, is shown below.

	2015	2016
	(in millions)	
Outstanding debt	$ 1,308	$ 1,364
OPEB	374	423
Pension	94	349
Compensated absences	50	49
Claims and judgments	31	33
Total	$ 1,857	$ 2,219

Statement of Activities

- Governmental expenses were $1.0 billion while combined program revenues were $225 million, a difference of $777 million. However, general revenues and transfers were $675 million, resulting in a $102 million decrease to net position for the year. Business-type activity expenses were $204 million while combined program revenues were $257 million, resulting in a surplus of $53 million. Miscellaneous revenue and transfers out reduced this excess by $38 million, resulting in a $15 million increase of net position.

- Governmental revenues of $900 million, which supported 90% of total 2016 governmental expenses, were comprised of the following.

	Amount	Percentage of Total Revenue	Percentage of Total Expense
Program revenues	$ 225	25%	22%
Property and other taxes	287	32%	29%
State aids for the general fund	265	29%	26%
Miscellaneous revenues and transfers	124	14%	12%
Total	$ 900	100%	89%

- Business-type activities revenue of $257 million, which supported 126% of 2016 business-type expenses, was comprised of the following.

	Amount	Percentage of Total Revenue	Percentage of Total Expense
Water	$ 100	38%	49%
Sewer	64	25%	31%
Parking	38	15%	19%
Port	7	3%	3%
MMSD sewer user charges	48	19%	24%
Total	$ 257	100%	126%

Fund Financial Statements

- Total governmental fund, year-end 2016 fund balance was $308 million, compared to the 2015 ending fund balance of $345 million, a decrease of $37 million or 11%.

- The 2016 General Fund, year-end fund balance totaled $108 million, a $19 million decrease compared to the 2015 balance of $127 million. The 2016 ending Fund Balance is approximately 14% of the $753 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were $1.0 billion at year-end 2016, an increase of $120 million over the 2015 total of $880 million. In addition, revenue bonds of $190 million, extendable municipal commercial paper of $0 million and state loans of $102 million were outstanding at year end totaling $1.3 billion of debt, a $43 million increase compared to the 2015 total of $1.25 billion.

Required Supplementary Information

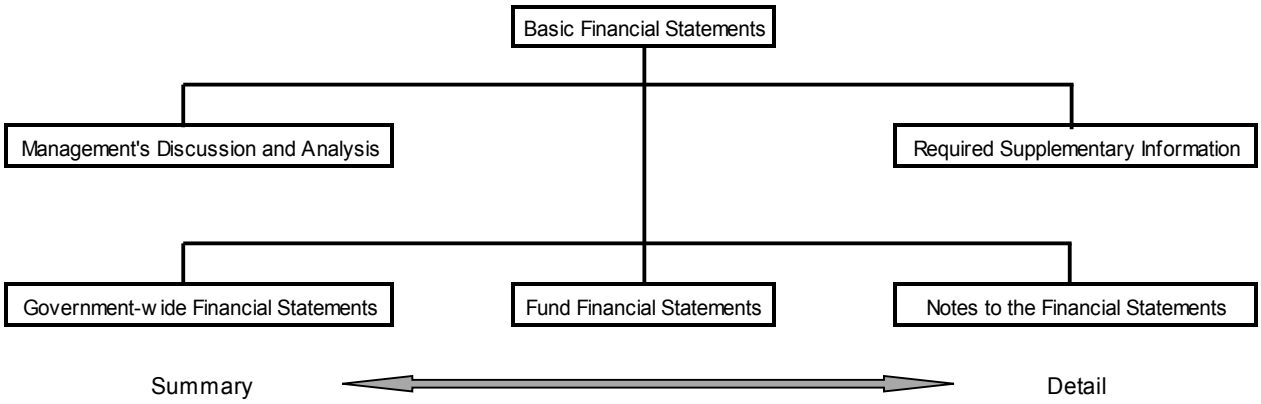
- General Fund operating expenditures were $21 million less than budgeted in 2016. General government expenditures were $19 million lower than budget, accounting for most of the cost reduction.

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 covered and the types of information contained are depicted in table Figure A-2. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

Figure A-2
Major Features of Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The City's major funds begin with Exhibit A-1. The fund financial statements provide detailed information about the most significant financial components of the municipality as opposed to the City as a whole. These individual funds are established for the purpose of executing specific activities and objectives in accordance with Federal, State and local laws and regulations.

The accounts of the City are organized on the basis of funds. Each fund is a separate fiscal and accounting entity with a self-balancing set of accounts including assets, liabilities, equities, revenues and expenditures or expenses.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Summary of Statement of Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. The net position and net expenses of governmental and business-type activities of the City are presented separately below. Table 1 focuses on the net position and Table 2a 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	
	2015	2016	2015	2016	2015	2016
Current and other assets	$ 961,365	$ 989,139	$ 130,847	$ 128,601	$ 1,092,212	$ 1,117,740
Capital assets	1,140,930	1,208,566	1,001,450	1,042,622	2,142,380	2,251,188
Total assets	2,102,295	2,197,705	1,132,297	1,171,223	3,234,592	3,368,928
Loss on refunding	-	-	359	221	359	221
Deferred outflows for pensions	163,941	377,122	6,062	14,406	170,003	391,528
Long-term obligations	1,515,459	1,833,627	341,480	385,157	1,856,939	2,218,784
Other liabilities	219,963	271,342	52,410	39,752	272,373	311,094
Total liabilities	1,735,422	2,104,969	393,890	424,909	2,129,312	2,529,878
Gain on Refunding	1,146	1,479	-	-	1,146	1,479
Deferred inflows for pensions	163	23,140	10	907	173	24,047
Subsequent years property taxes	290,253	307,849	-	-	290,253	307,849
Net position:						
Net investment in capital assets	769,340	816,916	675,510	684,085	1,444,850	1,501,001
Restricted	209,116	176,923	1,174	1,229	210,290	178,152
Unrestricted	(739,204)	(856,449)	68,134	74,720	(671,070)	(781,729)
Total net position	$ 239,252	$ 137,390	$ 744,818	$ 760,034	$ 984,070	$ 897,424

Net position of the City's governmental activities decreased to $137 million for 2016. The portion of net position restricted as to use totaled $177 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled $817 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 $856 million at year end does not imply that the City has inadequate financial resources to meet its current obligations. Rather, the deficit is caused, in part, by the full accrual of future expenses (expenditures) in the current year. The City's annual budgets, however, only include funding (revenue) for one year of multi-year liabilities such as property-casualty claims, employee leave balances and post-employment benefits. This difference between future expenditures and current year revenue is partly responsible for the deficit.

The net position of business-type activities was $760 million in 2016, a 2% increase over the 2015 total of $745 million. The City, generally, can use the net position of business-type activities only to finance the continuing operations of those specific enterprise activities.

Year-end 2016 long-term obligations for governmental activities were $1.8 billion, an increase of 21% over the 2015 amount of $1.5 billion. The $300 million increase is due mostly to pension and OPEB. Year-end long-term obligations related to business-type activities were $385 million, an increase of 13% over the 2015 amount of $341 million. This $44 million increase is due mainly to debt issuance.

Total 2016 primary government assets, including capital assets, were $3.369 billion, an increase of $134 million or 4% from the 2015 amount of $3.235 billion. At year-end 2016, Water Works and Sewer Maintenance Fund capital assets comprised 95% of the City's total capital assets for business-type activities. These two funds are the City's largest enterprise (business-type) funds. The Water Works capital assets consist primarily of water mains and related water facilities and plants; and the Sewer Maintenance Fund includes local sewer mains and connections.

Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2016 totaled $861 million. This composition of this revenue, by category, is reported on Table 2a while the percentage of each revenue category to the total is shown on Chart 4.

Governmental Activity expenses include a wide range of services. Governmental Activity 2016 expenditures were $1 billion. The composition of these expenditures, by category, is reported on Table 2a while the percentage of each expense category to the total is shown on Chart 3.

Program-specific revenues (charges for services) generated about 17% (see Table 2b) of the revenue needed to support the cost of governmental activities. General revenues (taxes, State aids, grants, and miscellaneous) provide the funds for the remaining 83% of expenses.

Governmental activities revenue for 2016 was $142 million below expenditures, $102 million below after a $40 million transfer from business-type activities. Business-type activities revenue exceeded expenditures and transfers by $15 million, net of the $40 million transfer to governmental funds. Chart 1, *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict the comparison of revenues vs. expenditures, by major function.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues:	2015	2016	2015	2016	2015	2016
Program revenues:						
Charges for services	$ 141,318	$ 135,754	$ 251,043	$ 252,631	$ 392,361	$ 388,385
Operating grants and contributions	47,326	47,464	-	-	47,326	47,464
Capital grants and contributions	22,796	41,993	2,740	4,965	25,536	46,958
General revenues:						
Property taxes and other taxes	287,602	286,513	-	-	287,602	286,513
State aids for General Fund	263,350	265,191	-	-	263,350	265,191
Miscellaneous	89,487	83,919	1,709	1,426	91,196	85,345
Total revenues	851,879	860,834	255,492	259,022	1,107,371	1,119,856
Expenses						
General government	204,691	255,177	-	-	204,691	255,177
Public safety	399,620	423,903	-	-	399,620	423,903
Public Works	182,340	174,470	-	-	182,340	174,470
Health	20,249	21,594	-	-	20,249	21,594
Culture and recreation	25,315	24,375	-	-	25,315	24,375
Conservation and development	88,252	77,670	-	-	88,252	77,670
Capital contribution to Milwaukee Public Schools	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Interest on long-term debt	24,749	25,109	-	-	24,749	25,109
Water	-	-	72,141	73,620	72,141	73,620
Sewer Maintenance	-	-	49,661	53,002	49,661	53,002
Parking	-	-	25,233	25,005	25,233	25,005
Port of Milwaukee	-	-	4,005	4,306	4,005	4,306
Metropolitan Sewerage District User Charges	-	-	46,850	48,271	46,850	48,271
Total expenses	945,216	1,002,298	197,890	204,204	1,143,106	1,206,502
Change in net position before transfers	(93,337)	(141,464)	57,602	54,818	(35,735)	(86,646)
Transfers	43,038	39,602	(43,038)	(39,602)	-	-
Change in net position	(50,299)	(101,862)	14,564	15,216	(35,735)	(86,646)
Net position – Beginning	289,551	239,252	730,254	744,818	1,019,805	984,070
Net position – Ending	$ 239,252	$ 137,390	$ 744,818	$ 760,034	$ 984,070	$ 897,424

Governmental Activities

Revenues for the City's governmental activities totaled $861 million, while total expenses totaled $1 billion for 2016, resulting in a deficit of $102 million. Total revenues, excluding transfers, supported 86% of total expenses; 90% including transfers. Comparable data for 2015 indicates total revenues, excluding transfers supported 90% of expenses; 95% including transfers.

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

Table 2b
Governmental Activities Revenues
(Thousands of dollars)

	2015		2016	
Category	Amount	% of Total	Amount	% of Total
Property taxes	$ 287,602	34%	$ 286,513	33%
State aids	263,350	31%	265,191	31%
Charges for services	141,318	17%	135,754	16%
Grants and contributions	70,122	8%	89,457	10%
Miscellaneous	89,487	11%	83,919	10%
Total	$ 851,879	100%	$ 860,834	100%

Total 2016 governmental activity expenditures increased by $57 million or 6% over 2015. This increase is due mainly to the implementation of GASB 68. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2016 Expenses and Program Revenues – Governmental Activities

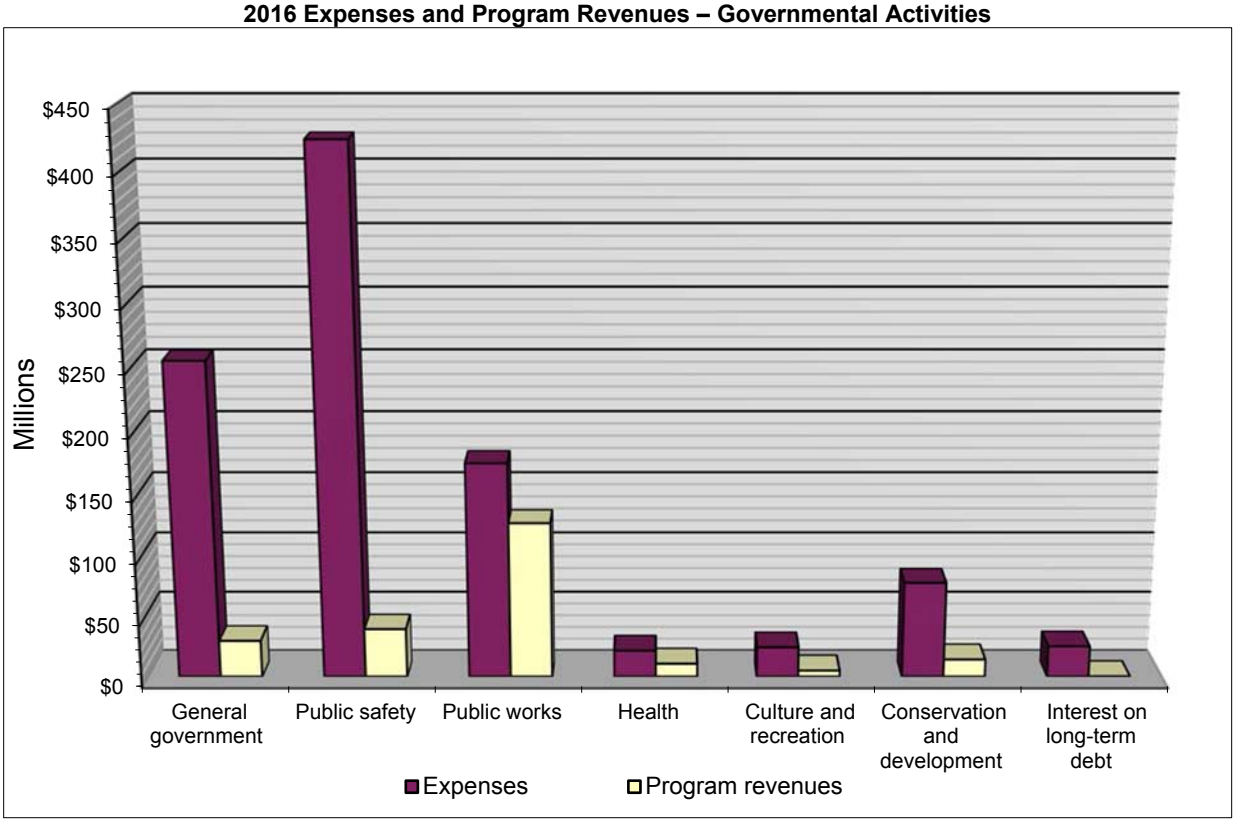


Table 2c presents the gross and net costs (total costs less the revenues generated by the activities) of each of the City's largest programs. Chart 1 above depicts total revenues and expenses for each activity. General government includes most City departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney,

Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. "Net cost" shows the remaining costs, by function, that are funded by non-program revenues such as City taxes and State aids. The cost of services not funded with direct program revenue for governmental activities increased in 2016 to $777 million from $734 million in 2015, a 6% increase.

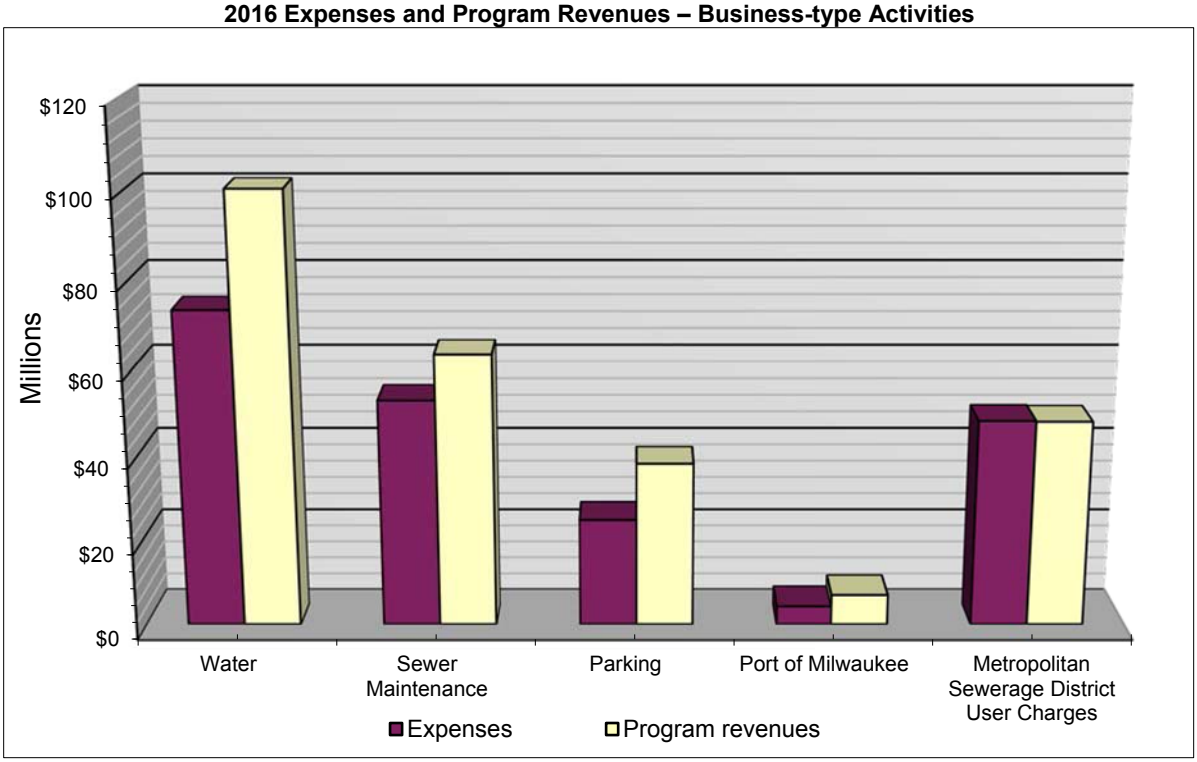
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	2015	% of Total	2016	% of Total	2015	2016
General government	$ 204,691	22%	$ 255,177	25%	$ 171,302	$ 225,438
Public safety	399,620	42%	423,903	42%	358,709	384,443
Public works	182,340	19%	174,470	17%	75,415	48,216
Health	20,249	2%	21,594	2%	10,571	10,949
Culture and recreation	25,315	3%	24,375	2%	20,456	19,486
Conservation and development	88,252	9%	77,670	8%	72,574	63,446
Interest on long-term debt	24,749	3%	25,109	3%	24,749	25,109
Total Governmental Activities	$ 945,216	100%	$1,002,298	100%	$ 733,776	$ 777,087

Business-type Activities

Revenues for the City's business-type activities totaled $259 million, while total expenses totaled $204 million for 2016, resulting in a surplus of $55 million. Total revenues, excluding transfers, supported 126% of total expenses; 106% including transfers out. Comparable data for 2015 indicates total revenues, excluding transfers supported 129% of expenses; 106% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2016 Expenses and Program Revenues – Business-type Activities



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

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

	Water Works	Sewer Maintenance
Revenues	$ 100,648	$ 63,539
Expenses	73,620	53,002
Net operating income	$ 27,028	$ 10,537

Business-type revenues, expenses and net position for the current year compared to the previous year are outlined in Table 3b below.

Table 3b
Business-type Revenues, Expenses and Net Position
(Thousands of Dollars)

	2015	2016	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues	$255,492	$ 259,022	$3,530	1%
Expenses/Transfers	$240,928	$ 243,806	$2,878	1%
Net position	$744,818	$ 760,034	$15,216	2%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At year-end 2016, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $308 million, a decrease of $36 million or 11% from 2015. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a below.

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

	General	Debt Service	Public Debt Amortization	Capital Projects	Nonmajor	Total
2015 ending balance	$ 127,248	$ 140,148	$ 59,994	$ 2,984	$ 14,238	$344,612
2016 ending balance	107,932	109,814	58,379	27,093	5,002	308,220
Increase (decrease)	$ (19,316)	$ (30,334)	$ (1,615)	$ 24,109	$ (9,236)	$ (36,392)
% increase/(decrease)	-15%	-21.6%	-3%	808%	-65%	-11%

The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects has occurred. This practice minimizes City borrowing costs and complies with Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled $140 million in 2016 compared to $148 million in 2015.

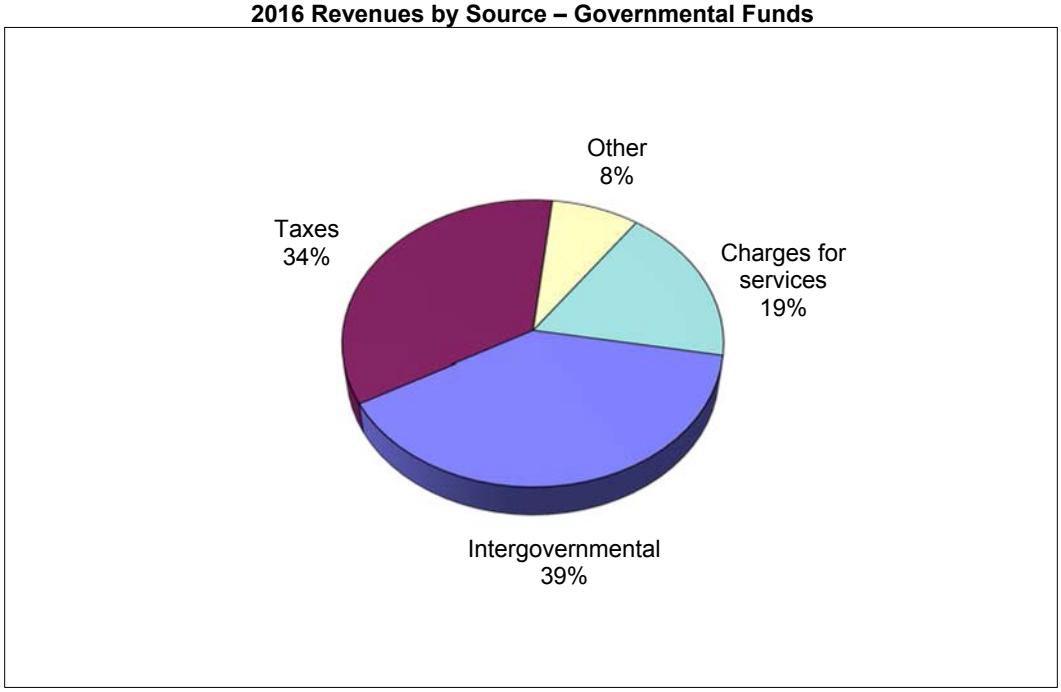
Revenues for governmental functions overall totaled $826 million in the fiscal year ended December 31, 2016, a decrease of $8 million compared to the 2015 total of $834 million. Governmental revenues, by source, are shown on Table 4b below.

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

	General	Gen. Oblig. Debt Service	Public Debt Amortization	Capital Projects	Nonmajor	Total
Intergovernmental	$ 265,191	$ 812	$ -	$ 11,576	$ 45,582	$ 323,161
Taxes	191,718	89,704	2,398	4,087	-	287,907
Charges for services	135,754	11,726	-	-	-	147,480
Other	42,789	670	2,491	10,669	11,482	68,101
Total revenues	635,452	102,912	4,889	26,332	57,064	826,649
Other sources	98,648	352,243	-	139,567	27,006	617,464
Total revenues & sources	$ 734,100	$ 455,155	$ 4,889	$ 165,899	$ 84,070	$ 1,444,113

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

Chart 3
2016 Revenues by Source – Governmental Funds



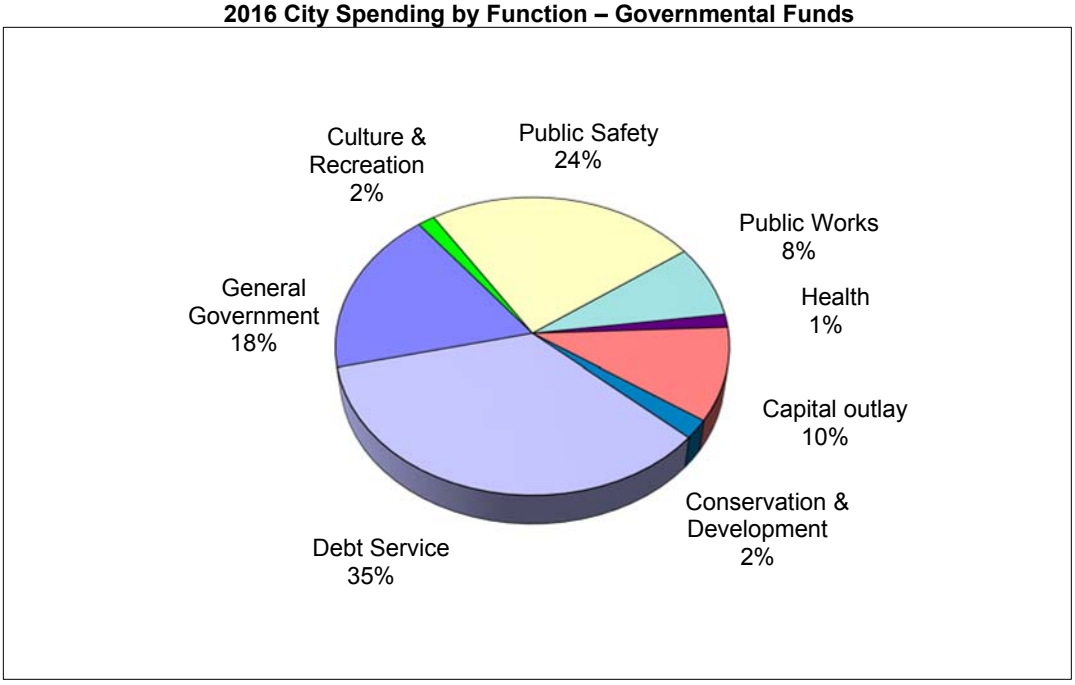
Expenditures for governmental funds totaled $1.5 billion. Expenditures exceeded revenues by $554 million. Other financing sources helped to close the gap but the net change in fund balances was a decrease of $36 million for the year compared to an increase of $32 million in 2015. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from enterprise funds; and transfers of loan repayments received by the Neighborhood Improvement Development Corporation component unit. Governmental expenditures, by function, are shown on Table 4c below.

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

	General	Gen. Oblig. Debt Service	Public Debt Amortization	Capital Projects	Nonmajor	Total
General government	$ 243,669	$ 1,058	$ 4	$ -	$ 3,850	$ 248,581
Public safety	320,855	-	-	-	13,556	334,411
Public works	104,294	-	-	-	3,355	107,649
Health	10,286	-	-	-	9,402	19,688
Culture & recreation	18,264	-	-	-	2,864	21,128
Conservation & development	4,429	-	-	-	24,136	28,565
Capital outlay	-	-	-	139,236	-	139,236
Debt service	-	480,865	-	-	-	480,865
Total expenditures	701,797	481,923	4	139,236	57,163	1,380,123
Other uses	51,619	3,566	6,500	2,554	36,143	100,382
Total expenditures & uses	$ 753,416	$ 485,489	$ 6,504	$ 141,790	$ 93,306	$1,480,505

Chart 4 below depicts spending by function for all governmental funds.

Chart 4
2016 City Spending by Function – Governmental Funds



Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund decreased $19 million or 15%. Revenues and other financing sources totaled approximately $734 million and expenditures and other financing uses totaled approximately $753 million - detailed in Table 5 below. General Fund revenues decreased $4 million while expenditures increased $27 million compared to 2015, resulting in expenditures exceeding revenues by $66 million or 10%. 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 $47 million not including the $21.1 million transfer

out of fund balance to fund expenditures. This $21.1 million withdrawal was a $4.4 million increase from the 2015 amount of $16.7 million.

Total General Fund revenues for 2016 were $635 million. The largest revenue category is intergovernmental at $265 million, representing 42% of the total. The second largest revenue source is Property Taxes with $188 million or 30%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 21% or $136 million. These three categories comprise 93% of the total 2016 revenues.

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

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

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
Revenues:	**2015**	**2016**	**% Change**	**Expenditures:**	**2015**	**2016**	**% Change**
Property taxes	$ 190,318	$ 187,739	-1.4%	General government	$ 249,029	$ 243,669	-2.2%
Other taxes	2,765	3,979	43.9%	Public safety	293,787	320,855	9.2%
Licenses and permits	16,629	16,767	0.8%	Public works	101,086	104,294	3.2%
Intergovernmental	263,350	265,191	0.7%	Health	9,553	10,286	7.7%
Charges for services	141,318	135,754	-3.9%	Culture and recreation	17,624	18,264	3.6%
Fines and forfeits	4,110	3,534	-14.0%	Conservation and development	3,816	4,429	16.1%
Contributions received	2,588	2,378	-8.1%				
Other	18,003	20,110	11.7%				
Total Revenues	639,081	635,452	-0.6%	Total Expenditures	674,895	701,797	4.0%
Excess of Revenues over Expenditures	$ (35,814)	$ (66,345)	85.2%	Other Financing Uses Transfers out	127,119	51,619	-59.4%
Other Financing Sources							
Debt proceeds	130,968	54,541	-58.4%	Total Expenditures and Other Financing Uses	802,014	753,416	-6.1%
Transfers in	46,169	44,107	-4.5%				
Total Revenues and Other Financing Sources	816,218	734,100	-10.1%	Net Change in Fund Balance	$ 14,204	$ (19,316)	-236.0%

During 2016, the City issued and repaid $90 million of Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues. During 2016, $270 million of RANS were issued and $220 million was repaid, including notes issued for the Milwaukee Public Schools.

The City maintains two separate debt service funds; the General Obligation Debt Service Fund and the Public Debt Amortization Fund (PDAF). The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The 2016 fund balance of the General Obligation Debt Service Fund decreased $30 million compared to the 2015 balance of $140 million (see Table 4a). Total revenues of the General Obligation Debt Service fund increased $500 thousand to $102.9 million in 2016 from $102.4 million in 2015. Revenues combined with *Other Financing Sources* totaled $455 million (see table 4b); expenditures combined with *Other Financing Uses* totaled $485 million (see Table 4c); resulting in a net decrease in Fund Balance for year- end 2016 of $30 million (see Table 4a).

The PDAF is governed by State Statutes Section 67.101 whereby accumulated funds can be used for the retirement of the public debt. The 2016 PDAF fund balance was $58 million, a $1.6 million decrease from the 2015 balance of $60 million – see Table 4a.

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. The year-end, 2016 fund balance was $27 million (Table 4a). In 2016, total debt proceeds amounted to $140 million as compared to $148 million in 2015, a 5% decrease. Total revenues decreased $6 million to $26 million in 2016 from $33 million 2015; expenditures decreased $16 million, to $139 million in 2016

from $155 million in 2015. The issuance of bonds and notes during 2016 for capital purposes combined with revenues and transfers sufficiently covered the current year's expenditures resulting in a positive fund balance of $27 million, a $24 million increase over the 2015 fund balance of $3 million.

Proprietary (Enterprise) 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 $75 million, an increase of $7 million from the 2015 balance of $68 million. This $4 million net increase is a combination of a $20 million Water Works increase along with a $4 million decrease in the Sewer Maintenance fund and an $9 million net decrease in all other non-major enterprise funds.

In 2016, operating revenues of the enterprise funds totaled $253 million (a 1% increase); total operating expenses increased $4 million to $176 million. The Water Works is the largest enterprise activity for the City, comprising approximately 39% of the total operating revenues. The Sewer Maintenance Fund comprises 25% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2016, Water Works operating revenues increased 1% while Sewer Maintenance operating revenues increased 4%; all other enterprise funds combined decreased about 2% compared to 2015. Water Works non-operating revenues for 2016 are mainly composed of interest income and other miscellaneous revenues.

The Water Works incurred total expenses of $73 million for 2016 an increase of $1.4 million compared to 2015.

Excluding the Water Works, total operating expenses of all other enterprise funds increased 2%, from $100 million in 2015 to $102 million in 2016. Table 6 below presents a summary of revenues and expenditures and changes in net position of the Enterprise funds.

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

	Water Works	Sewer Maintenance	Nonmajor Funds	Total
Operating revenues	$ 97,850	$ 62,954	$ 91,827	$ 252,631
Operating expenses	73,447	25,099	76,972	175,518
Operating income	24,403	37,855	14,855	77,113
Nonoperating revenues (expenses)	216	(27,222)	1,913	(25,093)
Income before contributions & transfers	24,619	10,633	16,768	52,020
Capital contributions and transfers	(9,969)	(4,783)	(22,052)	(36,804)
Increase (decrease) in net position	14,650	5,850	(5,284)	15,216
Net position 2015	421,980	272,052	50,786	744,818
Net position 2016	436,630	277,902	45,502	760,034

General Fund Budgetary Highlights

For the year ended December 31, 2016, the General Fund budgetary basis revenues were $11 million lower than budgeted revenues. Revenue categories for property taxes, charges for services, fines/forfeitures and other had an unfavorable variance of $14 million to the budget. However, all other categories including other taxes, licenses/permits and intergovernmental exceed the final budgeted amounts by $3 million. Actual revenues decreased $12 million to $615 million in 2016 from $627 million in 2015. Intergovernmental revenues increased slightly to $265 million from $263 million in 2015. This category includes financing from the State for shared taxes, local street aids, and payment for municipal services. Operating expenditures were $20 million less than budgeted. This favorable variance is mainly due to savings from general government departments.

The original 2016 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2015 less the encumbrances carried over to 2017. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2015 by the Common Council less those appropriations authorized for carryover to 2017. 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

2016 General Fund expenditure budget of $680 million and the final budget of $702 million, which is a 1% increase over the final 2015 budget of $692 million. The original revenue budget of $625 million and final revenue budget of $626 million are less than a 1% decrease compared to the final 2015 revenue budget of $627 million. Table 7 below presents a summary of 2016 General Fund budget to actual revenues, expenses and changes in fund balance.

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

	Original Budget	Final Budget	Budgetary Basis Actual	Variance Positive (Negative)
Operating revenues	$ 625,307	$ 626,066	$ 615,375	$ (10,691)
Operating expenses	680,242	701,888	681,479	20,409
Deficiency of revenues over expenditures	(54,935)	(75,822)	(66,104)	(9,718)
Other financing sources (uses)	51,901	57,006	67,875	10,869
Net change in fund balance	(3,034)	(18,816)	1,771	20,587
Fund balance 2015	74,908	92,904	106,161	
Fund balance 2016	71,874	74,088	107,932	20,587

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

The City's General Fund's beginning Fund Balance of $127 million, as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit A-3), differs from the General Fund's budgetary Fund Balance of $106 million, reported in the Budgetary Comparison Schedule (Exhibit E-1,) by the $21 million withdrawal from the Fund Balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2016 total $2.3 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 $109 million or 5%. Governmental activities' capital assets increased $68 million or a 6% increase from 2015. Business-type activities' capital assets increased $41 million or 4% at the end of 2016. A schedule comparing the assets by type for 2015 and 2016 for both governmental and business-type activities is depicted in Table 8 below. The net change in assets, as detailed in Note 4 to the Financial Statements, reports that additions were $84 million and deletions were $16 million for 2016 for governmental activities. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund. The Sewer Maintenance Fund had a net increase in capital assets of $25 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 54% of its total capital assets with 36% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of $13 million.

Table 8
Capital Assets
(net of depreciation)
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Capital assets not being depreciated:						
Land	$ 165,730	$ 165,735	$ 19,034	$ 18,773	$ 184,764	$ 184,508
Construction in progress	89,103	108,978	30,863	46,165	119,966	155,143
Intangible right of w ays	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:						
Buildings	312,660	321,291	97,158	97,637	409,818	418,928
Infrastructure	1,662,239	1,735,435	1,042,185	1,079,872	2,704,424	2,815,307
Improvements other than buildings	11,997	12,175	8,173	8,184	20,170	20,359
Machinery and equipment	207,303	207,580	270,620	281,286	477,923	488,866
Intangible softw are	2,605	3,834	-	-	2,605	3,834
Nonutility property	-	-	3,654	3,917	3,654	3,917
Accumulated depreciation	(1,312,049)	(1,347,804)	(470,237)	(493,212)	(1,782,286)	(1,841,016)
Total	$ 1,140,930	$ 1,208,566	$ 1,001,450	$ 1,042,622	$ 2,142,380	$ 2,251,188

Debt

At year-end, the City had $1 billion in general obligation bonds and notes, $102 million in State loans, $190 million in revenue bonds, and $0 in extendable municipal commercial paper outstanding as itemized in Table 9.

New debt issued for general obligation bonds and notes totaled $365 million, of which $340 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 and notes.

The City's gross general obligation debt per capita, excluding enterprise fund debt, was $1,130 at the end of 2015 and $1,354 at the end of 2016; a 20% increase from the prior year. As of December 31, 2016, the City's outstanding net general obligation debt for governmental activities was 3.10% 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 is also issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit. Total outstanding debt, net of the debt service fund, fund balance was about 62% of this limit. The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2016, notes were issued in the amount of approximately $25.3 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

Table 9
Outstanding Debt
General Obligation, Revenue Bonds and Extendable Municipal Commercial Paper
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
General obligation bonds and notes (backed by the City)	$ 848,259	$ 949,001	$ 31,822	$ 52,139	$ 880,081	$1,001,140
Extendable Municipal Commercial Paper	80,302	-	86,098	-	166,400	-
State loans	-	-	107,533	101,612	107,533	101,612
Revenue bonds (backed by specific fee revenues)	-	-	95,459	190,086	95,459	190,086
Total	$ 928,561	$ 949,001	$ 320,912	$ 343,837	$1,249,473	$1,292,838

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2016 was 5.8%, compared to 6.7% for 2015. The City of Milwaukee per capita income for the most recent fiscal year available (2015) was $43,020, compared to $41,507 for 2014. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2017 adopted City Budget is about $1.53 billion with a General Fund budget of $738 million. The General Fund budget increased $4 million from the 2016 budget of $734 million. In 2017, the City expects to spend $114 million for health insurance and related costs compared to $115 million budgeted for 2016, a $1 million decrease.

The 2017 budget includes $11 million to resolve lead issues, including lead paint abatement and replacement of lead water services. Funding for the Strong Neighborhoods Plan will enable repairs and improvements to approximately 160 privately-owned homes. One hundred and sixty-five police officers will be hired in 2017 to maintain police officer staffing levels. Finally, the City has allocated $1.6 million for replacing two neighborhood libraries in 2017.

The City of Milwaukee's share of the Tax Rate decreased $0.10 from $10.71 in 2015 to $10.61 in 2016 (per $1,000 of Assessed Value). This decrease was due mainly to an increase in assessed property value. The 2017 tax rate (2016 for 2017 purposes) increased $.14, or 1.4%, to $10.75.

The total City 2016 property tax levy increased $7 million to $264 million compared to $257 million in 2015. The 2016 property tax levy which funds the 2017 budget, by purpose, compared to the 2015 levy is shown in Table 10 below.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	Levy Year *		Increase
	2015	2016	(decrease)
General city purposes	$ 107,997	$ 115,213	$ 7,216
Employee retirement	81,633	77,982	(3,651)
Capital improvements	949	300	(649)
Debt	61,160	65,280	4,120
Contingent fund	5,000	5,000	-
Total levy	$ 256,739	$ 263,775	$ 7,036

*Levy year funds following year's budget.

The 2017 General City Purpose budget includes $633 million in estimated revenue, an increase of $17.4 compared to 2016. The sources of funds for the 2017 General City Purpose budget, by category, compared to the 2016 budget is shown in Table 11 below.

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

	Budget Year*		Increase
	2016	2017	(decrease)
Tax levy	$ 107,997	$ 115,213	$ 7,216
Taxes and PILOTS	17,979	17,699	(280)
Licenses and permits	16,067	16,203	136
Intergovernmental revenue	262,678	265,292	2,614
Charges for services	126,811	127,045	234
Transfers	37,687	44,179	6,492
Other	46,350	47,362	1,012
Total sources	$ 615,569	$ 632,993	$ 17,424

*Budget is funded by prior year levy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2016
(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	$ 362,459	$ 54,795	$ 417,254	$ 68,147
Receivables (net):				
Taxes	251,596	-	251,596	-
Accounts	37,641	47,204	84,845	592
Unbilled accounts	2,243	19,967	22,210	-
Special assessments	6,505	-	6,505	-
Notes and loans	100,194	-	100,194	55,330
Accrued interest	385	105	490	574
Due from component units	17,202	-	17,202	-
Due from primary government	-	-	-	224
Due from other governmental agencies	200,753	718	201,471	3,529
Inventory of materials and supplies	8,509	3,498	12,007	-
Inventory of property for resale	26	-	26	6,158
Prepaid items	1,626	2,207	3,833	-
Other assets	-	107	107	197
Total Noncapital Assets	989,139	128,601	1,117,740	134,751
Capital assets:				
Capital assets not being depreciated:				
Land	165,735	18,773	184,508	12,200
Construction in progress	108,978	46,165	155,143	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	321,291	97,637	418,928	85,786
Infrastructure	1,735,435	1,079,872	2,815,307	333
Improvements other than buildings	12,175	8,184	20,359	4,264
Machinery and equipment	207,580	281,286	488,866	159
Intangible software	3,834	-	3,834	565
Nonutility property	-	3,917	3,917	-
Accumulated depreciation	(1,347,804)	(493,212)	(1,841,016)	(22,242)
Total Capital Assets	1,208,566	1,042,622	2,251,188	81,065
Total Assets	2,197,705	1,171,223	3,368,928	215,816
Deferred Outflows of Resources:				
Loss on refunding	-	221	221	-
Pension related	377,122	14,406	391,528	605
Total Deferred Outflows of Resources	377,122	14,627	391,749	605

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2016
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 61,295	$ 25,319	$ 86,614	$ 2,884
Accrued expenses	26,419	1,343	27,762	394
Accrued interest payable	10,311	1,394	11,705	-
Internal balances	(10,972)	10,972	-	-
Due to component units	218	6	224	-
Due to other governmental agencies	2,252	-	2,252	3,301
Unearned revenues	1,819	718	2,537	
Revenue anticipation notes payable	180,000	-	180,000	-
Other liabilities	-	-	-	3,402
Due to primary government:				
Due within one year	-	-	-	3,009
Due in more than one year	-	-	-	14,193
Long-term obligations:				
Due within one year	115,527	20,460	135,987	1,844
Due in more than one year	1,718,100	364,697	2,082,797	138,971
Total Liabilities	2,104,969	424,909	2,529,878	167,998
Deferred Inflows of Resources:				
Gain on refunding	1,479	-	1,479	-
Subsequent years property taxes	307,849	-	307,849	629
Pension related	23,140	907	24,047	67
Total Deferred Inflows of Resources	332,468	907	333,375	696
NET POSITION				
Net investment in capital assets	816,916	684,085	1,501,001	24,931
Restricted for:				
Debt service	168,193	1,229	169,422	-
Other purposes	8,730	-	8,730	10,981
Unrestricted	(856,449)	74,720	(781,729)	11,815
Total Net Position	**$ 137,390**	**$ 760,034**	**$ 897,424**	**$ 47,727**

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, 2016
(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	$ 255,177	$ 27,733	$ 2,006	$ -
Public safety	423,903	25,438	14,022	-
Public works	174,470	80,352	3,909	41,993
Health	21,594	1,164	9,481	-
Culture and recreation	24,375	1,057	3,832	-
Conservation and development	77,670	10	14,214	-
Interest on long-term debt	25,109	-	-	-
Total Governmental Activities	1,002,298	135,754	47,464	41,993
Business-type Activities:				
Water	73,620	97,850	-	2,798
Sewer Maintenance	53,002	62,954	-	585
Parking	25,005	38,286	-	-
Port of Milwaukee	4,306	5,465	-	1,582
Metropolitan Sewerage District User Charges	48,271	48,076	-	-
Total Business-type Activities	204,204	252,631	-	4,965
Total Primary Government	$ 1,206,502	$ 388,385	$ 47,464	$ 46,958
Component units:				
Redevelopment Authority	$ 12,729	$ 7,219	$ 3,764	$ -
Neighborhood Improvement Development Corporation	656	192	247	10
Century City Redevelopment Corporation	1,014	470	-	-
Total Component Units	$ 14,399	$ 7,881	$ 4,011	$ 10

General revenues:
Property taxes and other taxes
State aids for General Fund
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, as restated (note 15)

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
$ (225,438)		$ (225,438)	
(384,443)		(384,443)	
(48,216)		(48,216)	
(10,949)		(10,949)	
(19,486)		(19,486)	
(63,446)		(63,446)	
(25,109)		(25,109)	
(777,087)		(777,087)	
-	$ 27,028	27,028	
-	10,537	10,537	
-	13,281	13,281	
-	2,741	2,741	
-	(195)	(195)	
-	53,392	53,392	
(777,087)	53,392	(723,695)	
			$ (1,746)
			(207)
			(544)
			(2,497)
286,513	-	286,513	-
265,191	-	265,191	-
83,919	1,426	85,345	2,300
39,602	(39,602)	-	-
675,225	(38,176)	637,049	2,300
(101,862)	15,216	(86,646)	(197)
239,252	744,818	984,070	47,924
$ 137,390	**$ 760,034**	**$ 897,424**	**$ 47,727**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and investments	$ 112,423
Receivables (net):	
Taxes	153,426
Accounts	35,791
Unbilled accounts	2,243
Special assessments	-
Notes and loans	117
Accrued interest	281
Due from other funds	52,343
Due from component units	36
Due from other governmental agencies	1,019
Advances to other funds	5,752
Inventory of materials and supplies	8,509
Inventory of property for resale	26
Prepaid items	1,619
Total Assets	**$ 373,585**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 32,754
Accrued expenses	26,733
Due to other funds	-
Due to component units	4
Due to other governmental agencies	13
Unearned revenue	288
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	59,792
Deferred Inflows of Resources:	205,861
Fund Balances:	
Nonspendable	16,127
Restricted	-
Committed	2,266
Assigned	38,802
Unassigned	50,737
Total Fund Balances	107,932
Total Liabilities, Deferred Inflows and Fund Balances	**$ 373,585**

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
$ 154,645	$ 34,000	$ 58,341	$ 3,050	$ 362,459
63,829	-	1,443	32,898	251,596
-	-	1,820	30	37,641
-	-	-	-	2,243
-	-	6,505	-	6,505
64,529	24,275	-	11,273	100,194
-	104	-	-	385
-	-	-	-	52,343
17,128	-	21	17	17,202
180,095	-	9,771	9,868	200,753
-	-	-	-	5,752
-	-	-	-	8,509
-	-	-	-	26
-	-	7	-	1,626
$ 480,226	**$ 58,379**	**$ 77,908**	**$ 57,136**	**$ 1,047,234**
$ 180	$ -	$ 22,703	$ 5,658	$ 61,295
-	-	182	214	27,129
1,251	-	5,399	34,721	41,371
-	-	168	46	218
-	-	-	2,239	2,252
-	-	467	1,064	1,819
180,000	-	-	-	180,000
-	-	5,752	-	5,752
181,431	-	34,671	43,942	319,836
188,981	-	16,144	8,192	419,178
-	-	7	-	16,134
109,814	58,379	38,557	8,730	215,480
-	-	-	-	2,266
-	-	-	-	38,802
-	-	(11,471)	(3,728)	35,538
109,814	58,379	27,093	5,002	308,220
$ 480,226	**$ 58,379**	**$ 77,908**	**$ 57,136**	**$ 1,047,234**

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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, 2016

(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 308,220
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	$ 165,735	
Buildings, net of $120,668 accumulated depreciation	200,623	
Infrastructure, net of $1,074,999 accumulated depreciation	660,436	
Improvements other than buildings, net of $9,738 accumulated depreciation	2,437	
Machinery and equipment, net of $140,031 accumulated depreciation	67,549	
Intangible assets net of $2,368 accumulated depreciation	2,808	
Construction in progress	108,978	
		1,208,566
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected	13,058	
Grant revenues to be collected	10,458	
Notes and loans receivable to repay long-term bonds and notes	81,908	
Special assessments to be collected	5,905	
		111,329
Deferred inflows and outflows of resources related to pensions have not been included in governmental fund activity.		
Deferred inflows for pensions	(23,140)	
Deferred outflows for pensions	377,122	
		353,982
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(9,601)	
Bonds and notes payable	(949,001)	
Gain on refunding	(1,479)	
Unamortized premiums	(56,379)	
Compensated absences	(47,945)	
Net other postemployment benefits obligation	(411,273)	
Net Pension Liability	(336,333)	
Claims and judgments	(32,696)	
		(1,844,707)
Total net position of governmental activities (Exhibit 1)		**$ 137,390**

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, 2016
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 187,739
Other taxes	3,979
Special assessments	-
Licenses and permits	16,767
Intergovernmental	265,191
Charges for services	135,754
Fines and forfeits	3,534
Contributions received	2,378
Other	20,110
Total Revenues	635,452
Expenditures:	
Current:	
General government	243,669
Public safety	320,855
Public works	104,294
Health	10,286
Culture and recreation	18,264
Conservation and development	4,429
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	701,797
Excess (Deficiency) of Revenues over Expenditures	(66,345)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	54,541
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	44,107
Transfers out	(51,619)
Total Other Financing Sources and Uses	47,029
Net Change in Fund Balances	(19,316)
Fund Balances - Beginning	127,248
Fund Balances - Ending	**$ 107,932**

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

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
$ 61,160	$ -	$ 4,087	$ -	$ 252,986
28,544	2,398	-	-	34,921
-	-	1,945	-	1,945
-	-	-	-	16,767
812	-	11,576	45,582	323,161
11,726	-	-	-	147,480
-	-	-	-	3,534
-	-	-	-	2,378
670	2,491	8,724	11,482	43,477
102,912	4,889	26,332	57,064	826,649
1,058	4	-	3,850	248,581
-	-	-	13,556	334,411
-	-	-	3,355	107,649
-	-	-	9,402	19,688
-	-	-	2,864	21,128
-	-	-	24,136	28,565
-	-	139,236	-	139,236
442,671	-	-	-	442,671
36,889	-	-	-	36,889
1,305	-	-	-	1,305
481,923	4	139,236	57,163	1,380,123
(379,011)	4,885	(112,904)	(99)	(553,474)
45,338	-	139,567	27,006	266,452
196,659	-	-	-	196,659
(1,126)	-	-	(461)	(1,587)
15,956	-		-	15,956
94,290	-	-	-	138,397
(2,440)	(6,500)	(2,554)	(35,682)	(98,795)
348,677	(6,500)	137,013	(9,137)	517,082
(30,334)	(1,615)	24,109	(9,236)	(36,392)
140,148	59,994	2,984	14,238	344,612
$ 109,814	**$ 58,379**	**$ 27,093**	**$ 5,002**	**$ 308,220**

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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, 2016

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		$ (36,392)
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 ($137,615) less additions from Construction-in-Progress ($13,964) exceeded depreciation expense ($53,993) in the current period less loss on disposals ($2,022)		67,636
Notes and loans receivable to repay long-term bonds and notes		(5,025)
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	(1,394)	
Capital grants and contributions	2,688	
Special assessments beginning of the year $6,373 less $5,905 at year end	(468)	
		826
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(463,111)	
Issuance premiums	(15,956)	
Gain on refunding	37	
Repayments:		
Principal retirement	442,671	
Amortization:		
Premiums	12,760	
Gain/Loss on refunding	(370)	
		(23,969)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	456	
Net other postemployment benefits obligation	(47,959)	
Net pension liability	(245,245)	
Deferred inflows for pensions	(22,977)	
Deferred outflows for pensions	213,181	
Claims and judgments	(1,784)	
Accrued interest on bonds and notes	(610)	
		(104,938)
Changes in net position of governmental activities (Exhibit 2)		**$(101,862)**

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

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit B-1

ASSETS	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Current Assets:				
Cash and cash equivalents	$ 17,027	$ 11,858	$ 12,854	$ 41,739
Restricted cash and cash equivalents	1,229	11,827	-	13,056
Receivables (net):				
Accounts	17,473	16,397	13,334	47,204
Unbilled accounts	14,335	2,509	3,123	19,967
Accrued interest	-	105	-	105
Due from other funds	1,251	1,486	1,353	4,090
Due from other governmental agencies	-	718	-	718
Advances to other funds	136	-	-	136
Inventory of materials and supplies	3,224	274	-	3,498
Prepaid items	2,190	17	-	2,207
Other assets	107	-	-	107
Total Current Assets	56,972	45,191	30,664	132,827
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	16,982	18,773
Construction in progress	37,506	76	8,583	46,165
Capital assets being depreciated:				
Buildings	28,993	-	68,644	97,637
Infrastructure	381,682	680,158	18,032	1,079,872
Improvements other than buildings	-		8,184	8,184
Machinery and equipment	259,605	6,023	15,658	281,286
Nonutility property	3,917	-	-	3,917
Accumulated depreciation	(258,779)	(154,893)	(79,540)	(493,212)
Net Capital Assets	454,715	531,364	56,543	1,042,622
Total Noncurrent Assets	454,715	531,364	56,543	1,042,622
Total Assets	511,687	576,555	87,207	1,175,449
Deferred Outflows of Resources:				
Loss on refunding	-	221	-	221
Deferred outflows for pensions	8,445	3,018	2,943	14,406
Total Deferred Outflows of Resources	8,445	3,239	2,943	14,627

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 9,157	$ 4,947	$ 11,215	$ 25,319
Accrued expenses	885	215	243	1,343
Accrued interest payable	152	525	146	823
Compensated absences	1,154	135	264	1,553
Advances from other funds	-	-	136	136
Due to other funds	2,839	-	12,223	15,062
Due to component units	-	-	6	6
Unearned revenue	-	718	-	718
General obligation debt payable - current	856	681	1,589	3,126
Total Current Liabilities	15,043	7,221	25,822	48,086
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	1,766	13,575	-	15,341
Accrued interest payable	-	571	-	571
Total Current Liabilities Payable from Restricted Assets	1,766	14,146	-	15,912
Noncurrent Liabilities:				
General obligation debt payable	27,487	7,997	13,529	49,013
Revenue bonds & State loans payable	24,095	266,962	-	291,057
Other post employment benefits obligation	6,902	2,651	2,433	11,986
Net pension liability	7,652	2,739	2,690	13,081
Total Noncurrent Liabilities	66,136	280,349	18,652	365,137
Total Liabilities	82,945	301,716	44,474	429,135
Deferred Inflows of Resources:				
Deferred inflows for pensions	557	176	174	907
NET POSITION:				
Net investment in capital assets	400,511	242,149	41,425	684,085
Restricted for Debt Service	1,229	-	-	1,229
Unrestricted	34,890	35,753	4,077	74,720
Total Net Position	**$ 436,630**	**$ 277,902**	**$ 45,502**	**$ 760,034**

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, 2016
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 80,043	$ -	$ -	$ 80,043
Statutory sewer user fee	-	-	46,838	46,838
Sewer maintenance fee	-	62,954	-	62,954
Rent	-	-	12,889	12,889
Fire protection service	8,938	-	-	8,938
Parking meters	-	-	5,177	5,177
Parking permits	-	-	4,553	4,553
Vehicle towing	-	-	5,569	5,569
Parking forfeitures	-	-	15,563	15,563
Other	8,869	-	1,238	10,107
Total Operating Revenues	97,850	62,954	91,827	252,631
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	42,809	42,809
Employee services	-	7,905	9,465	17,370
Administrative and general	10,027	-	-	10,027
Depreciation	18,218	7,704	3,439	29,361
Transmission and distribution	23,025	-	-	23,025
Services, supplies, and materials	-	9,490	21,259	30,749
Water treatment	11,991	-	-	11,991
Water pumping	7,157	-	-	7,157
Billing and collection	3,029	-	-	3,029
Total Operating Expenses	73,447	25,099	76,972	175,518
Operating Income	24,403	37,855	14,855	77,113
Nonoperating Revenues (Expenses):				
Investment income	31	96	-	127
Grant revenue	-	585	1,582	2,167
Interest expense	(173)	(6,607)	(610)	(7,390)
Other	358	(21,296)	941	(19,997)
Total Net Nonoperating Revenues (Expenses)	216	(27,222)	1,913	(25,093)
Income before Contributions and Transfers	24,619	10,633	16,768	52,020
Capital contributions	2,798	-	-	2,798
Transfers in	-	-	528	528
Transfers out	(12,767)	(4,783)	(22,580)	(40,130)
Change in Net Position	14,650	5,850	(5,284)	15,216
Total Net Position - Beginning	421,980	272,052	50,786	744,818
Total Net Position - Ending	**$ 436,630**	**$ 277,902**	**$ 45,502**	**$ 760,034**

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, 2016
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 91,045	$ 61,804	$ 90,726	$ 243,575
Receipts from interfund services provided	5,992	-	-	5,992
Payments to suppliers	(27,715)	(8,738)	(65,359)	(101,812)
Payments to employees	(22,506)	(7,095)	(8,753)	(38,354)
Payments from other funds	-	72	(89)	(17)
Payments to other funds	(22,353)	-	5,640	(16,713)
Net Cash Provided by Operating Activities	24,463	46,043	22,165	92,671
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	358	585	2,635	3,578
Other nonoperating expenses	-	(21,296)	-	(21,296)
Transfers from other funds	-	-	528	528
Transfers to other funds	(12,767)	(4,783)	(22,580)	(40,130)
Net Cash Used by Noncapital Financing Activities	(12,409)	(25,494)	(19,417)	(57,320)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	31,416	93,830	3,592	128,838
Acquisition of property, plant, and equipment	(28,167)	(32,632)	(6,936)	(67,735)
Retirement of bonds, notes, and revenue bonds	(13,493)	(88,777)	(3,251)	(105,521)
Interest paid	(183)	3,093	(615)	2,295
Other	-	-	(112)	(112)
Net Cash Used for Capital and Related Financing Activities	(10,427)	(24,486)	(7,322)	(42,235)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	31	30	-	61
Net Increase (Decrease) in Cash and Cash Equivalents	1,658	(3,907)	(4,574)	(6,823)
Cash and Cash Equivalents - Beginning	16,598	27,592	17,428	61,618
Cash and Cash Equivalents - Ending	**$ 18,256**	**$ 23,685**	**$ 12,854**	**$ 54,795**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	$ 17,027	$ 11,858	$ 12,854	$ 41,739
Restricted Cash	1,229	11,827	-	13,056
	$ 18,256	$ 23,685	$ 12,854	$ 54,795
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 24,403	$ 37,855	$ 14,855	$ 77,113
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,218	7,704	3,439	29,361
Effect of changes in assets and liabilities:				
Receivables	(1,176)	(1,150)	(1,101)	(3,427)
Due from other funds	(17,430)	72	(89)	(17,447)
Inventories	(91)	(14)	-	(105)
Prepaid items	(1,351)	(17)	21	(1,347)
Other assets	(85)	-	-	(85)
Accounts payable	(389)	783	(1,312)	(918)
Accrued liabilities	174	30	(23)	181
Net other postemployment benefits obligation	833	307	293	1,433
Net pension liability	5,505	2,109	2,105	9,719
Due to other funds	-	-	5,640	5,640
Deferred pension outflows	(4,695)	(1,812)	(1,837)	(8,344)
Deferred pension inflows	547	176	174	897
Net Cash Provided by Operating Activities	$ 24,463	$ 46,043	$ 22,165	$ 92,671

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $2,798,060.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $1,263,687 with a net value of $0 and equipment of $308,000 with a net value of $0.

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

CITY OF MILWAUKEE

Exhibit C-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$ 1,485	$ 3,878	$ 256,177
Total Assets	1,485	3,878	$ 256,177
LIABILITIES			
Liabilities:			
Accounts payable	$ 162	$ 16	$ 1,819
Due to other governmental agencies	-	-	254,358
Total Liabilities	162	16	$ 256,177
Net Position Held In Trust For:			
Employees' pension benefits and other purposes	**$ 1,323**	**$ 3,862**	

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, 2016
(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 4,410	$ -
Private donations	-	1,895
Total Contributions	4,410	1,895
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	2
Total Additions	4,410	1,897
Deductions		
Benefits	4,162	-
Fees remitted from Trust	-	1,029
Other	-	218
Total Deductions	4,162	1,247
Change in Net Position	248	650
Net Position - Beginning	1,075	3,212
Net Position - Ending	**$ 1,323**	**$ 3,862**

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit D-1

ASSETS	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
Current Assets:				
Cash and investments	$ 6,004	$ 1,698	$ 350	$ 8,052
Restricted cash and investments	59,292	803	-	60,095
Receivables (net):				
Accounts	443	83	66	592
Notes and loans	55,029	301	-	55,330
Accrued interest	559	15	-	574
Due from primary government	224	-	-	224
Due from other governmental agencies	3,529	-	-	3,529
Inventory of property for resale	5,519	639	-	6,158
Prepaid items	180	-	17	197
Total Noncapital Assets	130,779	3,539	433	134,751
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	(20,403)	-	(1,839)	(22,242)
Total Capital Assets, Net of Depreciation	71,477	-	9,588	81,065
Total Assets	202,256	3,539	10,021	215,816
Deferred Outflows of Resources:				
Deferred outflows for pensions	605	-	-	605

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit D-1 (Continued)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Accounts payable	$ 2,759	$ 37	$ 88	$ 2,884
Accrued expenses	377	-	17	394
Due to other governmental agencies	3,056	-	245	3,301
Other liabilities	2,898	504	-	3,402
Total Current Liabilities	9,090	541	350	9,981
Due to primary government:				
Due within one year	2,971	38	-	3,009
Due in more than one year	14,193	-	-	14,193
Total Due to Primary Government	17,164	38	-	17,202
Long-term obligations:				
Due within one year	1,844	-	-	1,844
Due in more than one year	120,121	-	18,850	138,971
Total Noncurrent Liabilities	121,965	-	18,850	140,815
Total Liabilities	148,219	579	19,200	167,998
Deferred Inflows of Resources:				
Unavailable revenue	425	204	-	629
Deferred inflows for pensions	67	-	-	67
Total Deferred Inflows of Resources	492	204	-	696
Total Liabilities and Deferred Inflows of Resources	148,711	783	19,200	168,694
NET POSITION:				
Net investment in capital assets	26,693	-	(1,762)	24,931
Restricted	10,295	686	-	10,981
Unrestricted	17,162	2,070	(7,417)	11,815
Total Net Position	**$ 54,150**	**$ 2,756**	**$ (9,179)**	**$ 47,727**

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, 2016
(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	$ 12,729	$ 7,219	$ 3,764	$ -
Neighborhood Improvement Development Corp.				
Housing improvements	656	192	247	10
Century City Redevelopment Corporation				
Rental income	1,014	470	-	-
Total Component Units	$ 14,399	$ 7,881	$ 4,011	$ 10
General revenues:				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position - Beginning, as restated (note 15)				
Net Position - Ending				

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

Net (Expense) Revenue and Changes in Net Position			
Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
$ (1,746)	$ -	$ -	$ (1,746)
-	(207)	-	(207)
-	-	(544)	(544)
(1,746)	(207)	(544)	(2,497)
2,113	87	100	2,300
2,113	87	100	2,300
367	(120)	(444)	(197)
53,783	2,876	(8,735)	47,924
$ 54,150	**$ 2,756**	**$ (9,179)**	**$ 47,727**

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

Financial statements of the individual component units can be obtained from their respective administrative offices. Addresses of the component units are as follows: RACM, 809 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202; NIDC, 841 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202; and CCRC, 841 North Broadway, 2nd Floor, Milwaukee, Wisconsin 53202.

The basic financial statements exclude the accounts of the Housing Authority of the City of Milwaukee (HACM), Milwaukee Economic Development Corporation (MEDC), Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District, World Festivals Inc. ("Summerfest") and the Employes' Retirement System of the City of Milwaukee, because these entities do not meet the criteria established by GASB Statement 61 as component units of the City. The Milwaukee Metropolitan Sewerage District (MMSD) is a special purpose municipal corporation created to provide sewerage treatment services in the Milwaukee metropolitan area. The City is responsible for paying usage charges within its jurisdiction. These amounts, in turn, are billed by the City to its water customers. The City has no equity interest in MMSD. Financial statements for MMSD can be obtained from its administrative office.

Related Organizations

Housing Authority of the City of Milwaukee

The Housing Authority of the City of Milwaukee (HACM) is responsible for the construction and management of safe, affordable, and quality housing with services that enhance residents' self-sufficiency.

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

Milwaukee Area Workforce Investment Board

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

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

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

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

Public Debt Amortization – This fund 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:

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 2016 that will be collected in 2017 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

D. Cash and Cash Equivalents

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

E. Investments

Investments, primarily consisting of fixed income securities, are reported at fair value based on quoted market prices. Commercial paper, which is short term, defined as having an original maturity of one year or less, and highly liquid is carried at amortized cost. Investment transactions are recorded on the trade date. Under Wisconsin Statutes, one-third of all interest on pooled cash and investments is allocated to the Public Debt Amortization Fund. The remaining two-thirds 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, 2016 is approximately $583,000.

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, 2016 were approximately $665,000, $466,000, and $729,000 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 collectability 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 $26,304,000 as of December 31, 2016.

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	5-100 years
Land	5,000	N/A
Land Improvements	5,000	N/A
Intangible right of ways	5,000	N/A
Site Improvements	5,000	3-50
Buildings	5,000	10-60
Building Improvements	5,000	10-45
Machinery and equipment	5,000	3-25
Works of Art, Historical Treasures	5,000	N/A
Intangible software	100,000	5-20

N. Pension Contributions

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

O. Compensated Absences

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

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

P. Claims and Judgments

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

Q. Debt Premiums, Discounts, and Issuance Costs

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

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

Advance Refundings of Debt

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

R. Fund Balance-Governmental Funds

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

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

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

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

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is the policy of the City that the City Comptroller will have the authority to assign funds intended for a specific purpose but have not received formal approval by the Common Council. The Comptroller will record funds as assigned fund balance based on intentions for use of the funds and can redeploy assigned resources to an alternative fund balance category based on intended use of the funds.

Unassigned – All other spendable amounts.

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

S. Net Position

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

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

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

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

T. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

U. Use of Estimates

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

V. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74 and No. 75, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. These Statements replace Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43 and Statement No. 50, Pension Disclosures. The application of this statement will be implemented starting with the year ended Dec. 31, 2017 financial statements.

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and recognition of a liability and a corresponding deferred outflow for asset retirement obligations (AROs). This statement will be effective for the year end December 31, 2018 financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities and the reporting of such activities. This statement will be effective for the year end December 31, 2018 financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues identified during implementation and application of certain GASB statements such as blending component units, goodwill, fair value measurement and postemployment benefits. This statement will be effective for the year end December 31, 2017 financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This statement provides guidance for in-substance defeasance of debt and prepaid insurance related to that debt. This statement will be effective for the year end December 31, 2017 financial statements.

In June 2017, the GASB issued Statement No. 87, Lea*ses*. This statement improves financial reporting for leases by governments. This statement will be effective for the year end December 31, 2020 financial statements.

2. DEPOSITS AND INVESTMENTS

A. Primary Government

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

As of December 31, 2016, 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	$ 314,231	$ 314,231	$ -	$ -	$ -	see below
Other Deposits	104	104	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	8,545	8,545	-	-	-	not rated
Wisconsin Local Government Investment Pool	58,824	58,824	-	-	-	not rated
Municipal Bonds	10,498	2,036	6,525	1,937	-	see below
Treasuries (Fiscal Agent)	20,621	20,621	-	-	-	not rated
GNMA Bonds	4,431	-	-	27	4,404	Aaa
	$ 417,254	$ 404,361	$ 6,525	$ 1,964	$ 4,404	
Fiduciary activities:						
Investment type						
Pooled Deposits and Investments	$ 261,240	$ 261,240	$ -	$ -	$ -	see below
Other Deposits	174	174	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	126	126	-	-	-	not rated
	$ 261,540	$ 261,540	$ -	$ -	$ -	

Security Ratings

The Governmental and Business-type municipal bond holdings of $10,498,000 were rated by Moody's as follows: Aa1 (14.6%), Aa2 (49.7%), Aaa (4.8%), Aa3 (8.3%), A1 (9.3%), AA+ (10.3%) and AA (3.0%).

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, 2016, the City had the following investments and maturities in the Pool:

	(Thousands of Dollars)					
	Fair Value	**Less than 1**	**1-5**	**6-10**	**Greater than 10**	**Credit Rating**
Pooled Deposits and Investments						
Bank Demand Deposits	$ 34,583	$ 34,583	$ -	$ -	$ -	not rated
Other Deposits	5,226	5,226	-	-	-	not rated
Deposits and Investments						
Interest Checking	208,769	208,769	-	-	-	not rated
Wisconsin Local Government Investment Pool	249,198	249,198	-	-	-	not rated
BMO Investment Portfolio						
Corporate Bond	32,378	6,923	24,948	-	507	see below
FHLB Bond	650	650	-	-	-	not rated
FHLMC Bond	809	150	659	-	-	not rated
FNMA Bond	621	-	-	-	621	not rated
GNMA Bond	977	-	-	-	977	not rated
Treasury Note	40,360	-	11,596	28,764	-	not rated
Certificates of Deposits	1,900	1,900	-	-	-	not rated
	$ 575,471	$ 507,399	$ 37,203	$ 28,764	$ 2,105	

Investment Portfolio Ratings
Corporate bond holdings of $32,378,000 were rated by Moody's as follows: A1 (13.6%), Aa1 (9.9%), Aa2 (33.0%), Aa3 (33.8%), Aaa (9.8%).

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, 2016, $5,000 of the City's bank balances was subject to custodial credit risk as they were neither insured nor collateralized.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. The City's investment policy does not explicitly limit investment maturities. However, the City manages its exposure to interest risk based on the anticipated cash flow needs of the City and limiting the amount of pooled investments to $68,000,000 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.

Fair Value Measurements

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

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

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

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

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

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

The City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2016.:

1. Municipal bonds of $10 million.
2. U.S. Treasury securities of $21 million.
3. GNMA of $4 million
4. Pooled deposits and investments of:
    a. Corporate Bonds of $32 million.
    b. FLHB of $650 thousand.
    c. FHLMC of $809 thousand.
    d. FNMA bonds of $621 thousand.
    e. GNMA bonds of $977 thousand.
    f. U.S. Treasury of $40 million.

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, 2016:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair value	**Less than 1**	**1-5**	**6-10**	**10 and greater**	**Moody's Credit Rating**
Component Units:						
Bank Demand Deposits	$ 6,650	$ 6,650	$ -	$ -	$ -	not rated
Local Government Investment Pool	221	221	-	-	-	not rated
U.S. Treasury Money Market Fund	7,630	7,630	-	-	-	Aaa
U.S. Treasury Notes	1,559	1,154	405	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	1,226	161	1,030	35	-	Aaa
Municipal Bonds	1,262	56	1,206	-	-	Aa3
Corporate Bonds	1,042	499	543	-	-	Aaa
Certificates of Deposit	29,326	29,326	-	-	-	AA
Money Market	18,972	18,972	-	-	-	N/A
Other	259	259	-	-	-	not rated
	$ 68,147	$ 64,928	$ 3,184	$ 35	$ -	

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, 2016 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	(Thousands of Dollars)	
Redevelopment Authority	$ 34,666	$ 32,576
Neighborhood Improvement Development Corporation	2,305	1,490

Fair Value Measurements

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

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

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

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

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

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

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2016.:

1. U.S. Treasury securities of $1.6 million.
2. GNMA bonds of $1.2 million.
3. Municipal bonds of $1.2 million.
4. Corporate bonds of $1.0 million.

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, 2016, 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)		
2011 and prior	$ 1,768	$ 2,973	$ 4,741
2012	1,137	1,790	2,927
2013	2,171	3,291	5,462
2014	4,217	6,264	10,481
2015	9,679	14,694	24,373
Total delinquent property taxes receivable	$ 18,972	$ 29,012	47,984
Property taxes receivable on foreclosed property			46,666
Less: Allowance for uncollectible taxes			(37,651)
Net delinquent property taxes receivable, including tax deeded property			$ 56,999

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

Governmental activities	Balance 01-01-16	Additions	Deletions	Balance 12-31-16
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 165,730	$ 370	$ 365	$ 165,735
Construction in progress	89,103	33,839	13,964	108,978
Intangible right of ways	1,342	-	-	1,342
Total capital assets not being depreciated	256,175	34,209	14,329	276,055
Capital assets being depreciated:				
Buildings	312,660	9,473	842	321,291
Infrastructure	1,662,239	81,308	8,112	1,735,435
Improvements other than buildings	11,997	178	-	12,175
Machinery and equipment	207,303	11,218	10,941	207,580
Intangible software	2,605	1,229	-	3,834
Total capital assets being depreciated	2,196,804	103,406	19,895	2,280,315
Less accumulated depreciation for:				
Buildings	112,913	8,505	750	120,668
Infrastructure	1,051,040	32,071	8,112	1,074,999
Improvements other than buildings	9,472	266	-	9,738
Machinery and equipment	136,629	12,778	9,376	140,031
Intangible software	1,995	373	-	2,368
Total accumulated depreciation	1,312,049	53,993	18,238	1,347,804
Total capital assets being depreciated, net	884,755	49,413	1,657	932,511
Government activity capital assets, net	$ 1,140,930	$ 83,622	$ 15,986	$ 1,208,566

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

General government	$ 571
Public safety	8,282
Public works	44,077
Health	175
Culture and recreation	888
Total	$ 53,993

Business-type activities	01-01-16	Additions	Deletions	12-31-16
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 2,052	$ 18	$ 279	$ 1,791
Construction in progress	25,993	31,301	19,788	37,506
Total capital assets not being depreciated	28,045	31,319	20,067	39,297
Capital assets being depreciated:				
Buildings	28,514	485	6	28,993
Infrastructure	375,131	7,009	458	381,682
Machinery and equipment	251,945	12,294	4,634	259,605
Nonutility property	3,654	263	-	3,917
Total capital assets being depreciated	659,244	20,051	5,098	674,197
Less accumulated depreciation for:				
Buildings	18,136	913	6	19,043
Infrastructure	104,586	5,062	458	109,190
Machinery and equipment	121,821	12,101	4,296	129,626
Nonutility property	778	142	-	920
Total accumulated depreciation	245,321	18,218	4,760	258,779
Total capital assets being depreciated, net	413,923	1,833	338	415,418
Water Works capital assets, net	441,968	33,152	20,405	454,715
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	167	76	167	76
Total capital assets not being depreciated	167	76	167	76
Capital assets being depreciated:				
Infrastructure	649,022	32,399	1,263	680,158
Machinery and equipment	6,009	323	309	6,023
Total capital assets being depreciated	655,031	32,722	1,572	686,181
Less accumulated depreciation for:				
Infrastructure	145,329	7,369	1,263	151,435
Machinery and equipment	3,432	335	309	3,458
Total accumulated depreciation	148,761	7,704	1,572	154,893
Total capital assets being depreciated, net	506,270	25,018	-	531,288
Sewer Maintenance capital assets, net	506,437	25,094	167	531,364

	01-01-16	Additions	Deletions	12-31-16
		(Thousands of Dollars)		
Other business-type activities:				
Capital assets not being depreciated:				
Land	16,982	-	-	16,982
Construction in progress	4,703	4,185	305	8,583
Total capital assets not being depreciated	21,685	4,185	305	25,565
Capital assets being depreciated:				
Buildings	68,644	-	-	68,644
Infrastructure–port	18,032	-	-	18,032
Improvements other than buildings	8,173	11	-	8,184
Machinery and equipment	12,666	3,079	87	15,658
Total capital assets being depreciated	107,515	3,090	87	110,518
Less accumulated depreciation for:				
Buildings	49,812	2,030	-	51,842
Infrastructure–port	10,897	284	-	11,181
Improvements other than buildings	7,137	245	-	7,382
Machinery and equipment	8,309	880	54	9,135
Total accumulated depreciation	76,155	3,439	54	79,540
Total capital assets being depreciated, net	31,360	(349)	33	30,978
Other business-type activities, net	53,045	3,836	338	56,543
Business-type activity capital assets, net	$ 1,001,450	$ 62,082	$ 20,910	$ 1,042,622

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

Water Utility	
Depreciation	$ 18,076
Depreciation charged to Sanitary Sewer	142
	18,218
Sewer Maintenance	7,704
Other business-type activities	3,439
Total	$ 29,361

	01-01-16	Additions	Deletions	12-31-16
		(Thousands of Dollars)		
Component Units				
Capital assets not being depreciated:				
Land	$ 12,200	$ -	$ -	$ 12,200
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	12,200	-	-	12,200
Capital assets being depreciated:				
Buildings	85,786	-	-	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	159	-	-	159
Intangibles	565	-	-	565
Total capital assets being depreciated	91,107	-	-	91,107
Less accumulated depreciation for:				
Buildings	18,048	2,233	-	20,281
Infrastructure	107	14	-	121
Improvements other than buildings	1,125	318	-	1,443
Machinery and equipment	69	16	-	85
Intangibles	254	57	-	311
Total accumulated depreciation	19,603	2,638	-	22,241
Total capital assets being depreciated, net	71,504	(2,638)	-	68,866
Component units capital assets, net	$ 83,704	$ (2,638)	$ -	$ 81,066

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, 2016 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 198,195	$ 107,228	$ 2,426	$ -	$ 307,849
Delinquent property taxes	7,511	-	-	5,547	13,058
Unavailable grant revenue	-	-	7,813	2,645	10,458
Long-term receivables	155	81,753	-	-	81,908
Unbilled special assessments	-	-	5,905	-	5,905
Total	$ 205,861	$ 188,981	$ 16,144	$ 8,192	$ 419,178

6. SHORT-TERM DEBT

During 2016, the City issued and repaid $90,000,000 of Revenue Anticipation Notes, Series 2016 R1 (R1 Notes). The RANs were issued for the purpose of financing the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November 2016.

As of December 31, 2015, the City had outstanding $130,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2016, the City repaid the outstanding balance and issued $180,000,000 short-term RANs for the same purpose. The new notes of $180,000,000 bears an interest rate of 2.00% and matures on October 1, 2017. The liability and related receivable to repay the revenue anticipation notes are recorded in the General Obligation Debt Service Fund.

Following is a summary of the Revenue Anticipation Notes issued (in thousands):

Balance 01-01-16	Additions	Deletions	Balance 12-31-16
$ 130,000	270,000	220,000	$ 180,000

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2016 were as follows:

	Balance 01-01-16	Additions	Deductions	Balance 12-31-16	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 762,779	$ 339,513	$ 229,893	$ 872,399	$ 106,617
Milwaukee Public Schools	85,480	338	9,216	76,602	6,557
Unamortized premiums	53,183	15,956	12,760	56,379	-
Extendable Municipal Commercial Paper					
City	80,302	78,260	158,562	-	-
Milwaukee Public Schools	-	45,000	45,000	-	-
Compensated absences	48,401	2,599	3,055	47,945	702
Net other postemployment benefits obligation	363,314	77,282	29,323	411,273	-
Net pension liability	91,088	523,467	278,222	336,333	-
Claims and judgments	30,912	14,660	12,876	32,696	1,651
Total governmental activities	$ 1,515,459	$ 1,097,075	$ 778,907	$ 1,833,627	$ 115,527
Business-type activities					
Water Works					
General obligation bonds and notes	$ 10,159	$ 20,000	$ 1,816	$ 28,343	$ 856
Unamortized premiums	9	392	26	375	-
Extendable Municipal Commercial Paper	10,000	-	10,000	-	-
Revenue bonds	16,139	11,024	1,677	25,486	2,206
Compensated absences	1,189	600	635	1,154	1,154
Net other postemployment benefits obligation	6,069	2,297	1,464	6,902	-
Net pension liability	2,147	8,157	2,652	7,652	-
Total Water Works	45,712	42,470	18,270	69,912	4,216
Sewer Maintenance					
General obligation bonds and notes	7,984	1,400	706	8,678	681
State Loans	107,533	-	5,921	101,612	6,065
Revenue bonds	79,320	89,830	4,550	164,600	7,510
Unamortized premiums	5,008	10,505	1,188	14,325	-
Extendable Municipal Commercial Paper	75,000	2,600	77,600	-	-
Compensated absences	164	120	149	135	135
Net other postemployment benefits obligation	2,344	847	540	2,651	-
Net pension liability	630	3,066	957	2,739	-
Total Sewer Maintenance	277,983	108,368	91,611	294,740	14,391

	Balance 01-01-16	Additions	Deductions	Balance 12-31-16	Amounts Due within One Year
		(Thousands of Dollars)			
Other Enterprise Funds					
General obligation bonds and notes	13,679	3,452	2,013	15,118	1,589
Unamortized premiums	4	-	4	-	-
Extendable Municipal Commercial Paper	1,098	140	1,238	-	-
Compensated absences	279	253	268	264	264
Net other postemployment benefits obligation	2,140	805	512	2,433	-
Net pension liability	585	3,045	940	2,690	-
Total Other Enterprise	17,785	7,695	4,975	20,505	1,853
Total business-type activities	341,480	158,533	114,856	385,157	20,460
Component Units					
Revenue bonds	$ 95,975	$ 26,455	$ 5,560	$ 116,870	$ 1,630
Unamortized premiums	-	2,293	-	2,293	214
Notes payable	18,880	-	-	18,880	30
Environmental remediation liability	1,503	165	-	1,668	-
Net other postemployment benefits	563	71	19	615	-
Net pension liability (asset)	170	464	113	521	-
Total component units	$ 117,091	$ 29,448	$ 5,692	$ 140,847	$ 1,874

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.

As of December 31, 2016, the City general obligation bonds totaled $381,730,000 of which $313,463,380 is for Capital Improvements, $51,915,388 for schools and $16,351,232 for business-type activities. The interest rates are between 1.18% and 5.50% with a final maturity date of April 1, 2033.

During the year ended December 31, 2016, general obligation bonds totaling $59,994,090 were issued of which $59,294,036 was issued to finance capital improvements, $362,418 for business-type activities, and $337,636 for schools.

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, 2016, there

was $10,902,745 of debt outstanding. There is also $76,601,786 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, 2016, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $1,096,494,000. These assets are excluded from the financial statements of the City.

As of December 31, 2016, $211,643,517 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is $262,194,226. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

C. Revenue Bonds and State Loans

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

As of December 31, 2016, the City has State loans totaling $117,098,277 of which $101,611,901 is for Sewer and $15,486,376 is for Water. The interest rates are between 1.93% and 2.89% and the final maturity date is May 1, 2035.

As of December 31, 2016, the City has Revenue Bonds totaling $174,600,000 of which $164,600,000 is for Sewer and $10,000,000 is for Water. The interest rates are between 2.00% and 5.00% and the final maturity date is December 1, 2033.

During 2016, the City issued $89,830,000 of Sewer Revenue Bonds and $10,000,000 of Water Revenue Bonds. During 2016, the City also received loans from the State's Safe Drinking Water Loan Program for Water Works Fund projects for a total of $1,024,263.

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.

As of December 31, 2016, the City had notes totaling $619,410,000 of which $431,194,990 is for Capital Improvements, $24,686,398 for schools, $35,786,628 for business-type activities, $61,362,794 for the purchase of delinquent taxes and $66,379,190 for general City. The interest rates are between 2.00% and 5.00% with a final maturity date of April 1, 2026.

During the year ended December 31, 2016, installment loans totaling $69,855,119 was issued of which $39,562,957 was issued to finance capital improvements, $4,479,190 for general City, $507,972 for business-type activities and $25,305,000 to purchase 2015's delinquent taxes.

E. Loans

On April 25, 2013, the City entered into a taxable line of credit (PNC Line) with PNC Bank, National Association in the amount of $50,000,000. The PNC Line is secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. Interest on the PNC Line was based upon the Daily LIBOR rate. The PNC Line expired on April 25, 2016.

On November 18, 2016, the City entered into a tax-exempt revolving loan agreement with U.S. Bank National Association (Loan) in the amount of $80,000,000. The Loan is secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. Interest on the Loan is based on the One-Month LIBOR rate. The Loan has an initial maturity date of November 16, 2017, and may be extended by mutual consent. If not extended, on the maturity date, the Loan enters an Amortization Period with the principal due on the first business day of the 18th month following the maturity date.

On December 7, 2016, the City entered into a $50,000,000 taxable and a $100,000,000 tax-exempt line of credit agreements with JPMorgan Chase Bank, National Association (Lines). The Lines are secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. Interest on the Lines is based on the One-Month LIBOR rate. The Lines have an initial Commitment Expiration Date of December 7, 2018, and may be extended by mutual consent. If not extended, the principal is due 18 months from the Commitment Expiration Date.

During 2016, $126 million was drawn on the Loans for the following purposes.

Loan Draws
(Thousands of Dollars)

Purpose	Amount
Refund debt	$ 66,000
Capital expenditues	36,667
Business-type activities	22,883
	$ 125,550

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

Loans
(Thousands of Dollars)

Balance 01-01-16	Additions	Deletions	Balance 12-31-16
$ -	125,550	50,000	$ 75,550

F. Extendable Municipal Commercial Paper

During 2016, the City continued to issue Extendable Municipal Commercial Paper Promissory Notes (EMCP). The EMCP are limited (not general) obligations of the City, payable from the sale of 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 2016, $126 million of EMCP was issued for the following purposes.

EMCP Issuances
(Thousands of Dollars)

Purpose	Amount
City cash flow	$ 50,000
Schools cash flow	45,000
Refund debt	22,400
Capital expenditues	4,500
Sewer	2,600
Port	140
Finance receivables	860
Legal settlements	500
	$ 126,000

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

EMCP Activity
(Thousands of Dollars)

Balance 01-01-16	Additions	Deletions	Balance 12-31-16
$ 166,400	126,000	292,400	$ -

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

G. Debt Service Requirements

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

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
			(Thousands of Dollars)		
Governmental activities					
2017	$ 113,174	$ 39,899	$ -	$ -	$ 153,073
2018	154,803	36,788	-	-	191,591
2019	115,430	29,818	-	-	145,248
2020	101,130	23,727	-	-	124,857
2021	66,737	17,493	-	-	84,230
2022-2026	249,720	51,925	-	-	301,645
2027-2031	139,952	9,031	-	-	148,983
2032-2036	8,055	218	-	-	8,273
Total	$ 949,001	$ 208,899	$ -	$ -	$ 1,157,900
Business-type activities					
Water Works					
2017	$ 856	$ 3,395	$ 2,206	$ 672	$ 7,129
2018	858	3,353	2,242	624	7,077
2019	20,858	1,685	1,103	574	24,220
2020	836	267	1,121	545	2,769
2021	835	226	1,139	520	2,720
2022-2026	4,100	506	5,985	2,120	12,711
2027-2031	-	-	6,571	1,241	7,812
2032-2036	-	-	5,119	354	5,473
Total	$ 28,343	$ 9,432	$ 25,486	$ 6,650	$ 69,911
Sewer Maintenance					
2017	$ 681	$ 353	$ 13,575	$ 9,263	$ 23,872
2018	681	327	14,068	8,764	23,840
2019	681	293	14,610	8,214	23,798
2020	2,081	258	15,171	7,635	25,145
2021	1,077	201	15,755	7,029	24,062
2022-2026	3,477	326	78,104	26,030	107,937
2027-2031	-	-	73,053	12,259	85,312
2032-2036	-	-	41,876	2,741	44,617
Total	$ 8,678	$ 1,758	$ 266,212	$ 81,935	$ 358,583
Other Enterprise					
2017	$ 1,589	$ 675	$ -	$ -	$ 2,264
2018	1,493	718	-	-	2,211
2019	1,421	652	-	-	2,073
2020	2,833	573	-	-	3,406
2021	1,266	305			1,571
2022-2026	4,918	767	-	-	5,685
2027-2031	1,598	98	-	-	1,696
2032-2036	$ 15,118	$ 3,788	$ -	$ -	$ 18,906

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds and Notes Payable Principal	Revenue Bonds and Notes Payable Interest	Total Debt Service
			(Thousands of Dollars)		
Total Component Units					
2017	$ -	$ -	$ 1,660	$ 3,656	$ 5,316
2018	-	-	2,330	3,667	5,997
2019	-	-	3,343	3,644	6,987
2020	-	-	3,666	3,596	7,262
2021	-	-	4,009	3,542	7,551
2022-2026	-	-	27,973	16,575	44,548
2027-2031	-	-	35,765	13,958	49,723
2033-2036	-	-	14,485	11,314	25,799
2037-2041	-	-	42,519	8,968	51,487
2042-2051	-	-	-	-	-
Total	$ -	$ -	$ 135,750	$ 68,920	$ 204,670

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, 2016, the City's legal debt margin was $961,412,000. Of this amount, $519,609,000 was for school purposes and $441,801,000 was for City purposes.

I. Refinancing

In May 2016, the City issued General Obligation Promissory Notes, Series 2016 N2 with a par amount of $54,814,881, N5 with a par amount of $25,870,000, Corporate Purpose Bonds, Series 2016 B3 with a par amount of $22,614,717, 2016 T4 with a par amount of $6,197,188. A portion of these issues were to provide long-term financing for interim debt, and reduce the interest cost of long-term debt including $40,559,170 of Extendable Municipal Commercial Paper.

J. Conduit Debt

Occasionally, the City has issued revenue bonds in order to provide financing to private sector entities for the purpose of acquiring, constructing, or rehabilitating housing units and for retiring the existing debt associated with housing units. These obligations are primarily secured by mortgage or revenue agreements on the associated projects and, together with the interest obligation, are payable solely by the developers from leased rentals and other funds or revenues. In addition, these obligations do not constitute indebtedness of the City, as the City has no responsibility for the debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of all revenue bonds outstanding at December 31, 2016 is approximately $15,100,000 for the City and $504,000,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

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

Funding Policy **–** Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, for general City employees enrolled prior to January 1, 2014, 4% for general City employees enrolled on or after January 1, 2014, 7%, police officers, firefighters, 7% for elected officials enrolled prior to January 1, 2014, and 4% for elected officials enrolled on or after January 1, 2014. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute a percentage of their earnable compensation for pension benefits as described above. A general City employee who enrolls as a member in the Employes' Retirement System on or after January 1, 2014 has the following: a minimum service retirement age of 65 and a service retirement allowance equal to 1.6% of the members final average salary times the total number of years of all creditable service; eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service. Additionally, they are eligible for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator. All new city employees enrolled on or after January 1, 2014, are required to contribute 4% of their earnable compensation to the retirement system. Total contributions to the System for the plan year 2016 was $67,149,000 equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2015 and 2014 were $72,695,000 and $74,790,000 respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

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

Long-term Expected Return on Plan Assets –The long-term expected rate of return on pension plan investments was determined using Callan Associates' 10-year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2015, are summarized in the following table:

Asset Class	Policy	Actual	Long-term Expected Rate of Return
Domestic Equity	25.0%	28.7%	9.22%
International Equity	20.0%	21.4%	7.14%
Global Equity	10.0%	7.0%	8.00%
Fixed Income/Cash	24.0%	24.1%	1.41%
Cash	1.0%	0.8%	0.87%
Real Estate	7.0%	8.4%	6.91%
Real Assets	3.0%	0.0%	5.45%
Private Equity	5.0%	3.8%	12.40%
Absolute Return	5.0%	5.7%	4.68%
	100.0%	100.0%	

Rate of Return – For the year ended December 31, 2015, the annual money-weighted rate of return, net of investment expense was .63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2015, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2015, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Valuation Date	January 1, 2015
Amortization Method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The differences between projected and actual earnings are amortized over a closed period of five years.
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Investment Rate of Return:	8.25% for calendar years through 2017, and 8.50% beginning with calendar year 2018.
Discount Rate:	8.50%
Projected Salary Increases	General City 3.0% - 7.5%
	Police & Fire 3.0% - 14.4%
Inflation Assumption:	3.00%
Cost of Living Adjustments	Vary by Employe Group as explained in summary of plan provisions.
Mortality Table	For regular retirees and for survivors, the RP-2000 Combined Mortality Table projected nine years using Scale AA. Future generational rates are projected from 2009 based on Scale AA. For duty and ordinary disability retirees, use the RP-2000 Disability Mortality Table. For death in active service, the rates are similar to those used for regular retirees and survivors with a 6-year setback.
Experience Study	The actuarial assumptions used in December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2007 - December 31, 2011.

Net Pension Liability – The components of the pension liability of the City of Milwaukee as of December 31, 2016, were as follows:

		Total (Thousands of Dollars)
Total pension liability.....	$	4,340,124
Plan fiduciary net position.....		(3,990,710)
Net pension liability.....	$	349,414
Plan fiduciary net position as a percentage of total pension liability.....		91.95%
Covered employee payroll.....	$	444,716
Net pension liability as a percentage of covered employee payroll.....		78.57%

Discount Rate - The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 8.50 percent, which reflects the long-term expected

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability (asset) calculated using the discount rate of 8.50%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease to Discount Rate (7.50%)	Current Discount Rate (8.50%)	1% Increase to Discount Rate (9.50%)
City's net pension liability (asset)	$ 821,276,000	$ 349,414,000	$ (48,465,000)

Schedule of Employer Allocations – The Employer Allocation Percentage is based on the employers required contribution compared to the required contribution for all employers. The Employer Allocation Percentage is rounded to seven decimal places.

Schedule of Pension Amounts – The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage.

The Collective Deferred Inflows and Outflow of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 4.20 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5.00 years.

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

FUTURE

	Outflows of Resources	**Inflows of Resources**	**Net Outflows of Resources**
	(Thousands of Dollars)		
Differences between expected and actual experience	$ -	$ -	$ -
Changes in assumptions	-	-	-
Current year contributions to be deferred	68,391	-	68,391
Net differences between projected and actual earnings on pension plan investments	323,137	24,047	299,090
	$ 391,528	$ 24,047	$ 367,481

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

Year Ended December 31:	**Net Deferred Outflows of Resources**
	(Thousands of Dollars)
2016	$ 91,870
2017	91,870
2018	91,870
2019	91,871
	$ 367,481

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

The Collective Pension Expense is determined as follows:

	Total (Thousands of Dollars)
Service Cost	$ 58,575
Interest cost on total pension liability	348,016
Projected earnings on plan investments	(282,162)
Contributions - Member	(41,171)
Administrative Expense	8,048
Plan Changes	-
Recognition of net deferred outflows (inflows)	-
Changes in assumptions	(4,325)
Differences between expected and actual liability experience	(24,954)
Difference between projected and actual earnings	-
Other changes in fiduciary net position	-
Total Pension Expense	$ 62,027

Other Postemployment Benefits

The City provides other post-employment 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 Employes' 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 2016, the City paid approximately $29,779,142 and $2,060,388, 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	$	79,655,100
Interest on Net OPEB Obligation		16,832,800
Adjustment to ARC		(15,257,100)
Annual OPEB Cost		81,230,800
Contribution made		31,839,530
Increase in net OPEB Obligation		49,391,270
Net OPEB Obligation - beginning of year		373,866,273
Net OPEB Obligation - end of year	$	423,257,543

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
12/31/2014	74,790,000	49.9%	325,503,335
12/31/2015	77,565,700	37.3%	373,866,273
12/31/2016	81,230,800	39.2%	423,257,543

Funded Status and Funding Progress. Actuarial liabilities increased from $975.7 million as of January 1, 2015, to $1.02 billion as of January 1, 2016. As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1,020,383,400, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability

(UAAL) of $1,020,383,400. The covered payroll (annual payroll of active employees covered by the plan) was $377,788,500 and the ratio of the UAAL to the covered payroll was 270 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-term 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 2016, approximately $7,920,800 was paid for sick leave from all funds. At December 31, 2016, accumulated sick leave earned but not taken totaled approximately $166,995,583 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 2016, terminal leave payments totaled $2,329,588 to employees retiring during the year. As of December 31, 2016, the City has accrued approximately $33,348,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $50,275,000 with the remainder accrued vacation leave of $16,927,000.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2016 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
			(Thousands of Dollars)			
Nonspendable						
Loans receivable	$ 117	$ -	$ -	$ -	$ -	$ 117
Advances	5,752	-	-	-	-	5,752
Inventory	8,509	-	-	-	-	8,509
Inventory of property for resale	26	-	-	-	-	26
Prepaid items	1,619	-	-	7	-	1,626
Investment-Targeted Mortgage	104	-	-	-	-	104
Spendable						
Restricted for:						
Future debt payments	-	109,814	58,379	-	-	168,193
Capital projects	-	-	-	38,557	-	38,557
Grants	-	-	-	-	8,628	8,628
Economic Development	-	-	-	-	102	102
Committed to:						
Contributions	2,266	-	-	-	-	2,266
Delinquent taxes	-	-	-	-	-	-
Equipment replacement	-	-	-	-	-	-
Assigned to:						
Conservation and development	311	-	-	-	-	311
General government	7,716	-	-	-	-	7,716
Health	110	-	-	-	-	110
Library	339	-	-	-	-	339
Public safety	1,958	-	-	-	-	1,958
Public works	556	-	-	-	-	556
2017 budgetary financing	27,579	-	-	-	-	27,579
Environmental remediation	233	-	-	-	-	233
Unassigned	50,737	-	-	(11,471)	(3,728)	35,538
Total Fund Balance	$ 107,932	$ 109,814	$ 58,379	$ 27,093	$ 5,002	$ 308,220

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, 2016, the tax stabilization reserve was $84,068,000. Of this amount, $27,579,000 has been committed to the funding of the 2017 General Fund budget and $50,737,000 is unassigned for 2018 and subsequent years' budgets. This Reserve includes an amount for advances of $5,752,000 from the General Fund to the Capital Projects Fund. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the reserved for tax stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budgeted, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council prior to budget adoption.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2016 were as follows:

		Due From				
		General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
		(Thousands of Dollars)				
Due To	General Fund	$ -	$ -	$ -	$ -	$ -
	General Obligation Debt	-	1,251	-	-	1,251
	Capital Projects	5,399	-	-	-	5,399
	Nonmajor Governmental Funds	34,721	-	-	-	34,721
	Water Works	-	-	1,486	1,353	2,839
	Nonmajor Enterprise Funds	12,223	-	-	-	12,223
	Totals	$ 52,343	$ 1,251	$ 1,486	$ 1,353	$ 56,433

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, 2016 the outstanding balance was $5,752,000.

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, 2016 the outstanding balance was $136,143.

Interfund transfers for the year ended December 31, 2016 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	$ 1,912	Funding for Revenue Anticipation Notes
	Nonmajor Governmental Funds	7,635	Subsidize uncollected property taxes
	Nonmajor Governmental Funds	14	Grant variance closeouts
	Water Works	12,767	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	1,569	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	16,600	Subsidy for operations
	Nonmajor Enterprise Funds	3,610	Excess earnings of Port
	Subtotal General Fund	**44,107**	
General Obligation Debt	General	49,500	Funding for debt payments
	General	2,119	Funding for debt payments
	Public Debt Amortization	6,500	Funding for debt payments
	Capital Projects	2,554	Funding for debt payments
	Nonmajor Governmental Funds	28,033	Funding for debt payments
	Sewer Maintenance	4,783	Funding for debt payments
	Nonmajor Enterprise Funds	801	Funding for debt payments
	Subtotal Debt Service	**94,290**	
Nonmajor Enterprise	General Obligation Debt	528	Funding for debt payments
	Subtotal Nonmajor Proprietary	**528**	
	Total Interfund Transfers	**$ 138,925**	

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, 2016 were as follows:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from RACM for reimbursable expenditures	$ 36
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	17,128
Due from RACM for reimbursable housing escrow	
Due from NIDC for housing projects	21
Due from NIDC for home and Community Development Block grants	17
Total	$ 17,202

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to RACM for reimbursable expenditures	$ 178
Due to RACM for home and Community Development Block grants	46
Total	$ 224

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2017 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)
2017	$ 4,426
2018	4,271
2019	3,860
2020	4,758
2021	3,751
2022-2026	19,249
2027-2031	17,813
2032-2036	7,026
2037 and beyond	4,596
Total	$ 69,748

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

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

	2015	2016
General liability claims	$ 18,736,000	$ 28,647,000
Workers' compensation claims	9,594,000	2,064,000
Unemployment claims	611,000	426,000
Pollution remediation obligation	1,971,000	1,559,000
	$ 30,912,000	$ 32,696,000

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

	2015	2016
Beginning of year liability	$ 27,583,000	$ 30,912,000
Current year claims and changes in estimates	8,230,000	19,213,300
Claim payments	(4,901,000)	(17,429,300)
End of year liability	$ 30,912,000	$ 32,696,000

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 include both active and retiree. Changes in the liabilities during the past two years were as follows:

	2015	2016
Beginning of year liability	$ 8,011,000	$ 10,009,000
Current year claims and changes in estimates	87,972,000	94,656,800
Claim payments	(85,974,000)	(96,155,000)
End of year liability	$ 10,009,000	$ 8,510,800

At year-end 2016, there were sixteen plaintiffs that had filed lawsuits, involving the refund of allegedly excessive property taxes, under Section 74.37. At least 13 of these cases are still pending. Of these cases, seven of them have the potential, if they are successful, to result in large individual judgements. These include Marathon Oil, US Venture, Metropolitan Associates, Clear Channel Outdoor, US Bank, Duke Realty, and Wisconsin and Milwaukee Hotel. As these cases are still pending, the associated potential liabilities remain as of the current date.

The case of the estate of Dontre Hamilton vs. the City of Milwaukee was settled in 2017 for $2.3 million. The settlement amount, for this case, is included in the City's 2016 long term liabilities.

During 2016, several prior year claims were either settled or dismissed while ten new claims were filed. All pending cases are included in the calculation of estimated legal liability.

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 $363,000 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 2016, the City's estimated liability for pollution remediation-related activities decreased $412,000. At December 31, 2016, the City has an outstanding liability of $1,559,349 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 $52,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. The City spent $54,050 in post-closure care of solid waste landfills during 2016. 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, 2016.

Commitments

The following is a list of encumbrances by function at December 31, 2016:

	General Fund	Capital Projects	Water Works	Total
		(Thousands of Dollars)		
General government	$ 1,807	$ 6	$ -	$ 1,813
Conservation and development	355	69,547	-	69,902
Health	275	-	-	275
Library	1,153	-	-	1,153
Public safety	2,659	-	-	2,659
Public works	1,006	-	-	1,006
Infrastructure	-	51,983	5,706	57,689
Total	$ 7,255	$ 121,536	$ 5,706	$ 134,497

14. TAX ABATEMENTS

Wisconsin State Statue Section 66.1105 gives the City of Milwaukee (City) the authority to create Tax Incremental Financing (TIF) districts. TIF is an economic development tool used by the City to leverage private development investment. As of December 31, 2016, the City provides tax incentives to certain developers of properties within tax incremental districts (TIDs) utilizing the following methods.

Program 1 - Developer-Financed Projects:

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

Program 2 – Grants to Developers/Corporations:

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

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

The City is the collection agent for the property taxes of all overlying taxing authorities and deposits the revenues into a separate fund. Taxes refunded during 2016 and the remaining potential future refunds are shown in the table below. The "Remaining" column represents the maximum principal amount outstanding as of December 31, 2016.

Program 1 Developer-Financed	2016 Taxes Refunded	Remaining
	(Thousands of Dollars)	
TID 50	$ 63	$ 32
TID 52	479	1,960
TID 57	570	3,075
TID 61	3	-
TID 64	325	3,367
TID 70	338	433
TID 78	-	54,000
TID 80	208	2,752
TID 83	-	900
TID 84	-	8,000
TID 86	-	1,500
TID 87	-	1,200
Total Program 1	$ 1,986	$ 77,219
Program 2 Grant		
TID 37	$ 300	$ 300
TID 63	95	1,631
TID 77	199	533
Total Program 2	$ 594	$ 2,464

15. RESTATEMENT

The net position of the component unit RACM, as of December 31, 2015, was restated to record transactions involving the Milwaukee Public Schools (MPS) as a lease receivable instead of construction in progress. The impact of the restatement is as follows:

Government-Wide	RACM	Other Component Units	Total Component Units
		(Thousands of Dollars)	
Net Position December 31, 2015 as previously reported	$ 53,162	$ (5,859)	$ 47,303
		-	-
Add: Lease receivable	16,010	-	16,010
Decrease in deferred revenue	251	-	251
Less: Construction in progress	(15,640)	-	(15,640)
Net Position December 31, 2015 as restated	$ 53,783	$ (5,859)	$ 47,924

16. SUBSEQUENT EVENTS

On January 25, 2017, the City drew $1,335,000 and $2,016,000 from the Wisconsin Clean Water Fund (CWF) and Wisconsin Safe Drinking Water Loan (SDWL) programs, respectively, for capital project and refunding purposes. Both the CWF and SDWL loans mature in each of the years 2017 through 2036.

On February 8, 2017, the City drew $54 and $12,027,000 from the CWF and SDWL programs, respectively, for capital project and refunding purposes. Both the CWF and SDWL loans mature in each of the years 2017 through 2036.

On February 15, 2017, the City drew $23,000,000 on its line of credit with US Bank National Association for refunding purposes. The issuance was repaid on May 18, 2017.

On March 8, 2017, the City drew $17,749,000 from the CWF program for capital project purposes. The CWF loan matures in each of the years 2017 through 2036.

On May 17, 2017, the City issued $120,000,000 of limited obligation revenue anticipation notes, series R3, for cash flow purposes. The maturity date is December 21, 2017, and is anticipated to be repaid from the receipt of State shared revenues.

On May 17, 2017, the City issued $104,230,000 of general obligation promissory notes, series N4, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2018 through 2027.

On May 17, 2017, the City issued $14,545,000 of general obligation corporate purpose bonds, series B5 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2028 through 2034.

On May 17, 2017, the City issued $13,555,000 of taxable general obligation promissory notes, series T6 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2018 through 2027.

On May 17, 2017, the City issued $4,595,000 of taxable general obligation corporate purpose bonds, series T7 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2028 through 2034.

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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, 2016

(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 194,970	$ 194,970	$ 187,739	$ (7,231)
Other taxes	3,641	3,641	3,979	338
Licenses and permits	16,068	16,068	16,767	699
Intergovernmental	262,678	262,678	265,190	2,512
Charges for services	122,009	122,103	118,166	(3,937)
Fines and forfeits	4,060	4,060	3,534	(526)
Other	21,881	22,546	20,000	(2,546)
Total Revenues	625,307	626,066	615,375	(10,691)
Expenditures:				
Current:				
General government	271,374	244,757	225,418	19,339
Public safety	276,218	320,976	320,389	587
Public works	100,567	103,874	103,740	134
Health	10,138	10,481	10,207	274
Culture and recreation	17,599	17,371	17,296	75
Conservation and development	4,346	4,429	4,429	-
Total Expenditures	680,242	701,888	681,479	20,409
Deficiency of Revenues over Expenditures	(54,935)	(75,822)	(66,104)	9,718
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	5,000	54,541	49,541
Transfers in	29,904	29,904	44,107	14,203
Transfers out	-	-	(51,619)	(51,619)
Contributions received	30,978	30,978	20,077	(10,901)
Contributions used	(30,068)	(29,963)	(20,318)	9,645
Use of fund balance - reserved for tax stabilization	21,087	21,087	21,087	-
Total Other Financing Sources and Uses	51,901	57,006	67,875	10,869
Net Change in Fund Balance	(3,034)	(18,816)	1,771	20,587
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	106,161	106,161	106,161	-
Fund Balance - Ending	**$ 103,127**	**$ 87,345**	**$ 107,932**	**$ 20,587**

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 $21.1 million at January 1, 2016.

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit E-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

RETIREE HEALTH AND LIFE INSURANCE

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	-	$ 928,496	$ 928,496	0.0%	$ 408,231	227.44%
1/1/2015	-	975,696	975,696	0.0%	366,785	266.00%
1/1/2016	-	1,020,383	1,020,383	0.0%	377,789	270.09%

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Employee's Retirement System

	2016
The City's proportion of the net pension liability (asset)	83.08%
The City's proportionate share of the net pension liability (asset)	$ 349,915
The City's covered-employee payroll	$ 445,615
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.95%

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Employees' Retirement System

	2016
Legally required contributions *	$ 66,333
Contributions in relation to the required contributions	$ 59,985
Contribution deficiency (excess)	$ 6,348
City's covered - employee payroll	$ 445,165
Contributions as a percentage of covered-employee payroll	13.47%

See accompanying independent auditors' report.

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	30 years (open)
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 thereafter.

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Difference between expected and actual liability and actual Liability experience amortized over average of expected remaining service lives. Difference between projected and actual earnings amortized over 5 years.
Asset valuation method	Market value
Investment rate of return	8.25% for 2017, 8.50% thereafter
Projected salary increases	3.0% - 7.5%, General City 3.0% - 14.4%, Police & Fire
Inflation assumption	3.0%

Changes of assumptions: There were no changes in the assumptions.
Changes of benefit terms: There were no changes of benefit terms for any City of Milwaukee Employes' Retirement System participants.

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

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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

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

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

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

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

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

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ 796	$ 1,526	$ -	$ 728	$ 3,050
Receivables (net):					
Taxes	-	-	32,898	-	32,898
Accounts	-	30	-	-	30
Notes and loans	6,085	5,188	-	-	11,273
Due from other funds	-	-	-	-	-
Due from component units	8	9	-	-	17
Due from other governmental agencies	6,539	3,329	-	-	9,868
Prepaid items	-	-	-	-	-
Total Assets	**$ 13,428**	**$ 10,082**	**$ 32,898**	**$ 728**	**$ 57,136**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,998	$ 2,967	$ 67	$ 626	$ 5,658
Accrued expenses	158	56	-	-	214
Due to other funds	3,708	1	31,012	-	34,721
Due to component units	-	46	-	-	46
Due to other governmental agencies	683	1,556	-	-	2,239
Unearned revenue	796	268	-	-	1,064
Total Liabilities	7,343	4,894	31,079	626	43,942
Deferred Inflows of Resources:					
Unavailable revenue	2,405	240	5,547	-	8,192
Fund Balances:					
Restricted	3,680	4,948	-	102	8,730
Unassigned	-	-	(3,728)	-	(3,728)
Total Fund Balances	3,680	4,948	(3,728)	102	5,002
Total Liabilities, Deferred Inflows and Fund Balances	**$ 13,428**	**$ 10,082**	**$ 32,898**	**$ 728**	**$ 57,136**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
Revenues:					
Intergovernmental	$ 30,364	$ 15,218	$ -	$ -	$ 45,582
Other	-	-	1,560	9,922	11,482
Total Revenues	30,364	15,218	1,560	9,922	57,064
Expenditures:					
Current:					
General government	-	1,960	1,890	-	3,850
Public safety	10,164	3,392	-	-	13,556
Public works	3,037	318	-	-	3,355
Health	9,352	50	-	-	9,402
Culture and recreation	988	1,876	-	-	2,864
Conservation and development	6,462	7,752	-	9,922	24,136
Total Expenditures	30,003	15,348	1,890	9,922	57,163
Excess (Deficiency) of Revenues over Expenditures	361	(130)	(330)	-	(99)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	-	-	27,006	-	27,006
Loans receivable activities	48	(509)	-	-	(461)
Transfers out	(14)	-	(35,668)	-	(35,682)
Total Other Financing Sources (Uses)	34	(509)	(8,662)	-	(9,137)
Net Change in Fund Balances	395	(639)	(8,992)	-	(9,236)
Fund Balances - Beginning	3,285	5,587	5,264	102	14,238
Fund Balances - Ending	**$ 3,680**	**$ 4,948**	**$ (3,728)**	**$ 102**	**$ 5,002**

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit F-3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANT AND AID PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 32,563	$ 30,364	$ (2,199)
Expenditures:			
Current:			
Public safety	11,754	10,164	1,590
Public works	3,165	3,037	128
Health	10,111	9,352	759
Culture and recreation	1,050	988	62
Conservation and development	6,483	6,462	21
Total Expenditures	32,563	30,003	2,560
Excess of Revenues over Expenditures	-	361	361
Other Financing Sources (Uses):			
Loans receivable activities	-	48	48
Transfers out	-	(14)	(14)
Net Change in Fund Balance	-	395	395
Fund Balance - Beginning	-	3,285	3,285
Fund Balance - Ending	**$ -**	**$ 3,680**	**$ 3,680**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 15,218	$ 15,218	$ -
Expenditures:			
Current:			
General government	1,960	1,960	-
Public safety	3,392	3,392	-
Public works	318	318	-
Health	50	50	-
Culture and recreation	1,876	1,876	-
Conservation and development	7,752	7,752	-
Total Expenditures	15,348	15,348	-
Deficiency of Revenues under Expenditures	(130)	(130)	-
Other Financing Sources:			
Loans receivable activities	(509)	(509)	-
Net Change in Fund Balance	(639)	(639)	-
Fund Balance - Beginning	5,587	5,587	-
Fund Balance - Ending	**$ 4,948**	**$ 4,948**	**$ -**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Other	$ 9,843	$ 9,922	$ 79
Expenditures:			
Current:			
Conservation and development	9,843	9,922	$ (79)
Excess of Revenues over Expenditures	-	-	-
Fund Balance - Beginning	102	102	-
Fund Balance - Ending	**$ 102**	**$ 102**	**$ -**

See accompanying independent auditors' report.

Nonmajor Enterprise Funds

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

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

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

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

CITY OF MILWAUKEE

Exhibit G-1

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
ASSETS AND DEFERRED INFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	$ 12,778	$ 76	$ -	$ 12,854
Receivables (net):				
Accounts	871	1,102	11,361	13,334
Unbilled accounts	-	-	3,123	3,123
Due from other funds	-	-	1,353	1,353
Prepaid items	-	-	-	-
Total Current Assets	13,649	1,178	15,837	30,664
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	8,528	8,454	-	16,982
Construction in progress	5,348	3,235	-	8,583
Capital assets being depreciated:				
Buildings	54,821	13,823	-	68,644
Infrastructures	-	18,032	-	18,032
Improvements other than buildings	5,446	2,738	-	8,184
Machinery and equipment	6,654	9,004	-	15,658
Accumulated depreciation	(52,411)	(27,129)	-	(79,540)
Total Noncurrent Assets	28,386	28,157	-	56,543
Total Assets	42,035	29,335	15,837	87,207
Deferred Outflows of Resources:				
Deferred outflows for pensions	2,329	614	-	2,943
Total Deferred Outflows of Resources	2,329	614	-	2,943

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit G-1 (Continued)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 1,151	$ 592	$ 9,472	$ 11,215
Accrued expenses	198	44	1	243
Accrued interest payable	121	25	-	146
Compensated absences	164	100	-	264
Advances from other funds	136	-	-	136
Due to other funds	-	5,333	6,890	12,223
Due to component units	-	6	-	6
General obligation debt payable - current	1,304	285	-	1,589
Total Current Liabilities	3,074	6,385	16,363	25,822
Noncurrent Liabilities:				
General obligation debt payable	10,138	3,391	-	13,529
Other post employment benefits obligation	1,957	476	-	2,433
Net pension liability	2,138	552	-	2,690
Total Noncurrent Liabilities	14,233	4,419	-	18,652
Total Liabilities	17,307	10,804	16,363	44,474
Deferred Inflows:				
Deferred Inflows - Pension	138	36	-	174
Total Deferred Outflows of Resources	138	36	-	174
NET POSITION:				
Net investment in capital assets	16,944	24,481	-	41,425
Unrestricted	9,975	(5,372)	(526)	4,077
Total Net Position	**$ 26,919**	**$ 19,109**	**$ (526)**	**$ 45,502**

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	$ -	$ -	$ 46,838	$ 46,838
Rent	7,424	5,465	-	12,889
Parking meters	5,177	-	-	5,177
Parking permits	4,553	-	-	4,553
Vehicle towing	5,569	-	-	5,569
Parking forfeitures	15,563	-	-	15,563
Other	-	-	1,238	1,238
Total Operating Revenues	38,286	5,465	48,076	91,827
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	42,809	42,809
Employee services	7,368	2,016	81	9,465
Administrative and general	-	-	-	-
Depreciation	2,588	851	-	3,439
Transmission and distribution	-	-	-	-
Services, supplies and materials	14,550	1,328	5,381	21,259
Billing and collection	-	-	-	-
Total Operating Expenses	24,506	4,195	48,271	76,972
Operating Income	13,780	1,270	(195)	14,855
Nonoperating Revenues (Expenses):				
Grant revenue	-	1,582	-	1,582
Interest expense	(499)	(111)	-	(610)
Other	1,053	(112)	-	941
Total Nonoperating Revenues (Expenses)	554	1,359	-	1,913
Income (Loss) before Contributions and Transfers	14,334	2,629	(195)	16,768
Transfers in	-	528	-	528
Transfers out	(18,970)	(3,610)	-	(22,580)
Change in Net Position	(4,636)	(453)	(195)	(5,284)
Total Net Position - Beginning	31,555	19,562	(331)	50,786
Total Net Position - Ending	**$ 26,919**	**$ 19,109**	**$ (526)**	**$ 45,502**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit G-3

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 38,127	$ 5,713	$ 46,886	$ 90,726
Payments to suppliers	(15,402)	(1,097)	(48,860)	(65,359)
Payments to employees	(6,797)	(1,876)	(80)	(8,753)
Payments from other funds	-	-	(89)	(89)
Payments to other funds	(27)	3,524	2,143	5,640
Net Cash Provided by Operating Activities	15,901	6,264	-	22,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	1,053	1,582	-	2,635
Transfers from other funds	-	528	-	528
Transfers to other funds	(18,970)	(3,610)	-	(22,580)
Net Cash Used for Noncapital Financing Activities	(17,917)	(1,500)	-	(19,417)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	1,479	2,113	-	3,592
Acquisition of property, plant and equipment	(1,095)	(5,841)	-	(6,936)
Retirement of bonds, notes and revenue bonds	(2,435)	(816)	-	(3,251)
Interest paid	(507)	(108)	-	(615)
Other	-	(112)	-	(112)
Net Cash Used for Capital and Related Financing Activities	(2,558)	(4,764)	-	(7,322)
Net Decrease in Cash and Cash Equivalents	(4,574)	-	-	(4,574)
Cash and Cash Equivalents - Beginning	17,352	76	-	17,428
Cash and Cash Equivalents - Ending	**$ 12,778**	**$ 76**	**$ -**	**$ 12,854**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	$ 13,780	$ 1,270	$ (195)	$ 14,855
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,588	851	-	3,439
Effect of changes in operating assets and liabilities:				
Receivables	(159)	248	(1,190)	(1,101)
Due from other funds	-	-	(89)	(89)
Prepaid items	21	-	-	21
Accounts payable	(873)	231	(670)	(1,312)
Accrued liabilities	(26)	2	1	(23)
Net other postemployment benefits obligation	232	61	-	293
Net pension liability	1,676	429	-	2,105
Due to other funds	(27)	3,524	2,143	5,640
Deferred outflows	(1,449)	(388)	-	(1,837)
Deferred inflows	138	36	-	174
Net Cash Provided by Operating Activities	$ 15,901	$ 6,264	$ -	$ 22,165

See accompanying independent auditors' report.

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Agency Funds

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

CITY OF MILWAUKEE

Exhibit H-1

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Balance 01-01-16	Additions	Deductions	Balance 12-31-16
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and investments	$ 147,888	$ 1,512,729	$ 1,506,463	$ 154,154
Taxes receivable	-	283,567	283,567	-
Total Assets	**$ 147,888**	**$ 1,796,296**	**$ 1,790,030**	**$ 154,154**
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	**$ 147,888**	**$ 1,512,729**	**$ 1,506,463**	**$ 154,154**
PROPERTY TAX FUND				
ASSETS				
Cash and investments	$ 96,612	$ 210,537	$ 207,015	$ 100,134
Taxes Receivable	-	110,640	110,640	-
Total Assets	**$ 96,612**	**$ 321,177**	**$ 317,655**	**$ 100,134**
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	$ 254	$ 4,477	$ 4,427	$ 304
Milwaukee County	61,585	129,673	127,707	63,551
Menomonee Falls School District	-	145	145	-
Milwaukee Area District Board of Vocational Technical & Adult Education	14,564	31,911	31,291	15,184
Milwaukee Metropolitan Sewerage District	20,209	44,301	43,415	21,095
Washington County	-	3	3	-
Waukesha County	-	25	25	-
Total Liabilities	**$ 96,612**	**$ 210,535**	**$ 207,013**	**$ 100,134**
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and investments	**$ 259**	**$ 976**	**$ 1,019**	**$ 216**
LIABILITIES				
Accounts payable	**$ 259**	**$ 976**	**$ 1,019**	**$ 216**

CITY OF MILWAUKEE

Exhibit H-1 (Continued)

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Balance 01-01-16	Additions	Deductions	Balance 12-31-16
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and investments	**$ 331**	**$ 2,835**	**$ 3,096**	**$ 70**
LIABILITIES				
Accounts payable	$ -	$ 35	$ 35	$ -
Due to Other Governmental Agencies:				
State of Wisconsin	286	2,283	2,511	58
Milwaukee County	45	516	549	12
Total Liabilities	**$ 216**	**$ 2,834**	**$ 3,095**	**$ 70**
OTHER				
ASSETS				
Cash and investments	**$ 1,470**	**$ 13,663**	**$ 13,530**	**$ 1,603**
LIABILITIES				
Accounts payable	**$ 1,470**	**$ 13,663**	**$ 13,530**	**$ 1,603**
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 246,560	$ 1,740,740	$ 1,731,123	$ 256,177
Receivables:				
Taxes	-	394,207	394,207	-
Total Assets	**$ 246,560**	**$ 2,134,947**	**$ 2,125,330**	**$ 256,177**
LIABILITIES				
Accounts payable	$ 1,729	$ 14,674	$ 14,584	$ 1,819
Due to other governmental agencies	244,831	1,726,063	1,716,536	254,358
Total Liabilities	**$ 246,560**	**$ 1,740,737**	**$ 1,731,120**	**$ 256,177**

See accompanying independent auditors' report.

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MISCELLANEOUS FINANCIAL DATA

CITY OF MILWAUKEE

COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE

DECEMBER 31, 2016

(Thousands of Dollars)

Exhibit I-1

	Real Estate	Personal Property	Total
Year Levied			
2004 -2005	$ 172	$ -	$ 172
2006	181	-	181
2007	233	-	233
2008	408	-	408
2009	728	-	728
2010	862	378	1,240
2011	1,483	296	1,779
2012	2,688	239	2,927
2013	5,264	198	5,462
2014	10,283	198	10,481
2015	24,105	268	24,373
Delinquent Taxes Receivable	$ 46,407	$ 1,577	47,984
Add: Property taxes receivable on foreclosed property (A)			46,666
Total Delinquent Taxes Receivable			94,650
Less: Estimated uncollectible taxes			(37,651)
Net Delinquent Taxes Receivable			**$ 56,999**

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit I-2

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

DECEMBER 31, 2016

(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	$ 39,809	
Local Government Pooled - Investment Fund	308,149	
Institutional Money Market Fund	217,314	
Cash with Fiscal Agent	20,621	
Total Cash and Cash Equivalents		$ 585,893
Investments:		
Municipal Bonds	10,498	
Certificates of Deposit	1,900	
Investment Portfolio	75,795	
Other	4,708	
Total Investments		92,901
Total Cash and Cash Equivalents and Investments		$ 678,794

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	$ 112,319	$ 104	$ -	$ 112,423
General Obligation Debt Service	143,295	-	11,350	154,645
Public Debt Amortization	19,071	14,929	-	34,000
Capital Projects	58,341	-	-	58,341
Nonmajor Governmental Funds	3,050	-	-	3,050
Water Works	17,015	-	1,241	18,256
Sewer Maintenance	11,858		11,827	23,685
Nonmajor Enterprise Funds	12,854	-	-	12,854
Pension and Other Employee Benefit Trusts	1,485	-	-	1,485
Private-Purpose Trusts	3,704	174		3,878
Agency Funds	256,177	-	-	256,177
Total Cash and Cash Equivalents and Investments - Fund	**$ 639,169**	**$ 15,207**	**$ 24,418**	**$ 678,794**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-3

Year	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 4,201	$ 1,758	$27,753	$ 1,846	$ 2,968	$ 898
2018	4,086	1,580	12,596	1,191	2,104	897
2019	3,976	1,399	6,456	811	2,082	801
2020	3,778	1,222	4,581	571	3,142	698
2021	3,671	1,049	3,810	384	1,366	412
2022	3,253	887	2,662	237	1,366	348
2023	3,185	735	1,752	131	1,099	291
2024	3,185	591	1,752	44	1,099	240
2025	3,405	446	-	-	1,229	188
2026	2,620	313	-	-	1,228	135
2027	2,344	210	-	-	926	93
2028	2,064	129	-	-	841	62
2029	1,492	68	-	-	827	33
2030	901	26	-	-	397	12
2031	325	5	-	-	176	3
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Totals	**42,486**	**10,418**	**61,362**	**5,215**	**20,850**	**5,111**
Total Requirements	**$52,904**		**$66,577**		**$25,961**	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
$ 285	$ 185	$ 2,317	$ 948	$ 698	$ 205
264	251	2,101	934	643	180
260	240	2,088	854	619	156
1,283	218	2,941	768	597	131
233	61	1,965	564	596	107
199	51	1,918	492	597	84
194	42	1,885	418	597	60
190	33	1,818	340	597	36
194	24	1,755	262	597	12
157	16	1,601	190	-	-
119	11	1,184	137	-	-
98	7	1,137	103	-	-
79	5	1,074	70	-	-
68	3	1,010	36	-	-
53	1	640	9	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,676	**1,148**	**25,434**	**6,125**	**5,541**	**971**
$4,824		**$31,559**		**$6,512**	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Parking		Playgrounds/ Recreational Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 447	$ 1,506	$ 1,304	$ 490	$ 972	$ 188
2018	62,348	820	1,229	467	790	150
2019	448	132	1,161	412	779	113
2020	448	116	1,550	355	461	84
2021	448	99	1,033	244	271	67
2022	448	81	1,021	198	271	54
2023	448	63	910	154	271	41
2024	448	45	829	114	234	30
2025	448	27	697	82	210	20
2026	448	9	527	53	164	11
2027	-	-	397	34	63	7
2028	-	-	329	21	58	6
2029	-	-	248	11	58	4
2030	-	-	141	4	58	3
2031	-	-	66	1	59	1
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Totals	**66,379**	**2,898**	**11,442**	**2,640**	**4,719**	**779**
Total Requirements	**$69,277**		**$14,082**		**$5,498**	

See accompanying independent auditors' report.

Police		Public Buildings		Schools	
Principal	Interest	Principal	Interest	Principal	Interest
$ 3,874	$ 1,415	$ 20,181	$ 6,011	$ 6,557	$ 3,115
3,242	1,472	18,826	5,926	5,746	2,867
2,936	1,339	19,005	5,109	5,122	2,632
5,227	1,190	25,999	4,215	4,278	2,431
2,413	697	13,249	2,202	1,162	2,313
2,236	591	8,508	1,717	1,246	2,259
2,175	492	7,960	1,351	1,282	2,207
2,175	395	6,449	1,028	1,080	2,157
2,156	301	4,424	794	12,829	2,116
1,859	213	4,196	618	-	1,959
1,524	144	4,022	469	37,300	979
1,277	95	3,746	344	-	-
1,025	57	3,746	222	-	-
812	26	3,221	105	-	-
402	6	1,588	24	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,333	**8,433**	**145,120**	**30,135**	**76,602**	**25,035**
$41,766		**$175,255**		**$101,637**	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-3 (Continued)

	Sewer Maintenance		Sewers		Streets	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2017	$ 681	$ 353	$ 1,939	$ 246	$ 16,865	$ 11,877
2018	681	327	1,467	169	15,525	11,709
2019	681	293	1,003	108	45,366	8,606
2020	2,081	258	947	60	21,716	5,626
2021	1,077	201	336	29	14,556	4,188
2022	1,077	147	336	13	13,280	3,557
2023	800	100	121	3	13,563	2,943
2024	800	59	-	-	13,458	2,333
2025	800	20	-	-	12,444	1,767
2026	-	-	-	-	11,255	1,251
2027	-	-	-	-	8,646	862
2028	-	-	-	-	8,220	586
2029	-	-	-	-	6,809	347
2030	-	-	-	-	4,531	161
2031	-	-	-	-	2,851	43
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Totals	**8,678**	**1,758**	**6,149**	**628**	**209,085**	**55,856**
Total Requirements	**$10,436**		**$6,777**		**$264,941**	

See accompanying independent auditors' report.

Tax Incremental Districts		Urban Renewal		Water	
Principal	Interest	Principal	Interest	Principal	Interest
$ 19,683	$ 8,498	$ 4,719	$ 1,388	$ 856	$ 3,395
20,676	7,573	4,653	1,320	858	3,353
20,837	6,605	4,713	1,153	20,858	1,685
21,132	5,642	5,883	973	836	267
18,514	4,755	4,380	627	835	226
16,504	3,989	3,973	484	835	184
15,114	3,295	3,409	359	835	142
13,357	2,689	3,379	243	835	101
13,092	2,132	3,280	126	820	59
10,584	1,638	1,406	44	775	20
10,415	1,226	180	15	-	-
8,796	865	169	9	-	-
5,290	629	117	3	-	-
4,970	474	36	1	-	-
4,625	322	-	-	-	-
4,780	171	-	-	-	-
3,275	47	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
211,644	**50,550**	**40,297**	**6,745**	**28,343**	**9,432**
$262,194		**$47,042**		**$37,775**	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Total Requirements Principal	Total Requirements Interest
2017	$ 116,300	$ 44,322
2018	157,835	41,186
2019	138,390	32,448
2020	106,880	24,825
2021	69,915	18,225
2022	59,730	15,373
2023	55,600	12,827
2024	51,685	10,478
2025	58,380	8,386
2026	36,820	6,470
2027	67,120	4,187
2028	26,735	2,227
2029	20,765	1,449
2030	16,145	851
2031	10,785	415
2032	4,780	171
2033	3,275	47
2034	-	-
2035	-	-
2036	-	-
2037	-	-
Totals	**1,001,140**	**223,887**
Total Requirements	**$1,225,027**	

See accompanying independent auditors' report.

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CITY OF MILWAUKEE

Exhibit I-4

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

(Thousands of Dollars)

Year	Principal	Interest	Total Requirements
2017	$ 2,206	$ 672	$ 2,878
2018	2,242	624	2,866
2019	1,103	574	1,677
2020	1,121	545	1,666
2021	1,139	520	1,659
2022	1,157	495	1,652
2023	1,176	463	1,639
2024	1,195	425	1,620
2025	1,219	388	1,607
2026	1,238	349	1,587
2027	1,263	315	1,578
2028	1,288	284	1,572
2029	1,313	251	1,564
2030	1,338	214	1,552
2031	1,369	177	1,546
2032	1,400	140	1,540
2033	1,431	101	1,532
2034	1,083	65	1,148
2035	595	36	631
2036	610	12	622
	$ 25,486	**$ 6,650**	**$ 32,136**

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2016 consisted of gross revenues plus interest income in the amount of $97,881, less operating expenses (excluding depreciation but including the payment in lieu of taxes) of $67,996. As a result, the net revenue available for debt service was $29,885. Debt service requirements consisted of $1,992 for 2016. At the end of the year, bond coverage computes to 15.00.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-5

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

(Thousands of Dollars)

	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 7,510	$ 6,857	$ 6,065	$ 2,406	$ 13,575	$ 9,263
2018	7,855	6,508	6,213	2,256	14,068	8,764
2019	8,245	6,112	6,365	2,102	14,610	8,214
2020	8,650	5,690	6,521	1,945	15,171	7,635
2021	9,075	5,246	6,680	1,783	15,755	7,029
2022	9,115	4,791	6,844	1,618	15,959	6,409
2023	9,560	4,324	7,011	1,448	16,571	5,772
2024	7,450	3,898	7,183	1,275	14,633	5,173
2025	7,825	3,525	7,358	1,097	15,183	4,622
2026	8,220	3,139	7,538	915	15,758	4,054
2027	8,615	2,760	7,723	728	16,338	3,488
2028	9,000	2,397	6,988	548	15,988	2,945
2029	9,400	2,017	4,873	402	14,273	2,419
2030	9,805	1,633	3,880	296	13,685	1,929
2031	10,200	1,260	2,569	218	12,769	1,478
2032	7,860	941	2,632	154	10,492	1,095
2033	8,145	677	2,696	89	10,841	766
2034	5,845	454	1,223	42	7,068	496
2035	6,020	277	1,250	14	7,270	291
2036	6,205	93	-	-	6,205	93
	$ 164,600	**$ 62,599**	**$ 101,612**	**$ 19,336**	**$ 266,212**	**$81,935**

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of $63,050 less operating expenses (excluding depreciation) of $17,395. As a result, the net revenue available for debt service was $45,655. Debt service requirements consisted of $16,556 for 2016. At the end of the year, bond coverage computes to 2.75.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	$5,858	$ 821	$ 83	$4,745	$ 1,150
Receivables (net):					
Taxes	-	30	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	126	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	**$5,984**	**$ 851**	**$ 83**	**$4,745**	**$ 1,150**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 243	$ 7	$ 140	$ 121	$ 16
Accrued expenses	16	-	-	1	2
Due to other funds	-	-	-	-	-
Due to component units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	259	7	140	122	18
Deferred Inflows of Resources:					
Unavailable revenue	126	50	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	5,599	794	-	4,623	1,132
Unassigned	-	-	(57)	-	-
Total Fund Balances	5,599	794	(57)	4,623	1,132
Total Liabilities, Deferred Inflows and Fund Balances	**$5,984**	**$ 851**	**$ 83**	**$4,745**	**$ 1,150**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ -	$ 8,943	$ 1,294	$ 8,565	$ 4,806	$ 22,076	$ -	$ 58,341
-	59	-	89	-	1,265	-	1,443
-	-	-	-	1,820	-	-	1,820
-	-	-	-	-	-	6,505	6,505
-	-	-	21	-	-	-	21
-	-	-	-	9,645	-	-	9,771
7	-	-	-	-	-	-	7
$ 7	**$ 9,002**	**$ 1,294**	**$ 8,675**	**$ 16,271**	**$ 23,341**	**$ 6,505**	**$ 77,908**
$ 819	$ 1,611	$ 1	$ 885	$ 3,972	$ 14,848	$ 40	$ 22,703
4	23	-	1	131	4	-	182
5,399	-	-	-	-	-	-	5,399
-	-	-	26	-	142	-	168
-	-	-	-	467	-	-	467
-	-	-	-	-	-	5,752	5,752
6,222	1,634	1	912	4,570	14,994	5,792	34,671
-	100	-	150	7,687	2,126	5,905	16,144
7	-	-	-	-	-	-	7
-	7,268	1,293	7,613	4,014	6,221	-	38,557
(6,222)	-	-	-	-	-	(5,192)	(11,471)
(6,215)	7,268	1,293	7,613	4,014	6,221	(5,192)	27,093
$ 7	**$ 9,002**	**$ 1,294**	**$ 8,675**	**$ 16,271**	**$ 23,341**	**$ 6,505**	**$ 77,908**

CITY OF MILWAUKEE

Exhibit I-7

SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS BY PURPOSE
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	$ -	$ 112	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	200	-	-	-	-
Other	-	-	-	-	2,880
Total Revenues	200	112	-	-	2,880
Expenditures:					
Capital outlay	2,582	124	2,448	1,389	3,852
Excess (deficiency) of Revenues over Expenditures	(2,382)	(12)	(2,448)	(1,389)	(972)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	1,949	-	3,122	6,550	947
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	1,949	-	3,122	6,550	947
Net Change in Fund Balance	(433)	(12)	674	5,161	(25)
Fund Balance (Deficit) - Beginning	6,032	806	(731)	(538)	1,157
Fund Balance (Deficit) - Ending	**$ 5,599**	**$ 794**	**$ (57)**	**$ 4,623**	**$ 1,132**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ 72	$ 615	$ -	$ 150	$ -	$ 3,138	$ -	$ 4,087
-	-	-	-	-	107	1,838	1,945
-	117	-	1	11,258	-	-	11,576
-	551	-	1,010	1,332	2,951	-	8,724
72	1,283	-	1,161	12,590	6,196	1,838	26,332
12,032	23,430	-	8,416	43,656	40,037	1,270	139,236
(11,960)	(22,147)	-	(7,255)	(31,066)	(33,841)	568	(112,904)
6,588	36,526	-	8,917	35,373	39,595	-	139,567
-	-	-	-	-	(2,554)	-	(2,554)
6,588	36,526	-	8,917	35,373	37,041	-	137,013
(5,372)	14,379	-	1,662	4,307	3,200	568	24,109
(843)	(7,111)	1,293	5,951	(293)	3,021	(5,760)	2,984
$ (6,215)	**$ 7,268**	**$ 1,293**	**$ 7,613**	**$ 4,014**	**$ 6,221**	**$ (5,192)**	**$ 27,093**

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	$ 113,337	$ 106,106	$ (7,231)
Provision for Employees' Retirement	81,633	81,633	-
Total Property Taxes	194,970	187,739	(7,231)
Other Taxes:			
Payment in lieu of taxes	1,012	1,288	276
Interest on city tax certificates and other taxes	2,629	2,691	62
Total Other Taxes	3,641	3,979	338
Licenses and Permits:			
Licenses:			
Business and occupational	5,877	5,505	(372)
Other	80	113	33
Permits:			
Building	8,743	9,669	926
Zoning	343	342	(1)
Other	1,025	1,138	113
Total Licenses and Permits	16,068	16,767	699
Intergovernmental:			
State Shares Revenues:			
State shared taxes	227,714	227,809	95
Local street aids	26,383	27,756	1,373
Payment for municipal services	2,200	2,336	136
Other	6,381	7,289	908
Total Intergovernmental	262,678	265,190	2,512
Charges for Services:			
General government	9,533	10,145	612
Public safety	28,094	25,438	(2,656)
Public works	82,446	80,352	(2,094)
Health	902	1,164	262
Culture and recreation	1,120	1,057	(63)
Conservation and development	8	10	2
Total Charges for Services	122,103	118,166	(3,937)
Fines and Forfeits:			
Court and contract forfeitures	4,060	3,520	(540)
Other	-	14	14
Total Fines and Forfeits	4,060	3,534	(526)
Other:			
Interest on temporary investments	791	1,353	562
Miscellaneous	21,755	18,647	(3,108)
Total Other	22,546	20,000	(2,546)
Total	**$ 626,066**	**$ 615,375**	**$(10,691)**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-9

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

(Thousands of Dollars)

		2016 Actual				
	Final Budget	Salaries and Wages	Other Operating Costs	Equipment	Total	Variance - Favorable (Unfavorable)
General Government:						
Zoning Appeals	$ 255	$ 223	$ 32	$ -	$ 255	$ -
Mayor	875	799	71	-	870	5
Common Council - City Clerk	6,996	5,634	1,091	71	6,796	200
Municipal Court	2,841	1,794	958	5	2,757	84
City Attorney	14,484	4,813	9,412	125	14,350	134
Administration	9,945	5,849	3,010	269	9,128	817
Employee Relations	113,888	2,702	100,439	2	103,143	10,745
Election Commission	2,895	2,102	767	-	2,869	26
Comptroller	21,740	3,284	18,315	10	21,609	131
City Treasurer	56,586	1,570	54,867	10	56,447	139
Assessor's Office	3,429	2,887	494	-	3,381	48
Employee's Retirement	1,911	-	1,901	-	1,901	10
Interest Expense	1,912	-	1,912	-	1,912	-
Pension Reserve Fund	7,000	-	-	-	-	7,000
Total General Government	244,757	31,657	193,269	492	225,418	19,339
Public Safety:						
Fire and Police Commission	1,405	848	501	3	1,352	53
Fire Department	91,716	85,381	5,609	726	91,716	-
Police Department	212,055	194,856	15,085	2,002	211,943	112
Neighborhood Services	15,800	11,876	3,464	38	15,378	422
Total Public Safety	320,976	292,961	24,659	2,769	320,389	587
Public Works:						
General Office	2,747	2,459	287	-	2,746	1
Infrastructure	32,287	17,627	14,144	470	32,241	46
Operations	68,840	35,736	31,336	1,681	68,753	87
Total Public Works	103,874	55,822	45,767	2,151	103,740	134
Health	10,481	7,438	2,704	49	10,207	274
Culture and Recreation:						
Public Library	17,371	12,156	3,063	2,093	17,296	75
Conservation and Development:						
Department of City Development	4,429	3,066	1,363	-	4,429	-
Total	**$ 701,888**	**$403,100**	**$ 270,825**	**$ 7,554**	**$ 681,479**	**$ 20,409**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL OBLIGATION DEBT SERVICE FUND
DEBT SERVICE FUND BY PURPOSE
FOR THE YEAR ENDED DECEMBER 31, 2016
(Thousands of Dollars)

Exhibit I-10

	City General Obligation Debt Service	TID General Obligation Debt Service	TID Special Revenue Fund	Total General Obligation Debt Service
Revenues:				
Property taxes	$ 30,493	$ -	$ 30,667	$ 61,160
Other taxes	28,544	-	-	28,544
Intergovernmental	-	812	-	812
Charges for services	9,172	2,554	-	11,726
Other	670	-	-	670
Total Revenues	68,879	3,366	30,667	102,912
Expenditures:				
Current:				
General government	1,058	-	-	1,058
Debt Service:				
Principal retirement	314,923	127,748	-	442,671
Interest	29,294	7,595	-	36,889
Bond issuance costs	1,305	-	-	1,305
Total Expenditures	346,580	135,343	-	481,923
Excess (Deficiency) of Revenues over Expenditures	(277,701)	(131,977)	30,667	(379,011)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	45,338	-	-	45,338
Proceeds from debt refundings	103,529	93,130	-	196,659
Loans receivable activities	(1,126)	-	-	(1,126)
Issuance premium	15,956	-	-	15,956
Transfers in	53,659	38,847	1,784	94,290
Transfers out	32,794	-	(35,234)	(2,440)
Total Other Financing Sources and Uses	250,150	131,977	(33,450)	348,677
Net Change in Fund Balances	(27,551)	-	(2,783)	(30,334)
Fund Balances - Beginning	65,748	-	74,400	140,148
Fund Balances - Ending	**$ 38,197**	**$ -**	**$ 71,617**	**$ 109,814**

This table, which is for presentation purposes only, categorizes the General Obligation Debt Service fund activity by purpose. The Tax Incemental District (TID) columns represent the activity and fund balance attributable to the TIDs.

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

STATISTICAL SECTION

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Statistical Section (Unaudited)

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

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

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

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

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

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

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CITY OF MILWAUKEE

Table 1

NET POSITION BY COMPONENT

LAST TEN YEARS

(Thousands of Dollars)

	Fiscal Year				
	2007	**2008**	**2009**	**2010**	**2011**
Governmental activities					
Net investment in capital assets	$ 558,328	$ 559,343	$ 562,934	$ 625,372	$ 645,761
Restricted	116,516	143,951	164,011	210,066	206,053
Unrestricted	(298,676)	(396,139)	(478,822)	(562,424)	(614,761)
Total governmental activities net position	376,168	307,155	248,123	273,014	237,053
Business-type activities					
Net investment in capital assets	581,594	607,122	650,478	619,758	618,625
Restricted	9,528	10,935	11,159	11,422	15,034
Unrestricted	60,566	47,065	19,392	45,625	58,195
Total business-type activities net position	651,688	665,122	681,029	676,805	691,854
Primary government					
Net investment in capital assets	1,139,922	1,166,465	1,213,412	1,245,130	1,264,386
Restricted	126,044	154,886	175,170	221,488	221,087
Unrestricted	(238,110)	(349,074)	(459,430)	(516,799)	(556,566)
Total primary government net position	$ 1,027,856	$ 972,277	$ 929,152	$ 949,819	$ 928,907

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
Governmental activities					
Net investment in capital assets	$ 686,492	$ 706,111	$ 748,374	$ 769,340	$ 816,916
Restricted	211,440	216,314	211,316	209,116	176,923
Unrestricted	(616,111)	(723,716)	(745,740)	(739,204)	(856,449)
Total governmental activities net position	281,821	198,709	213,950	239,252	137,390
Business-type activities					
Net investment in capital assets	623,909	648,594	669,428	675,510	684,085
Restricted	-	770	930	1,174	1,229
Unrestricted	87,435	74,764	57,112	68,134	74,720
Total business-type activities net position	711,344	724,128	727,470	744,818	760,034
Primary government					
Net investment in capital assets	1,310,401	1,354,705	1,417,802	1,444,850	1,501,001
Restricted	211,440	217,084	212,246	210,290	178,152
Unrestricted	(528,676)	(648,952)	(688,628)	(671,070)	(781,729)
Total primary government net position	$ 993,165	$ 922,837	$ 941,420	$ 984,070	$ 897,424

See accompanying independent auditors' report.

CITY OF MILWAUKEE

CHANGES IN NET POSITION

LAST TEN YEARS

(Thousands of Dollars)

Table 2

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities				
General government	$ 204,724	$ 208,608	$ 207,504	$ 259,420
Public safety	297,711	314,935	331,409	326,366
Public works	157,701	174,629	167,983	168,699
Health	23,102	20,830	22,995	23,360
Culture and recreation	21,298	20,639	22,901	21,075
Conservation and development	70,025	61,693	50,683	66,758
Capital contribution to Milwaukee Public Schools	2,788	6,474	5,153	91,161
Contributions	21,915	22,177	21,026	23,321
Interest on long-term debt	30,536	28,368	23,985	26,467
Total Governmental Activities Expenses	829,800	858,353	853,639	1,006,627
Business-type Activities				
Water	62,064	64,562	67,946	67,966
Sewer Maintenance	29,928	29,167	34,847	41,188
Parking	24,025	25,078	24,659	25,450
Other activities	37,927	44,401	48,356	51,761
Total Business-type Activities	153,944	163,208	175,808	186,365
Total Primary Government Expenses	983,744	1,021,561	1,029,447	1,192,992
Program Revenues				
Governmental activities				
Charges for services				
General government	12,408	12,589	9,011	9,931
Public safety	15,121	17,998	16,649	16,202
Public works	45,855	53,348	62,553	68,135
Health	798	644	1,078	1,071
Culture and recreation	1,888	1,443	1,482	1,504
Conservation and development	426	388	284	303
Grants and contributions	75,074	77,032	73,694	152,757
Total Governmental Activities Program Revenues	151,570	163,442	164,751	249,903
Business-type Activities				
Charges for services				
Water	72,808	73,731	73,132	73,473
Sewer Maintenance	37,756	40,724	48,199	52,046
Parking	39,730	43,961	42,245	47,477
Other activities	37,199	45,096	49,456	53,143
Capital grants and contributions	6,062	10,203	18,674	3,094
Total Business-type Activities Program Revenues	193,555	213,715	231,706	229,233
Total Primary Government Program Revenues	345,125	377,157	396,457	479,136
Net (Expense)/Revenue				
Governmental Activities	(678,230)	(694,911)	(688,888)	(756,724)
Business-type Activities	39,611	50,507	55,898	42,868
Total primary government net expense	$ (638,619)	$ (644,404)	$ (632,990)	$ (713,856)

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 245,191	$ 221,740	$ 305,744	$ 251,538	$ 204,691	$ 255,177
326,879	328,677	320,317	315,952	399,620	423,903
166,787	158,527	169,250	170,054	182,340	174,470
21,137	22,020	19,743	18,852	20,249	21,594
19,864	20,512	20,348	21,503	25,315	24,375
67,171	56,872	45,605	57,617	88,252	77,670
4,386	4,853	278	-	-	-
23,382	22,803	22,331	24,001	-	-
28,047	31,105	28,275	23,105	24,749	25,109
902,844	867,109	931,891	882,622	945,216	1,002,298
69,196	66,571	68,728	72,540	72,141	73,620
40,813	41,430	44,795	46,840	49,661	53,002
25,267	26,101	24,248	24,053	25,233	25,005
46,780	47,744	47,592	48,382	50,855	52,577
182,056	181,846	185,363	191,815	197,890	204,204
1,084,900	1,048,955	1,117,254	1,074,437	1,143,106	1,206,502
10,148	10,428	10,131	10,344	31,100	27,733
19,049	20,785	23,759	23,833	26,711	25,438
71,348	74,168	75,968	78,520	81,325	80,352
1,297	1,101	877	923	1,081	1,164
1,239	1,239	1,137	1,114	1,092	1,057
412	469	9	9	9	10
105,422	118,869	77,283	104,073	70,122	89,457
208,915	227,059	189,164	218,816	211,440	225,211
84,394	88,122	85,034	88,013	96,687	97,850
51,788	54,956	57,270	59,121	60,695	62,954
44,148	42,730	43,256	41,411	42,532	38,286
52,796	54,288	48,920	47,457	51,129	53,541
4,393	5,133	3,852	799	2,740	4,965
237,519	245,229	238,332	236,801	253,783	257,596
446,434	459,481	427,496	455,617	465,223	482,807
(693,929)	(640,050)	(742,727)	(663,806)	(733,776)	(777,087)
55,463	63,383	52,969	44,986	55,893	53,392
$ (638,466)	$ (576,667)	$ (689,758)	$ (618,820)	$ (677,883)	$ (723,695)

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

Table 2 (continued)

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	$ 243,654	$ 257,210	$ 270,191	$ 283,442
State aids for General Fund	272,539	271,100	272,337	270,939
Miscellaneous	84,042	61,949	47,217	179,057
Transfers	36,483	38,052	40,111	48,177
Total Governmental Activities	636,718	628,311	629,856	781,615
Business-type Activities				
Miscellaneous	2,121	979	120	1,085
Transfers	(36,483)	(38,052)	(40,111)	(48,177)
Total Business-type Activities	(34,362)	(37,073)	(39,991)	(47,092)
Total Primary Government	602,356	591,238	589,865	734,523
Change in Net Position				
Governmental Activities	(41,512)	(60,577)	(126,868)	87,686
Business-type Activities	5,249	18,825	2,877	8,371
Total Primary Government	$ (36,263)	$ (41,752)	$ (123,991)	$ 96,057

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 276,168	$ 279,588	$ 276,193	$ 284,664	$ 287,602	$ 286,513
273,240	260,141	259,735	260,886	263,350	265,191
64,214	81,153	82,059	88,718	89,487	83,919
44,346	44,643	41,628	43,115	43,038	39,602
657,968	665,525	659,615	677,383	683,477	675,225
3,932	750	1,443	1,471	1,709	1,426
(44,346)	(44,643)	(41,628)	(43,115)	(43,038)	(39,602)
(40,414)	(43,893)	(40,185)	(41,644)	(41,329)	(38,176)
617,554	621,632	619,430	635,739	642,148	637,049
(35,961)	25,475	(83,112)	15,241	(50,299)	(101,862)
15,049	19,490	12,784	3,342	14,564	15,216
$ (20,912)	$ 44,965	$ (70,328)	$ 18,583	$ (35,735)	$ (86,646)

CITY OF MILWAUKEE

Table 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

(Thousands of Dollars)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Revenues:				
Property taxes	$ 221,082	$ 227,637	$ 238,832	$ 247,956
Other taxes	20,867	27,746	30,291	34,109
Special assessments	3,542	3,631	2,418	3,421
Licenses and permits	13,704	12,918	12,186	12,948
Intergovernmental	336,870	333,345	332,138	344,929
Charges for services	79,754	88,224	93,498	200,461
Fines and forfeits	5,800	5,277	4,802	5,422
Contributions received	22,270	21,532	21,300	23,005
Other	43,990	33,563	40,682	49,541
Total Revenues	747,879	753,873	776,147	921,792
Expenditures:				
Current:				
General government	225,893	224,444	227,325	281,978
Public safety	268,456	279,934	290,535	287,815
Public works	97,778	109,196	101,118	101,681
Health	22,288	20,748	21,867	22,343
Culture and recreation	19,714	18,858	19,654	18,046
Conservation and development	30,954	31,796	28,298	35,468
Capital outlay	127,336	114,825	98,003	240,480
Debt Service:				
Principal retirement	152,077	181,102	205,228	333,780
Interest	35,360	33,637	31,941	33,305
Bond issuance costs	78	147	463	1,314
Total Expenditures	979,934	1,014,687	1,024,432	1,356,210
Excess (deficiency) of Revenues over Expenditures	(232,055)	(260,814)	(248,285)	(434,418)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	102,928	237,368	227,525	415,291
Refunding bonds issued	-	-	66,585	94,420
Payment to escrow agent on advance refundings	-	-	-	-
Payment - current refunding	-	-	(71,800)	(106,500)
Loans receivable activities	4,975	(518)	(250)	(293)
Issuance premium	2,129	3,694	9,437	21,632
Capital lease	-	-	-	-
Transfers in	145,447	201,073	196,930	253,412
Transfers out	(108,964)	(163,021)	(156,819)	(205,235)
Total Other Financing Sources and Uses	146,515	278,596	271,608	472,727
Special Item:				
Receipt of loans receivable	-	-	-	-
Net Change in Fund Balances	$ (85,540)	$ 17,782	$ 23,323	$ 38,309
Debt service as a percentage of noncapital expenditures	20.5%	20.7%	22.5%	29.5%

See accompanying independent auditors' report.

Table 3 (Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 242,631	$ 244,038	$ 245,254	$ 250,036	$ 253,815	$ 252,986
30,706	34,172	31,156	34,475	32,861	34,921
3,163	2,344	1,986	1,945	4,666	1,945
13,289	14,410	15,030	16,063	16,629	16,767
360,287	346,116	329,892	317,987	322,763	323,161
188,312	115,901	116,813	131,147	154,402	147,480
5,076	5,042	4,492	4,587	4,110	3,534
24,021	21,826	21,871	23,752	2,588	2,378
38,483	43,575	38,577	52,464	42,188	43,477
905,968	827,424	805,071	832,456	834,022	826,649
259,089	235,936	322,431	268,263	254,168	248,581
283,282	291,787	287,330	283,599	307,185	334,411
103,585	96,991	102,657	106,779	103,512	107,649
20,129	20,963	18,821	18,088	18,014	19,688
18,124	18,565	18,560	19,330	20,190	21,128
41,459	42,366	30,616	32,583	29,178	28,565
96,870	87,429	98,913	139,898	155,227	139,236
					-
331,960	417,107	531,243	385,884	414,499	442,671
37,184	37,992	36,887	37,322	36,606	36,889
1,040	933	755	447	1,180	1,305
1,192,722	1,250,069	1,448,213	1,292,193	1,339,759	1,380,123
(286,754)	(422,645)	(643,142)	(459,737)	(505,737)	(553,474)
231,652	301,084	410,945	332,444	380,522	266,452
80,648	189,590	182,341	41,216	106,316	196,659
-	(63,884)	-	-	-	-
(41,949)	(34,134)	-	-	-	-
(8,783)	2,317	635	(2,506)	(4,972)	(1,587)
17,079	21,038	14,345	12,783	12,645	15,956
-	-	-	-	-	-
195,101	198,576	230,452	235,824	214,406	138,397
(150,755)	(153,933)	(188,824)	(192,709)	(171,368)	(98,795)
322,993	460,654	649,894	427,052	537,549	517,082
-	-	-	-	-	-
$ 36,239	$ 38,009	$ 6,752	$ (32,685)	$ 31,812	$ (36,392)
32.7%	38.7%	41.0%	36.9%	36.9%	38.7%

CITY OF MILWAUKEE

Table 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

(Thousands of Dollars)

	Fiscal Year				
	2007	**2008**	**2009**	**2010**	**2011**
General Fund					
Reserved	$ 90,853	$ 73,007	$ 71,356	$ 59,626	
All Other Governmental Funds					
Reserved	$ 90,812	$ 154,448	$ 177,820	$ 232,790	
Unreserved, reported in:					
Capital projects funds	(12,951)	(39,071)	(38,776)	(27,931)	
Nonmajor governmental funds	16,357	14,469	15,776	-	
Total all other governmental funds	$ 94,218	$ 129,846	$ 154,820	$ 204,859	
General Fund					
Nonspendable					$ 15,044
Restricted					-
Committed					2,995
Assigned					26,778
Unassigned					27,169
Total General Fund					$ 71,986
All Other Governmental Funds					
Nonspendable					$ 886
Restricted					5,855
Committed					223,000
Assigned					-
Unassigned					(1,003)
Total all other governmental funds					$ 228,738

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
General Fund					
Nonspendable	$ 15,721	$ 15,389	$ 17,301	$ 17,094	$ 16,127
Restricted	-	-	-	-	-
Committed	1,835	1,741	1,587	2,035	2,266
Assigned	35,915	43,172	44,150	46,404	38,802
Unassigned	52,319	43,232	50,006	61,715	50,737
Total General Fund	$ 105,790	$ 103,534	$ 113,044	$ 127,248	$ 107,932
All Other Governmental Funds					
Nonspendable	$ 565	$ 254	$ -	$ -	$ 7
Restricted	9,774	230,642	214,932	227,376	215,480
Committed	227,769	21,249	8,489	5,264	-
Assigned	-	-	-	-	-
Unassigned	(5,165)	(10,194)	(23,665)	(15,276)	(15,199)
Total all other governmental funds	$ 232,943	$ 241,951	$ 199,756	$ 217,364	$ 200,288

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Thousands of Dollars)

	Real Estate			Personal Property		
Budget Year	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other
2006	$ 16,116,818	$ 7,547,715	$ 721,966	$ 185,601	$ 541,831	$ 108,218
2007	18,211,504	8,498,283	740,265	212,808	577,964	114,128
2008	18,753,915	8,950,205	726,692	220,073	578,674	144,790
2009	19,173,233	9,483,547	772,960	219,741	631,263	150,908
2010	17,743,825	9,485,580	732,008	211,075	632,652	139,433
2011	17,156,627	9,202,213	732,280	219,340	605,115	132,890
2012	17,069,535	9,191,349	746,955	214,901	571,664	123,239
2013	14,750,295	8,992,762	707,124	214,694	538,278	118,947
2014	14,265,491	9,195,174	709,328	216,866	525,387	121,913
2015	14,198,159	9,178,216	707,901	293,288	424,803	222,175
2016	14,254,964	9,430,293	726,810	215,006	430,290	205,599

Budget Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value
2006	$ 25,222,149	$ 8.75	$ 26,256,714	96.1%
2007	28,354,952	7.99	30,226,985	93.8
2008	29,374,373	8.00	31,887,192	92.1
2009	30,431,675	8.09	32,257,525	94.4
2010	28,944,573	8.89	31,266,329	92.6
2011	28,048,464	9.12	29,520,783	95.0
2012	27,917,642	9.25	27,954,670	99.9
2013	25,322,101	10.25	26,421,932	95.8
2014	25,034,158	10.58	26,089,611	96.0
2015	25,024,542	10.71	26,138,108	95.7
2016	25,262,963	10.61	25,980,470	97.2

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

(Rate per $1,000 of assessed value)

	Budget Year									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
City Direct Rates (A)										
City of Milwaukee	$ 7.28	$ 7.46	$ 7.59	$ 8.42	$ 8.67	$ 8.86	$ 9.87	$ 10.23	$ 10.42	$ 10.29
Allocation of Debt Service incurred for Schools	0.71	0.55	0.50	0.47	0.45	0.39	0.38	0.35	0.29	0.32
Total Direct Rate	7.99	8.01	8.09	8.89	9.12	9.25	10.25	10.58	10.71	10.61
Overlapping Rates (B)										
Milwaukee School Board	7.48	7.96	8.75	9.41	9.49	9.69	10.73	10.86	10.93	10.52
Less: allocation of Debt Service in City rate	(0.71)	(0.55)	(0.50)	(0.47)	(0.45)	(0.39)	(0.38)	(0.35)	(0.29)	(0.32)
Total School Rate	6.77	7.41	8.25	8.94	9.04	9.30	10.35	10.51	10.64	10.20
Milwaukee Area District Board of Vocational, Technical and Adult Education	1.89	1.92	1.94	2.06	2.02	1.95	2.21	2.22	1.33	1.29
County of Milwaukee	4.18	4.22	4.20	4.48	4.69	4.72	5.26	5.35	5.33	5.28
State of Wisconsin	0.19	0.19	0.18	0.18	0.18	0.17	0.18	0.18	0.17	0.18
Milwaukee Metropolitan Sewerage District	1.39	1.39	1.37	1.43	1.52	1.51	1.70	1.78	1.79	1.79
Total Tax Rate (C)	$ 22.41	$ 23.14	$ 24.03	$ 25.98	$ 26.57	$ 26.90	$ 29.95	$ 30.62	$ 29.97	$ 29.35

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

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Thousands of Dollars)

Table 7

Taxpayer	Type of Business	2016 Assessed Valuation	2016 Percentage of Total Assessed Valuation	2007 Assessed Valuation	2007 Percentage of Total Assessed Valuation
Northwestern Mutual Life Insurance Company	Insurance	$ 278,980	1.07%	$ 172,345	.61%
U. S. Bank	Banking	223,288	.86	231,041	.81
Mandel Group	Real Estate	150,405	.58		
Juneau Village/Prospect Tower/Katz Properties	Real Estate	125,457	.48		
Forest County Potawatomi Community	Real Estate	130,968	.40		
Metropolitan Associates	Real Estate	98,785	.38	107,792	.38
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	92,772	.36	97,492	.34
NNN 411 East Wisconsin LLC	Real Estate	87,371	.34	97,877	.35
Gorman & Co.	Real Estate	80,247	.31		
Jackson Street Holdings	Real Estate	79,175	.30		
Towne Realty	Real Estate			94,774	.33
M&I Marshall & Ilsley Bank/Metavente Corp.	Banking			80,462	.28
Geneva Exchange Fund	Real Estate				
Crichton-Hauk/Shoreline/Juneau Village	Real Estate			73,276	.26
E C Milwaukee Joint Venture	Real Estate			68,405	.24
		$ 1,068,468	4.50%	$ 851,119	3.81%

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Thousands of Dollars)

Table 8

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Levy Year (B) Current Tax Collections	Collected for the Levy Levy Year (B) Percent Original Levy Collected	Collections Purchased Delinquents Original Levy Year (C)	Collections Total Adjusted Levy in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percentage of Adjusted Levy
2007	$ 265,319	$ 31,679	$ 296,998	$ 257,347	97.00%	$ 18,577	$ 20,894	$ 296,817	99.94%
2008	286,180	37,048	323,228	277,115	96.83	23,945	21,934	322,995	99.93
2009	276,186	33,854	310,040	265,691	96.20	18,017	25,923	309,631	99.87
2010	291,943	30,882	322,825	281,196	96.32	16,482	24,420	322,097	99.77
2011	295,967	29,299	325,266	284,691	96.19	16,049	23,285	324,025	99.62
2012	301,051	27,696	328,747	288,749	95.91	13,596	24,623	326,968	99.46
2013	304,700	25,668	330,368	293,489	96.32	16,237	17,713	327,440	99.11
2014	307,246	21,966	329,212	296,107	96.37	13,875	13,767	323,751	98.34
2015	312,216	20,703	332,919	302,084	96.76	12,471	7,883	322,438	96.85
2016	312,091	20,032	332,123	302,007	96.77	5,743	-	307,750	92.66

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

(B) Tax collections begin in December for the succeeding

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Dollars in Thousands, except per capita)

	Governmental Activities					
Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Total	Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
2007	$ 669,404	$ 56,778	$ 612,626	$ 30,226,985	2.03%	$ 1,038.01
2008	725,670	59,849	665,821	31,887,192	2.09%	1,126.85
2009	742,752	68,241	674,511	32,257,525	2.09%	1,154.98
2010	812,183	63,116	749,067	31,266,329	2.40%	1,259.29
2011	825,574	67,264	758,310	29,520,783	2.57%	1,272.33
2012	785,867	67,971	717,896	27,954,670	2.57%	1,206.55
2013	822,046	178,068	643,978	26,421,932	2.44%	1,081.41
2014	814,522	174,865	639,657	26,089,611	2.45%	1,074.15
2015	848,259	174,839	673,420	26,138,108	2.58%	1,130.28
2016	949,001	143,918	805,083	25,980,470	3.10%	1,353.99

	Business-Type Activities					
Year	General Obligation Bonds and Notes	Revenue Bonds	State Loans (Revenue Bonds)	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2007	$ 58,936	$ 64,711	$ 14,369	$ 750,642	2.20%	$ 1,271.86
2008	34,970	61,170	49,653	811,614	2.31%	1,373.59
2009	36,803	57,515	48,002	816,831	2.30%	1,389.68
2010	82,002	53,737	80,724	965,530	2.69%	1,622.74
2011	88,956	74,815	80,513	1,002,594	2.71%	1,622.74
2012	43,318	65,579	77,083	903,876	2.33%	1,519.12
2013	39,334	98,871	82,736	864,919	2.21%	1,452.42
2014	35,247	94,624	92,100	861,628	2.17%	1,446.90
2015	31,822	95,459	107,533	908,234	2.20%	1,524.39
2016	52,139	190,086	101,612	1,148,920	Not Available	1,932.26

(A) *See Table 13 for personal income and population data*

Note: *Details regarding the City's outstanding debt can be found in the notes to the financial statements and in the Miscellaneous Financial Data Section.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

Table 10

	Fiscal Year				
	2007	**2008**	**2009**	**2010**	**2011**
Debt limit	$ 2,115,889	$ 2,232,103	$ 2,258,027	$ 2,188,643	$ 2,066,455
Total net debt applicable to limit	671,562	689,401	698,775	805,660	789,308
Legal debt margin	$ 1,444,327	$ 1,542,702	$ 1,559,252	$ 1,382,983	$ 1,277,147
Total net debt applicable to the limit as a percentage of debt limit	31.74%	30.89%	30.95%	36.81%	36.82%

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
Debt limit	$ 1,956,827	$ 1,849,535	$ 1,826,273	$ 1,829,668	$ 1,818,633
Total net debt applicable to limit	695,488	683,312	696,614	622,044	857,223
Legal debt margin	$ 1,261,339	$ 1,166,223	$ 1,129,659	$ 1,207,624	$ 961,410
Total net debt applicable to the limit as a percentage of debt limit	35.54%	36.95%	38.14%	34.00%	47.14%

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

Table 10 (continued)

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value			$ 25,262,963
Equalized Value			25,980,470
Debt Limit 7% of Equalized Value			1,818,633
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	$ 345,742		
General Obligation notes	603,260		
Parking bonds and notes	11,442		
Harbor bonds and notes	3,676		
Water Works bonds	28,343		
Sewer Maintenance bonds and notes	8,678		
Water Works revenue bonds	25,486		
Sewer revenue bonds	164,600		
Sewer clean water loans	101,612		
Total Debt		$ 1,292,839	
Deduct:			
Assets in Debt Service Funds	$ 143,918		
Water Works revenue bonds (A)	25,486		
Sewer revenue bonds	164,600		
Sewer clean water loans	101,612		
Total Deductions		$ 435,616	
Total Amount of Debt Applicable to Debt Limit			857,223
Legal Debt Margin			$ 961,410

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

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. The legal debt margin as of December 31, 2016 was $519,609 for school purposes and $441,801 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2016

(Thousands of Dollars)

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee (C)	City of Milwaukee's Share of Debt
Debt Repaid with property taxes			
Direct Debt:			
City of Milwaukee (A)	$ 857,223	100%	$ 857,223
Overlapping Debt:			
Milwaukee Area Technical College District	104,295	36.00	37,546
County of Milwaukee	648,080	44.83	290,534
Milwaukee Metropolitan Sewerage Area (B)	881,224	45.46	400,604
Total Direct and Overlapping Debt			**$ 1,585,907**

Sources: *Estimated Actual (Equalized) Values used to estimate applicable percentages provided by the State Supervisor of Assessments. Debt outstanding data provided by each governmental unit.*

Note: *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Milwaukee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

(A) *Excludes $25,486 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.*

(B) *Includes $611,184 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.*

(C) *The percentage of overlapping debt applicable is estimated using estimated actual (equalized) property values. Applicable percentages were estimated by determining the portion of the City's equalized value.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PLEDGED-REVENUE COVERAGE

LAST TEN YEARS

(Thousands of Dollars)

Table 12

Water Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2007	$ 74,211	$ 55,514	$ 18,697	$ 868	$ 307	$ 1,175	15.91
2008	74,207	58,960	15,247	891	284	1,175	12.98
2009	73,157	63,019	10,138	915	260	1,175	8.63
2010	73,488	66,765	6,723	915	260	1,175	5.72
2011	84,406	65,213	19,193	964	211	1,175	16.33
2012	88,136	65,547	22,589	989	185	1,174	19.24
2013	85,043	65,661	19,382	1,015	158	1,173	16.52
2014	88,013	67,166	20,847	1,264	216	1,480	14.09
2015	96,711	67,396	29,315	1,335	225	1,560	18.79
2016	97,881	69,310	28,571	1,677	315	1,992	14.34

Sewer Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2007	$ 38,170	$ 17,747	$ 20,423	$ 2,570	$ 2,575	$ 5,145	3.97
2008	41,033	16,334	24,699	3,214	2,836	6,050	4.08
2009	48,231	16,438	31,793	4,740	3,552	8,292	3.83
2010	52,063	16,696	35,367	4,901	3,399	8,300	4.26
2011	54,667	14,691	39,976	6,454	4,038	10,492	3.81
2012	54,140	15,440	38,700	6,792	4,616	11,408	3.39
2013	57,300	15,873	41,427	7,032	4,400	11,432	3.62
2014	59,125	16,443	42,682	8,603	5,726	14,329	2.98
2015	60,713	17,256	43,457	9,398	5,889	15,287	2.84
2016	63,050	17,879	45,171	10,471	6,085	16,556	2.73

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Table 13

		County of Milwaukee				
Year	**Population (A)**	**Personal Income** *(Thousands of Dollars* **(B)**	**Per Capita Income (C)**	**Median Age (D)**	**School Enrollment (E)**	**Unemployment Rate (F)**
2007	590,190	$ 34,047,475	$ 36,553	30.6	87,360	6.9%
2008	590,870	35,336,806	38,037	30.6	85,369	6.7
2009	584,000	34,820,772	36,939	30.6	82,444	11.4
2010	580,500	35,249,698	37,171	30.3	81,372	11.9
2011	595,525	37,014,159	38,893	30.3	80,098	10.9
2012	595,425	38,924,968	40,756	33.7	78,461	10.1
2013	596,500	38,483,060	40,200	33.7	78,502	8.7
2014	595,993	39,894,340	41,647	33.8	77,391	7.2
2015	595,787	41,201,661	43,020	34.0	75,568	6.7
2016	594,667	Not available	Not available	34.2	76,856	5.8

(A) The December 31, 2007 through 2016 populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)

(B) Personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Personal income includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.

(C) Per capita personal income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce and includes all of Milwaukee County because a substantial portion of the County is made up of the City of Milwaukee.

(D) Prior to 2012, Median age of the population was determined only during a census. These figures represent the data collected by the American Community Survey.

(E) Annual School Census by Board of School Directors. Represents Milwaukee Public Schools only.

(F) Unemployment Rate is the annual average from the Wisconsin's Workforce, Wisconsin Worknet and Labor Market Information System.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Table 14

	2016 Estimates (1)			2007		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Aurora Health Care	25,696	1	5.65%	17,384	1	3.93%
Ascension Wisconsin	15,000	2	3.30%			
Froedtert and Community Health	10,059	3	2.21%			
GE Healthcare	6,000	4	1.32%	6,462	9	1.46%
Children's Hospital	5,571	5	1.23%			
Medical College of Wisconsin	5,290	6	1.16%			
Northwestern Mutual Life	5,000	7	1.10%			
Goodwill Industries	3,970	8	0.87%			
U.S. Bank NA	3,600	9	0.79%			
The Marcus Corporation	3,448	10	0.76%			
Wheaton Franciscan Healthcare				12,000	2	2.71%
U.S. Government (Includes Zablocki V.A. Medical Center)				10,800	3	2.44%
Roundy's Supermarkets				7,532	4	1.70%
Milwaukee Public Schools				7,137	5	1.61%
Quad Graphics				7,000	6	1.58%
M&I Marshall & Ilsley				6,869	7	1.55%
Kohl's Corp.				6,700	8	1.51%
Milwaukee County				5,568	10	1.26%
	83,634		18.39%	87,452		19.75%

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

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

Source: The 2016 Business Journal of Greater Milwaukee as of July 22, 2016.
The 2007 data was from the 2008 Business Journal.
Total employment data (2007 = 442,497) (2016 = 454,475) from the State of Wisconsin Workforce Development.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 15

CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS - ADOPTED BUDGET POSITIONS

LAST TEN YEARS

Functions/Programs	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	692	696	694	720	700	719	707	728	736	750
Temporary - Election Commission	29	104	11	98	8	2,145	819	2,389	823	2,473
Public Safety										
Fire										
Fire Fighting Force	1,077	1,001	985	949	951	911	911	900	875	876
Civilians	75	75	79	77	76	105	116	112	118	131
Police										
Law Enforcement	2,156	2,156	2,144	2,042	2,034	2,034	2,013	1,978	1,942	1,979
Civilian	613	606	616	614	619	619	608	618	625	619
School Crossing Guards	241	241	241	251	251	251	251	252	242	241
Neighborhood Services	228	229	229	240	247	251	269	272	283	293
Public Works										
Administrative Services	64	63	63	66	64	58	46	47	48	49
Infrastructure Services	698	696	707	807	804	803	802	810	801	790
Operations	1,577	1,530	1,557	1,398	1,381	1,438	1,438	1,433	1,436	1,437
Sanitation emergency	-	-	-	-	-	-	-	-	-	-
Winter relief	66	66	66	66	66	-	-	-	-	-
Health	337	312	306	274	272	268	254	252	251	252
Culture and recreation	398	396	377	368	378	376	372	370	371	358
Conservation and development	232	220	193	176	179	163	142	134	135	133
Youth initiative positions	25	25	25	25	25	-	-	-	-	-
Water	346	346	348	404	382	367	369	369	371	381
Sewer Maintenance	189	179	172	164	164	164	146	146	146	146
Parking	128	129	129	130	131	122	120	120	121	121
Port of Milwaukee	31	35	35	37	35	36	37	37	37	37
Subtotal	9,202	9,105	8,977	8,906	8,767	10,830	9,420	10,967	9,361	11,066
Less Temporary Positions	(29)	(104)	(11)	(98)	(8)	(2,145)	(819)	(2,631)	(1,055)	(2,703)
Total Budgeted Positions	**9,173**	**9,001**	**8,966**	**8,808**	**8,759**	**8,685**	**8,601**	**8,336**	**8,306**	**8,363**

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

OPERATING INDICATORS BY FUNCTIONS/PROGRAMS

LAST TEN YEARS

Table 16

Functions/Programs	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Investment portfolio return	5.09%	2.74%	0.75%	0.32%	0.21%	0.22%	0.22%	0.20%	0.23%	0.43%
Courtroom cases	110,130	102,721	112,765	119,779	121,234	104,170	119,761	93,577	80,821	84,464
Public safety										
Police										
Dispatched assignments	286,535	266,577	254,044	246,365	238,657	248,678	241,423	247,552	260,860	284,893
Traffic citations	95,327	120,618	114,447	104,001	103,311	94,442	73,325	53,744	55,592	46,969
Homicide clearance rates	84%	93%	83%	75%	72%	70%	64%	60%	58%	67%
Fire										
Number of medical emergency assists	52,735	53,898	53,047	53,629	56,085	59,487	60,499	62,766	70,504	78,484
Number of fires extinguished	2,438	2,073	1,930	2,201	2,643	2,841	2,444	2,419	2,351	2,198
Civilian fire deaths	14	6	7	3	10	8	2	10	10	5
Building Inspection										
Complaints reported	33,576	34,161	35,940	37,146	35,910	35,404	37,212	36,567	34,933	36,548
Orders issued	52,729	51,760	66,559	67,043	71,356	68,613	67,457	58,217	60,106	43,499
Public Works										
Major streets paving (miles)	4.01	13.01	5.4	11.28	1.05	5.7	17.12	24.60	33.5	35.4
Asphalt patching/pot holes (tons)	10,560	14,900	10,700	10,500	18,952	16,010	15,845	17,025	18,816	18,857
Refuse tonnage	292,775	310,517	298,780	274,651	262,265	252,987	256,411	253,997	243,478	248,083
Recycling tonnage	23,716	22,937	21,862	21,389	22,837	24,147	25,052	25,273	25,105	25,232
Health										
Food inspections	4,972	4,721	5,005	5,208	4,615	7,637	8,735	8,556	9,236	10,087
Immunizations	26,700	30,449	46,838	27,994	21,953	18,882	16,417	10,912	10,561	8,360
Culture and Recreation										
Library hours of operation	34,302	34,372	32,608	25,996	27,844	31,092	30,914	30,846	30,866	32,282
Collections size	2,828,429	2,848,244	2,756,141	2,577,805	2,587,412	2,441,757	2,364,905	2,306,138	2,308,825	2,323,743
Public computers	490	505	505	480	725	757	754	723	752	682
Conservation and Development										
Jobs created	2,354	1,073	366	498	534	324	2,198	834	2,337	2,063
Jobs retained	2,092	2,103	888	1,644	1,382	1,965	2,800	1,626	2,535	1,960
New housing units	1,037	196	527	810	503	687	402	331	2,340	2,081
Water										
Millions gallons sold	35,049	34,085	33,341	32,500	32,246	32,909	30,560	29,894	29,657	29,440
Population served	858,920	857,816	867,599	861,000	861,249	862,524	864,715	864,653	865,109	864,144
Sewer Maintenance										
Sewer service backups	42	47	28	33	24	23	25	31	22	23
Street flooding complaints	3,366	7,238	3,690	2,770	3,293	4,775	3,092	3,023	3,096	1,808
Parking										
Citations issued	906,423	880,859	885,802	874,690	823,999	778,288	770,430	743,038	705,850	626,333
Vehicle tows	36,273	34,898	31,516	28,295	25,762	26,910	32,631	33,416	34,892	32,185
Port										
Metric tonnage total	3,568,929	2,931,125	2,910,515	2,324,566	2,808,801	1,915,419	2,618,312	3,022,657	2,711,347	2,441,072

Sources: Various city departments

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS

LAST TEN YEARS

Functions/Programs	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police										
Stations	7	8	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	478	521	533	536	556	501	537	521	504	505
Patrol motorcycles	57	57	57	57	55	55	56	55	55	56
Fire Stations	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets - paved	1,418	1,418	1,418	1,272	1,272	1,272	1,272	1,272	1,272	1,272
Streets - unpaved	15	15	15	15	15	15	15	15	15	15
Alleys	415	415	415	415	414	414	414	414	414	414
Street lights	67,447	67,709	67,798	67,949	68,073	68,540	68,698	68,698	68,856	69,111
Alley lights	8,790	8,925	8,931	8,616	8,810	8,820	8,815	8,815	8,786	8,797
Garbage/snow trucks	172	187	188	182	181	180	180	180	180	192
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	277	277	276	276	276	276	130	138	138	138
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,966	1,967	1,955	1,956	1,960	1,961	1,962	1,963	1,962	1,962
Hydrants	19,632	19,824	19,811	19,847	19,867	19,869	19,870	19,870	19,846	19,862
Million gallons pumped	41,873	40,848	39,617	37,443	36,992	37,920	36,490	37,460	35,872	35,447
Million gallons consumed	35,050	34,085	33,341	32,452	32,246	32,909	30,560	29,894	29,657	29,440
Miles of Sewers										
Storm	958	959	960	961	962	964	965	965	966	967
Sanitary	938	939	940	941	941	943	943	943	944	945
Combined	547	547	547	547	547	547	547	547	551	551
Parking										
Parking lots	45	45	45	45	45	44	45	45	44	44
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	6	6	6	6	6	7	7	7	7	7
Rental warehouses and buildings	5	5	5	5	5	10	10	10	11	11
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	10	10	10	10	10	11	11	11	11	11
Vessel berths	13	13	13	14	14	17	17	17	17	17

Sources: Various city departments

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

See accompanying independent auditors' report.