Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2017

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 16, 2018

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, 2017. 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, as presented in the City's annual budget.

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

An independent firm of licensed certified public accountants, CliftonLarsonAllen LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2017, 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, Management's Discussion and Analysis, the basic financial statements (government-wide statements 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.

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www.milwaukee.gov/comptroller

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 proprietary operations of the Metropolitan Sewerage District User Charge, Parking, Port, Sewer Maintenance, and Water Works. These activities are under the direct oversight responsibility of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability or for which the nature and significance of their relationship with the City would cause these financial statements to be misleading or incomplete, known as component units, are a part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units for fiscal year 2017: Century City Redevelopment Corporation, Redevelopment Authority of the City of Milwaukee and the Neighborhood Improvement Development Corporation.

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

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison, WI. It is the 31st largest city in the United States with a 2017 Wisconsin Department of Administration estimated population of 591,076. Milwaukee is the largest city, by population, and the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 2.04 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 southeast region and entire state of Wisconsin. It is a premiere center for advanced manufacturing, fresh water research and development, clean and green technology, health care, biomedical technology and financial services. These core industries spur innovation, business formation and growth, a strong and growing entrepreneurial climate, and provide a boost to Milwaukee's national and global competitiveness. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth and economic development.

Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In the past few decades, major new additions to the City include the Milwaukee Riverwalk, the Wisconsin Center, Miller Park, the Calatrava (an internationally renowned addition to the Milwaukee Art Museum) and Pier Wisconsin, as well as major renovations to the University of Wisconsin – Milwaukee Panther Arena. Many new condominiums, lofts, and apartments have been completed or are under construction in neighborhoods on and near the lakefront and riverbanks. New residential developments include a project on 7th and National Avenue and the conversion of an old ice cream factory, on 15th and North Avenue, into apartments.

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 2017. The port is served by the Union Pacific and Canadian Pacific railways, and has convenient access to the interstate highway system. Principal inbound commodities include cement, machinery, steel, salt, barley and limestone. Outbound commodities include bottom ash, cement, bio-diesel, ethanol, butane, wheat, corn and soybeans. The Port is also home to U.S. Coast Guard and U.S. Naval Reserve stations. In 2017, the Port completed the rehabilitation project on the liquid cargo pier, transforming it into an active pier. The Harbor Commission also facilitates public access including cultural and recreational activities for the public by leasing property to the Milwaukee Art Museum, Milwaukee World Festivals, Discovery World at Pier Wisconsin, cruise ships and the Lake Express high-speed ferry.

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

The City takes an active role in guiding economic development to serve the community in a number of ways: The City manages programs intended to assist in local business retention efforts, provides permit assistance to new businesses, and seeks out appropriate sites for these businesses. The City currently manages 32 active Business Improvement Districts, 7 Neighborhood Improvement Districts, 50 Tax Incremental Districts and various development projects promoting urban renewal throughout the City. The City of Milwaukee collaborates with surrounding governmental jurisdictions to promote economic development.

The City of Milwaukee is undergoing an amazing revitalization including a downtown building boom. Northwestern Mutual has changed the City's skyline with the construction of a 32-story, one million square foot office tower and is nearing completion of a $100 million, 33-story upscale apartment tower. The office tower is the largest office structure in the state of Wisconsin. In August 2017, the tower was completed and employees moved in to the complex. Construction of this building employed 800 City residents, achieving a Resident Preference Program (RPP) rate of 43%. The RPP establishes goals for the employment of local residents during construction.

During 2017, the City progressed rapidly on the construction of the Milwaukee Streetcar; laying of the track for the downtown and lower eastside portions of the project was completed in the spring of 2018. The streetcar system is currently being tested and the route will begin operation in the fall of 2018.

The new arena, located next to the current BMO Harris Bradley Center, is nearly complete. The Milwaukee Bucks will begin their residence in the new arena with the 2018-2019 season. Similar to the Northwestern Mutual project, the new arena also included RPP goals during construction.

A new high-rise, known as the Couture, is planned along Milwaukee's lakefront. The project will include a 44-story, $122 million mixed-use development with apartments and retail. It is expected to create more than 2,000 jobs, and similar to other downtown projects, has an emphasis on hiring residents during construction.

In 2017, more companies, including Foxconn and BMO Harris Bank, moved to the City of Milwaukee from other areas. These companies relocated to the downtown, Third Ward and Schlitz Park areas. Additionally, BMO Harris Bank is building a new office tower downtown and a new branch in the Sherman Park neighborhood.

Throughout the City, approximately 14,000 new housing units have been constructed in the last decade. The City and private sector interests have joined in a formal partnership to chart a course for development and recreational opportunities in the area around the Milwaukee harbor – the neighborhood that includes the Port of Milwaukee, the University of Wisconsin-Milwaukee's School of Freshwater Science, and the headquarters of Rockwell International. The City of Milwaukee continues its effort to market and develop land along the 30th Street Industrial Corridor known as the Century City Business Park. Century City, which has the potential to be a major modern employment center and economic hub, encompasses 60 acres of industrial use land. The North End, a development project that runs along the Milwaukee River on the north end of downtown, will be complete when the 89 apartment Phase V is opened in 2018.

The City sold 429 foreclosed houses and commercial buildings in 2017. These sales returned $100 million of tax base to the City. The City has made substantial progress in its 2017 goal of renovating 100 homes, in which 75 homes have been acquired. Of these 75 homes, 25 home renovations are either already completed or underway.

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

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

ECONOMIC OUTLOOK

For the year 2017, the City's unemployment rate averaged approximately 4.6%; compared to the State of Wisconsin average of 3.2% and the United States average of 4.1% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate decreased from 5.8% in 2016 by more than one percentage point in 2017.

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 2018 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 indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City ever issued any new debt for the purpose of paying the principal or interest on current debt, in an effort to prevent default.

The 2017 property tax rate for 2018 purposes remains the same at $10.75 compared to the prior year's per $1,000 of assessed value. The 2018 budgetary City property tax levy of approximately $268.8 million represents a $12.1 million increase compared to the $256.7 million in 2017. The estimated assessed value used for 2018 budget purposes increased to

approximately $26 billion from $25 billion. Property tax revenue funding as a portion of total General Fund budgetary expenditures for 2017 was 29.0% compared to 27.8% for 2016 as depicted in Exhibit E-1.

Property tax increases are limited by state legislation. The 2018 budget estimates intergovernmental revenues of $268.2 million which is an increase of $2.9 million from 2017. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be $219 million in 2018, which is the same as 2017. The state transportation aids (the second largest category) total $29.1 million for 2018, a $2.3 million increase from 2017. Another large state aid is the Expenditure Restraint Payment. The intent of this program is to reward communities who control their General Fund expenditures and is estimated at about $9 million for 2018. Due to stagnant or declining State aids in recent years, revenue diversification and enhancement are essential to retaining existing service levels. However, State restrictions on the type of charges for service that are available to municipalities erode the ability to diversify revenue. The two largest 2018 revenues in the Charges for Services category are the solid waste fee, including the extra cart fee, of $40.4 million and the stormwater management fee of $21.7 million. The snow and ice fee is estimated in 2018 to generate a total of $9.2 million. Total Charges for Services are estimated to increase $2 million to $129 million in 2018.

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 2017, this reserve was decreased by $19 million to a year-end balance of $64 million compared to $84 million for 2016. The 2018 budget includes a withdrawal of $19 million, leaving that portion of the Reserve for Tax Stabilization available for future years at $45 million.

MAJOR CAPITAL PROJECTS

The 2018 capital budget includes funds for various infrastructure and building projects. For 2018, the City capital improvements budget, not including proprietary funds and grants and aid funding, totals $142.6 million, a decrease of 5% or $7.8 million from the 2017 budget of $150.3 million. Funding of $53 million for various tax incremental district's and development projects comprises 37% of the total capital budget for 2018. The Department of Public Works budget for bridges ($6.4 million), street/paving construction ($21.5 million), various building, equipment and forestry projects ($7.7 million) and City Hall Foundation ($9 million), with a total of $63.1 million or approximately 44% of the total 2018 capital budget. Police projects ($7 million), Fire projects ($1.5 million) and Library projects ($4.7 million) in the aggregate total $13.2 million or 9.2% of the total capital budget.

The annual plan for capital projects budget includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose components total at least $2 million. The major projects planned for 2018 total $20.9 million and are comprised of three 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 proprietary Fund and component entities that maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments by the City Treasurer was approximately 0.85% in 2017 as compared to 0.43% in 2016. The City continued to use the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. The investable balance generates interest earnings for the City, which is used to offset the property tax levy. The City's long-term pooled cash investment program is in accordance with State Statue 66.0603, and earned an annualized net investment rate of return of 1.24% on about $73.4 million in investments.

During 2017, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting ongoing cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled $300 million, compared to $270 million in 2016. The financing was accomplished through offerings of $120 million Revenue Anticipation Notes, $180 million School Revenue Anticipation

Notes for school purposes. The school purpose borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aid.

The City continued its use of the State of Wisconsin's Safe Drinking Water and Clean Water Funds to finance water and sewer system capital projects. Clean Water Fund loans of $19.5 million were obtained during 2017, compared to $10 million in 2016 for sewer projects. Safe Drinking Water loans of $20.4 million were obtained during 2017 compared to $1 million in 2016 for water projects. The Clean Water Fund and Safe Drinking Water Loan programs provide below market interest loans to communities to finance storm-water control projects and drinking water projects.

For temporary borrowing purposes, the City has $230 million available under three lines of credit. As of December 31, 2017, there was a balance of $58 million 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

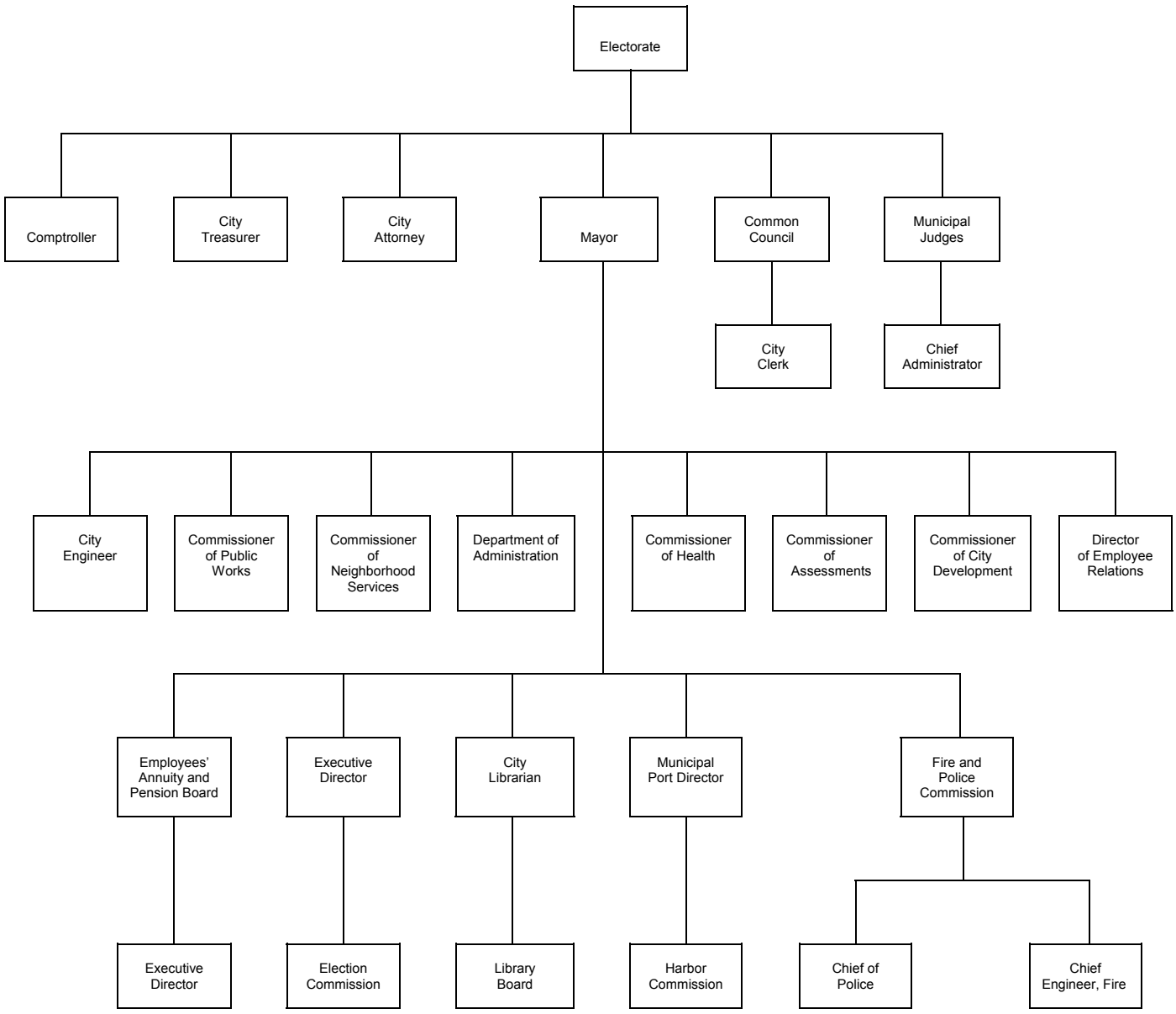
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, 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

Martin Matson
Comptroller

CITYOF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2017



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2017

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	Dennis Yaccarino
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

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, 2017, and the related notes to the financial statements, which collectively comprise the City'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, net position 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress 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 and the miscellaneous financial data 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 and the statistical section 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.

The Honorable Members
City of Milwaukee, Wisconsin

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2018, 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 solely 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 the effectiveness of City of Milwaukee, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Milwaukee, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 16, 2018

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, 2017. 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 2017 was $718 million, a 20% decrease compared to the previous year's total of $897 million. Of the $718 million net position, ($78) million deficit was related to governmental activities and $796 million related to business-type activities. The unrestricted portion of net position, related to governmental activities, totaled ($1.08) billion. This deficit is caused in part, by the City's significant investments in private-purpose developments, which do not produce any direct financial return to the City. The City is also required to record long-term liabilities for certain future costs rather than recording them when they are payable.

- The vast majority of the City's net position is capital assets, most of which do not generate revenues by their use. Total net position is comprised of the following:
  - Capital assets, including property and equipment, net of related debt and accumulated depreciation – $1.571 billion.
  - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $164 million.
  - Unrestricted net deficit – $(1.017) billion.

- The total 2017 year-end other post-employment benefits (OPEB) obligation is $473 million; an increase of 12% from the 2016 obligation of $423 million. The obligation is based on an actuarial valuation as of January 1, 2017, which indicates the 2017 actuarial accrued liability for benefits was $1.1 billion over a 30-year amortization period.

- In 2015, the City implemented GASB 68 for pensions. The 2017 year-end, net pension liability is $353 million, based on an actuarial valuation as of January 1, 2016, rolled forward to December 31, 2017. See Note 8 in the financial statements for more disclosures regarding pension liability reporting.

- Total 2017 liabilities increased to $2.6 billion ($2.282 billion long-term and $338 thousand short-term) from the 2016 total of $2.5 billion ($2.219 billion long-term and $311 thousand short-term). The long-term portion of total liabilities, including amounts due within one year, is shown below.

	2017	2016
	(in millions)	
Outstanding debt	$ 1,373	$ 1,364
OPEB	473	423
Pension	353	349
Compensated absences	50	49
Claims and judgments	32	33
Total	$ 2,282	$ 2,219

Statement of Activities

- Governmental expenses were $1.105 billion while combined program revenues were $181 million, a difference of $924 million. However, general revenues and transfers were $708 million, resulting in a $216 million decrease to net position for the year. Business-type activity expenses were $210 million while combined program and general revenues were $283 million, resulting in a surplus of $73 million. Transfers out reduced this excess by $37 million, resulting in a $36 million increase of net position.

- Governmental revenues and transfers of $889 million, which supported 80% of total 2017 governmental expenses, were comprised of the following.

		Percentage of Total	
	Amount	Revenue	Expense
Program revenues	$ 181	20%	16%
Property and other taxes	308	35%	28%
State aids for the general fund	266	30%	24%
Miscellaneous revenues and transfers	134	15%	12%
Total	$ 889	100%	80%

- Business-type activities revenue of $283 million, which supported 135% of 2017 business-type expenses, was comprised of the following.

		Percentage of Total	
	Amount	Revenue	Expense
Water	$ 120	43%	57%
Sewer	69	24%	33%
Parking	38	13%	18%
Port	6	2%	3%
MMSD sewer user charges	50	18%	24%
Total	$ 283	100%	135%

Fund Financial Statements

- Total governmental fund, year-end 2017 fund balance was $255 million, compared to the 2016 ending fund balance of $308 million, a decrease of $53 million or 17%.

- The 2017 General Fund, year-end fund balance totaled $97 million, an $11 million decrease compared to the 2016 balance of $108 million. The 2017 ending Fund Balance is approximately 14% of the $699 million combined General Fund expenditures and transfers for the year.

Notes

- Outstanding General Obligation bonds and notes payable were $981 million at year-end 2017, a decrease of $19 million compared to the 2016 total of $1.0 billion. In addition, revenue bonds of $200 million and state loans of $114 million were outstanding at year-end totaling $1.373 billion of debt, a $9 million increase over the 2016 total of $1.364 billion.

Required Supplementary Information

- General Fund operating revenues were $7.7 million lower than budgeted while operating expenditures were $8.3 million less than budgeted in 2017. Revenues other than property taxes were $185 thousand greater than budget. General government expenditures were $7.2 million lower than budget, causing most of the expense variance.

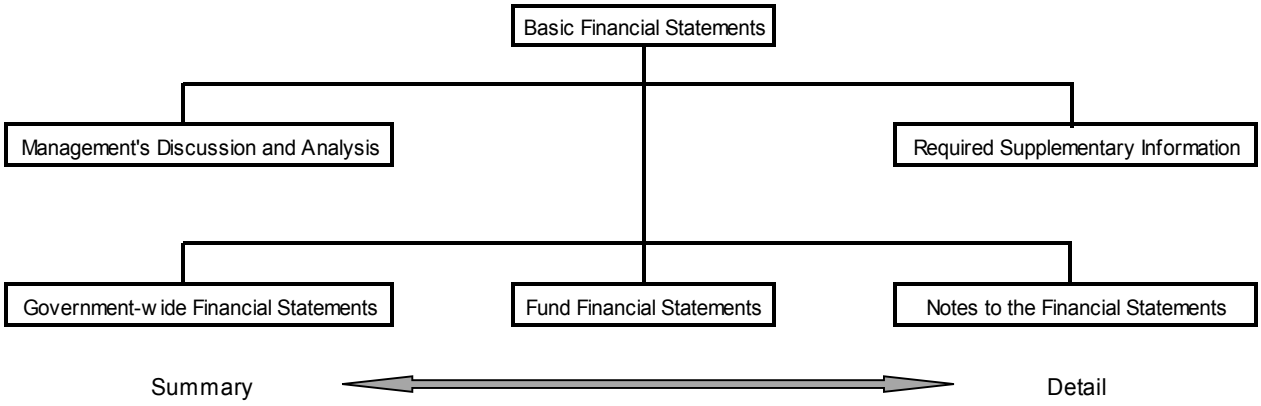
- The 2017 pension liability increased $4 million to $353 million compared to the 2016 pension liability of $349 million.

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 divided into three categories on these statements—governmental activities, business-type activities, and component units. A total for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as the water, sewer user charge, sewer maintenance, 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 proprietary funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each non-major special revenue fund. Capital Projects are also presented in detail by major category (i.e., streets, sewers) within the Miscellaneous Financial Data Section. See Exhibits F-1 through I-9.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Summary of Statement of Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. The net position and net expenses of governmental and business-type activities of the City are presented separately in Table 1. 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 957,235	$ 989,139	$ 129,409	$ 128,601	$ 1,086,644	$ 1,117,740
Capital assets	1,259,140	1,208,566	1,100,637	1,042,622	2,359,777	2,251,188
Total assets	2,216,375	2,197,705	1,230,046	1,171,223	3,446,421	3,368,928
Loss on refunding	-	-	112	221	112	221
Deferred outflows for pensions	219,484	377,122	11,365	14,406	230,849	391,528
Long-term obligations	1,886,007	1,833,627	395,688	385,157	2,281,695	2,218,784
Other liabilities	289,912	271,342	48,189	39,752	338,101	311,094
Total liabilities	2,175,919	2,104,969	443,877	424,909	2,619,796	2,529,878
Deferred inflows of resources:						
Gain on refunding	904	1,479	-	-	904	1,479
Deferred inflows for grants	-	-	579	-	579	-
Subsequent years property taxes	315,462	307,849	-	-	315,462	307,849
Pension related	22,254	23,140	873	907	23,127	24,047
Total deferred inflows	338,620	332,468	1,452	907	340,072	333,375
Net position:						
Net investment in capital assets	836,422	816,916	734,161	684,085	1,570,583	1,501,001
Restricted	161,592	176,923	2,209	1,229	163,801	178,152
Unrestricted	(1,076,694)	(856,449)	59,824	74,720	(1,016,870)	(781,729)
Total net position	$ (78,680)	$ 137,390	$ 796,194	$ 760,034	$ 717,514	$ 897,424

Net position of the City's governmental activities decreased to ($78) million for 2017. The portion of net position restricted as to use totaled $162 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled $836 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 $1.076 billion at year-end does not imply that the City has inadequate financial resources to meet its current obligations. Rather, the deficit is caused, in part, by the full accrual of future expenses (expenditures) in the current year. The City's annual budgets, however, only include funding (revenue) for one year of multi-year liabilities such as property-casualty claims, employee leave balances and post-employment benefits. This difference between future expenditures and current year revenue is partly responsible for the deficit.

The net position of business-type activities was $796 million in 2017, a 5% increase over the 2016 total of $760 million. The City, generally, can use the net position of business-type activities only to finance the continuing operations of those specific proprietary activities.

Year-end 2017 long-term obligations for governmental activities were $1.886 billion, an increase of 2.9% over the 2016 amount of $1.833 billion. Of this $53 million increase, $50 million is due to OPEB. Year-end long-term obligations related to business-type activities were $396 million, an increase of 2.9% over the 2016 amount of $385 million. This $11 million increase is due mainly to debt issuance.

Total 2017 primary government assets, including capital assets, were $3.446 billion, an increase of $77 million or 2.3% from the 2016 amount of $3.369 billion. At year-end 2017, Water Works and Sewer Maintenance Fund net capital assets comprised 93% of the City's total net capital assets for business-type activities. These two funds are the City's largest proprietary (business-type) funds. The Water Works capital assets consist primarily of water mains and related water facilities and plants; and the Sewer Maintenance Fund includes local sewer mains and connections.

Changes in Net Position

Revenues less expenses yield the change in net position. Governmental Activity program and general revenues for 2017 totaled $852 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 2017 expenditures were $1.105 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 16% (see Table 2b) of total revenue. General revenues (taxes, State aids, grants, and miscellaneous) account for the remaining 83%.

Governmental Activity revenue for 2017 was $253 million below expenditures, $216 million below after a $37 million transfer from business-type activities. Business-type activity revenue exceeded expenditures and transfers by $36 million, net of the $37 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:	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	$ 136,216	$ 135,754	$ 256,489	$ 252,631	$ 392,705	$ 388,385
Operating grants and contributions	44,328	47,464	-	-	44,328	47,464
Capital grants and contributions	240	41,993	26,066	4,965	26,306	46,958
General revenues:						
Property taxes and other taxes	307,828	286,513	-	-	307,828	286,513
State aids for General Fund	265,700	265,191	-	-	265,700	265,191
Miscellaneous	97,757	83,919	211	1,426	97,968	85,345
Total revenues	852,069	860,834	282,766	259,022	1,134,835	1,119,856
Expenses						
General government	274,652	255,177	-	-	274,652	255,177
Public safety	485,016	423,903	-	-	485,016	423,903
Public Works	206,205	174,470	-	-	206,205	174,470
Health	23,655	21,594	-	-	23,655	21,594
Culture and recreation	28,193	24,375	-	-	28,193	24,375
Conservation and development	65,175	77,670	-	-	65,175	77,670
Interest on long-term debt	22,097	25,109	-	-	22,097	25,109
Water	-	-	70,219	73,620	70,219	73,620
Sewer Maintenance	-	-	59,823	53,002	59,823	53,002
Parking	-	-	25,287	25,005	25,287	25,005
Port of Milwaukee	-	-	4,570	4,306	4,570	4,306
Metropolitan Sewerage District User Charges	-	-	49,853	48,271	49,853	48,271
Total expenses	1,104,993	1,002,298	209,752	204,204	1,314,745	1,206,502
Change in net position before transfers	(252,924)	(141,464)	73,014	54,818	(179,910)	(86,646)
Transfers	36,854	39,602	(36,854)	(39,602)	-	-
Change in net position	(216,070)	(101,862)	36,160	15,216	(179,910)	(86,646)
Net position – Beginning	137,390	239,252	760,034	744,818	897,424	984,070
Net position – Ending	$ (78,680)	$ 137,390	$ 796,194	$ 760,034	$ 717,514	$ 897,424

Governmental Activities

Revenues for the City's governmental activities totaled $852 million, while total expenses totaled $1.105 billion for 2017, resulting in a deficit of $216 million. Total revenues, excluding transfers, supported 77% of total expenses; 80% including transfers. Comparable data for 2016 indicates total revenues, excluding transfers supported 86% of expenses; 90% 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)

	2017		2016	
Category	**Amount**	**% of Total**	**Amount**	**% of Total**
Property taxes	$ 307,828	36%	$ 286,513	33%
State aids	265,700	31%	265,191	31%
Charges for services	136,216	16%	135,754	16%
Grants and contributions	44,568	5%	89,457	10%
Miscellaneous	97,757	12%	83,919	10%
Total	$ 852,069	100%	$ 860,834	100%

Total 2017 governmental activity expenditures increased by $106 million or 11% over 2016. This increase is due mainly to the pension expense. See the Notes to the Financial Statements and Table 2c for further detail.

Chart 1
2017 Expenses and Program Revenues – Governmental Activities

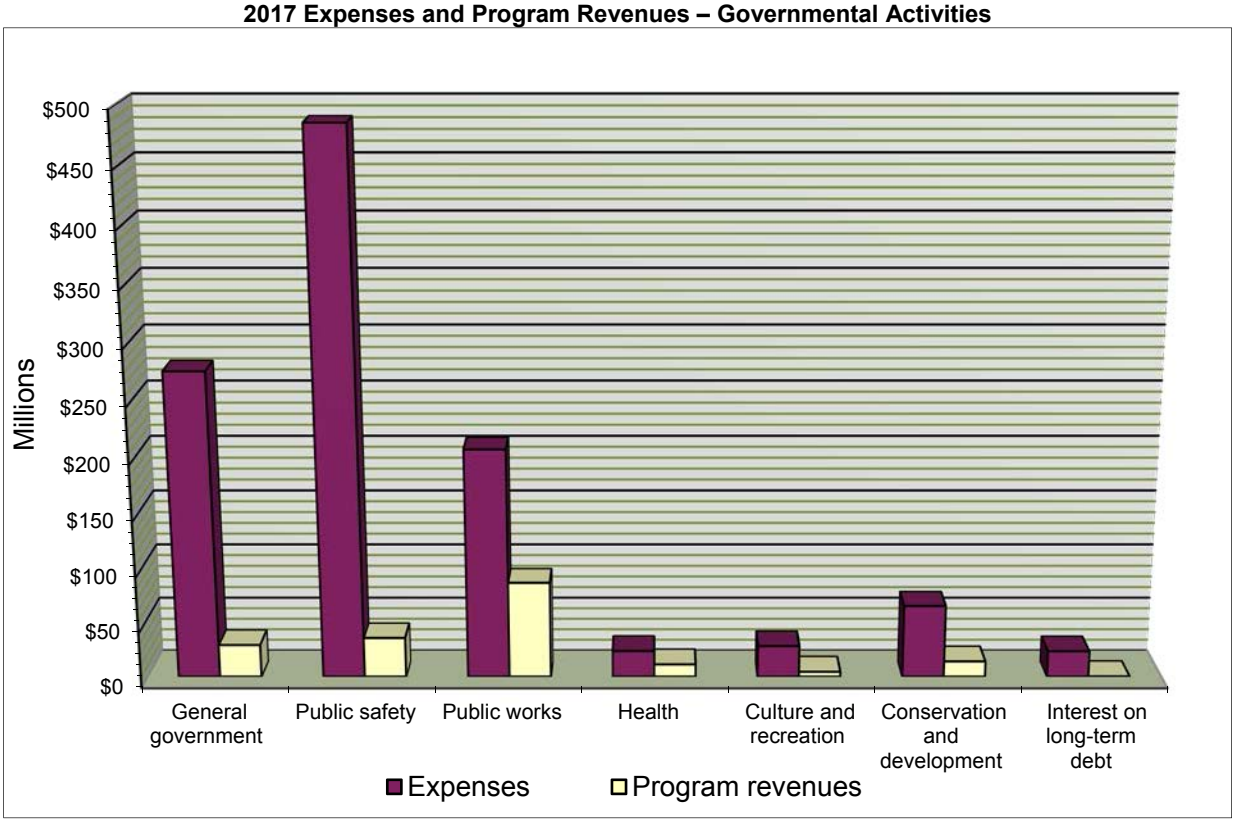


Table 2c presents the gross and net costs (total costs less the revenues generated by the activities) of each of the City's largest programs. Chart 1 above depicts total revenues and expenses for each activity. General government includes most City departments, such as: Mayor, Common Council, Administration, 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 2017 to $924 million from $777 million in 2016, a 19% increase.

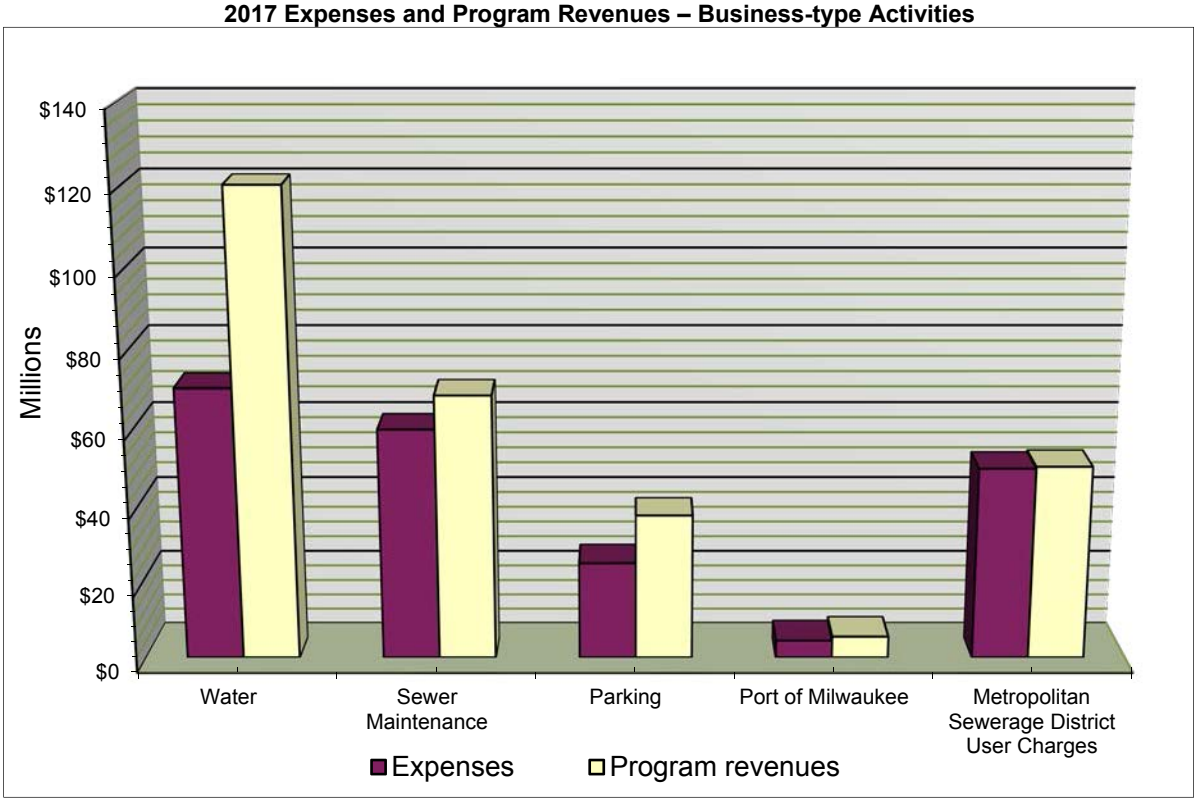
Table 2c
Governmental Activities - Cost of Services
(Thousand of Dollars)

	Total Cost of Services				Net Cost of Services	
	2017	% of Total	2016	% of Total	2017	2016
General government	$ 274,652	25%	$ 255,177	25%	$ 245,446	$ 225,438
Public safety	485,016	44%	423,903	42%	449,320	384,443
Public works	206,205	19%	174,470	17%	119,779	48,216
Health	23,655	2%	21,594	2%	12,451	10,949
Culture and recreation	28,193	2%	24,375	2%	23,926	19,486
Conservation and development	65,175	6%	77,670	8%	51,190	63,446
Interest on long-term debt	22,097	2%	25,109	3%	22,097	25,109
Total Governmental Activities	$ 1,104,993	100%	$ 1,002,298	100%	$ 924,209	$ 777,087

Business-type Activities

Revenues for the City's business-type activities totaled $283 million, while expenses totaled $210 million for 2017, resulting in a surplus of $73 million. Total revenues supported 135% of total expenses excluding transfers out and 115% including transfers out. Comparable data for 2016 indicates total revenues supported 126% of expenses excluding transfers out; 106% including transfers out. Chart 2 below depicts total revenues and expenses for each business-type activity.

Chart 2
2017 Expenses and Program Revenues – Business-type Activities



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

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

	Water Works	Sewer Maintenance
Revenues	$ 120,361	$ 68,499
Expenses	70,219	59,823
Net operating income	$ 50,142	$ 8,676

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)

	2017	2016	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues	$ 282,766	$259,022	$ 23,744	9%
Expenses/Transfers	$ 246,606	$243,806	$ 2,800	1%
Net position	$ 796,194	$760,034	$ 36,160	5%

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 2017, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $255 million, a decrease of $53 million or 17% from 2016. During 2017, $71.6 million of TID-related funds in the General Obligation Debt Service Fund were transferred to the Economic Development fund. This transfer is mostly responsible, for the increase in the Economic Development fund and the decrease in the General Obligation Debt Service Fund. Current and prior year fund balances of the funds that comprise the Governmental Funds are shown in Table 4a.

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

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor	Total
2017 ending balance.....	$ 97,476	$ 43,441	$ 54,613	$ 62,710	$ 7,958	$ (11,326)	$ 254,872
2016 ending balance.....	107,932	109,814	58,379	102	27,093	4,900	308,220
Increase (decrease).....	$ (10,456)	$ (66,373)	$ (3,766)	$ 62,608	$ (19,135)	$ (16,226)	$ (53,348)
% increase/(decrease)....	-10%	-60%	-6%	61380%	-71%	-331%	-17%

Note: Economic Development was a non-major fund in prior years.

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 $99 million in 2017 compared to $140 million in 2016.

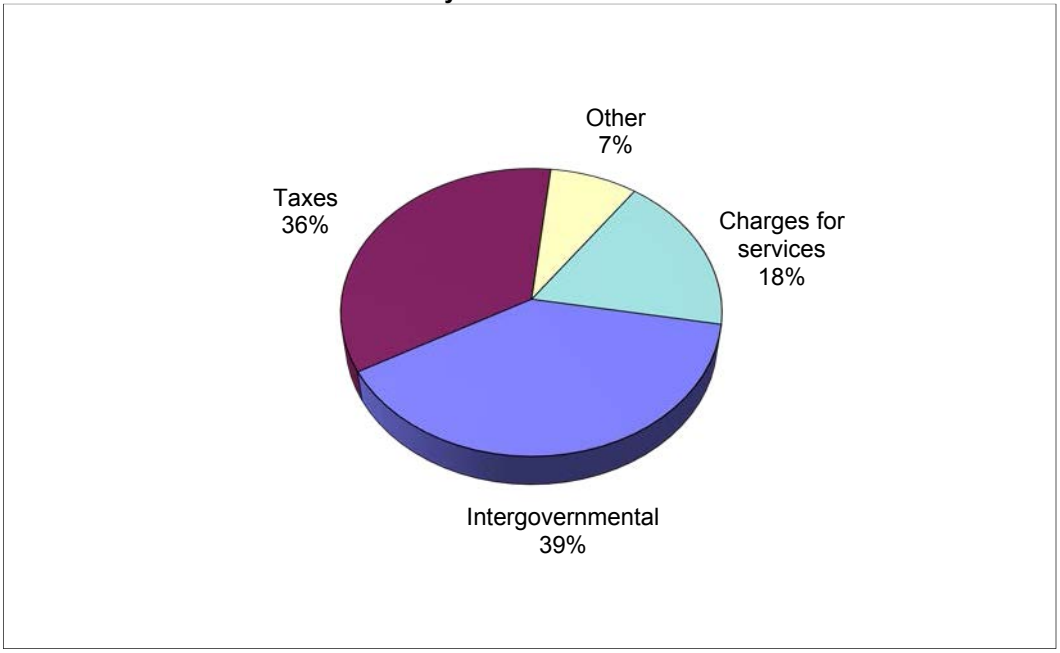
Revenues for governmental functions overall totaled $862 million in the fiscal year ended December 31, 2017, an increase of $35 million compared to the 2016 total of $827 million. Other financing sources were $506 million, a $111 million decrease from the 2016 total of $617 million. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from proprietary funds; and transfers of loan repayments received by the Neighborhood Improvement Development Corporation component unit. Governmental revenues, by source, are shown on Table 4b below.

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

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor	Total
Intergovernmental.....	$ 265,700	$ -	$ -	$ 962	$ 28,756	$ 43,197	$ 338,615
Taxes.....	194,571	65,280	2,179	41,382	2,839	-	306,251
Charges for services.....	136,216	11,272	-	9,297	-	-	156,785
Other.....	41,360	4,300	2,560	5,055	6,774	-	60,049
Total revenues.....	637,847	80,852	4,739	56,696	38,369	43,197	861,700
Other sources.....	50,801	232,598	-	75,360	123,217	24,373	506,349
Total revenues & sources.....	$ 688,648	$ 313,450	$ 4,739	$ 132,056	$ 161,586	$ 67,570	$ 1,368,049

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

Chart 3
2017 Revenues by Source – Governmental Funds



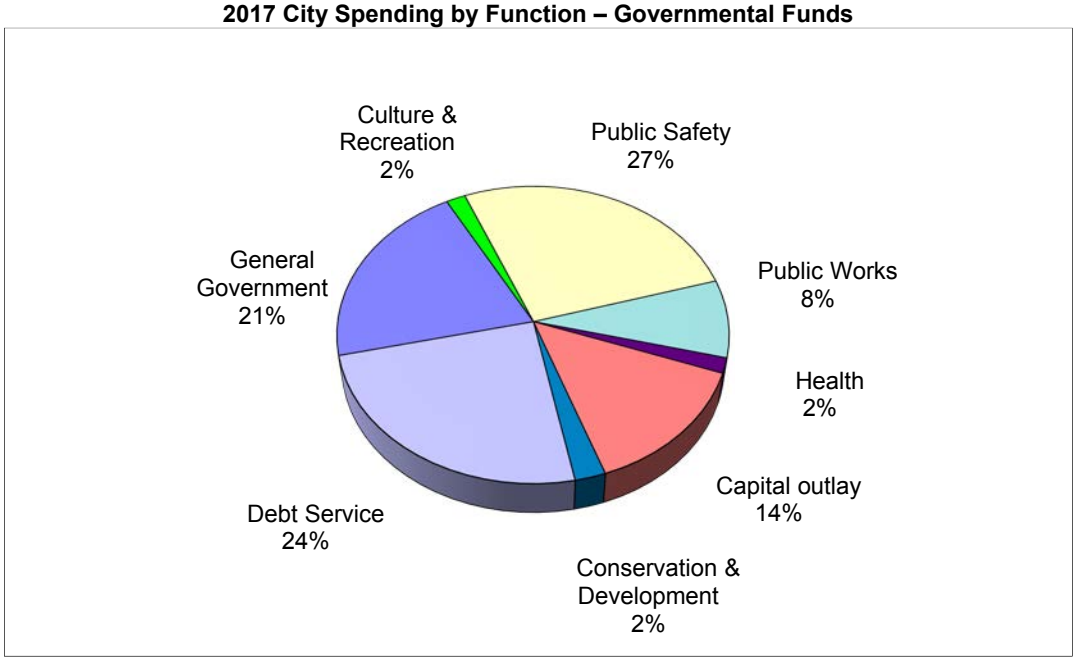
Expenditures for governmental funds totaled $1.2 billion. Other financing uses totaled $194 million, a $94 million increase over the 2016 total of $100 million. Expenditures exceeded revenues in 2017, causing a gap of $365 million. The excess of other financing sources over other financing uses of $312 million helped to close the gap. However, the net change in fund balances was a decrease of $53 million for the year compared to a decrease of $36 million in 2016. Governmental expenditures, by function, are shown on Table 4c below.

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

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor	Total
General government	$ 247,401	$ 865	$ 5	$ -	$ -	$ 5,367	$ 253,638
Public safety	315,139	-	-	-	-	11,823	326,962
Public works	100,724	-	-	-	-	2,600	103,324
Health	10,353	-	-	-	-	9,829	20,182
Culture & recreation	18,789	-	-	-	-	2,379	21,168
Conservation & development	4,579	-	-	10,172	-	13,966	28,717
Capital outlay	-	-	-	-	172,270	-	172,270
Debt service	-	300,606	-	-	-	-	300,606
Total expenditures	696,985	301,471	5	10,172	172,270	45,964	1,226,867
Other uses	2,119	78,352	8,500	59,276	8,451	37,832	194,530
Total expenditures & uses	$ 699,104	$ 379,823	$ 8,505	$ 69,448	$ 180,721	$ 83,796	$1,421,397

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

Chart 4
2017 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 $10.5 million or 10%. Revenues and other financing sources totaled approximately $688.6 million and expenditures and other financing uses totaled approximately $699.1 million - detailed in Table 5 below. General Fund revenues increased $2.4 million due mostly to the increase in property taxes. Expenditures decreased $4.8 million compared to 2016. Decreases in public safety and public works expenditures of $5.7 million and $3.6 million, respectively, were offset by an increase in general government expenditures of $3.7 million. The remaining expenditure categories increased $800 thousand. Total expenditures exceeded total revenues by $59 million or 9%. 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 $21.1 million not including the $27.6 million transfer out of fund balance to fund expenditures. This $27.6 million withdrawal was a $6.5 million increase from the 2016 transfer out of $21.1 million.

Total General Fund revenues for 2017 were $638 million. The largest revenue category is intergovernmental at $266 million, representing 42% of the total. The second largest revenue source is Property Taxes with $190 million or 30%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 21% or $136 million. These three categories comprise 93% of the total 2017 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:	**2017**	**2016**	**% Change**	**Expenditures:**	**2017**	**2016**	**% Change**
Property taxes	$ 190,337	$ 187,739	1.4%	General government	$ 247,401	$ 243,669	1.5%
Other taxes	4,234	3,979	6.4%	Public safety	315,139	320,855	-1.8%
Licenses and permits	15,597	16,767	-7.0%	Public w orks	100,724	104,294	-3.4%
Intergovernmental	265,700	265,191	0.2%	Health	10,353	10,286	0.7%
Charges for services	136,216	135,754	0.3%	Culture and recreation	18,789	18,264	2.9%
Fines and forfeits	3,357	3,534	-5.0%	Conservation and development	4,579	4,429	3.4%
Contributions received	3,022	2,378	27.1%				
Other	19,384	20,110	-3.6%				
Total Revenues	637,847	635,452	0.4%	Total Expenditures	696,985	701,797	-0.7%
Excess of Revenues over Expenditures	(59,138)	(66,345)	-10.9%	Other Financing Uses Transfers out	2,119	51,619	-95.9%
Other Financing Sources							
Debt proceeds	6,462	54,541	-88.2%	Total Expenditures and Other Financing Uses	699,104	753,416	-7.2%
Transfers in	44,339	44,107	0.5%				
Total Revenues and Other Financing Sources	$ 688,648	$ 734,100	-6.2%	Net Change in Fund Balance	$ (10,456)	$ (19,316)	-45.9%

During 2017, the City issued and repaid $120 million of Revenue Anticipation Notes (RANS) to finance the operating budget pending receipt of State Shared Revenues. During 2017, $300 million of RANS were issued and repaid, including notes issued for the Milwaukee Public Schools.

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

The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The 2017 fund balance of the General Obligation Debt Service Fund decreased $66 million to $44 million compared to the 2016 balance of $110 million (see Table 4a). This decrease was mostly caused by a transfer to the Economic Development Fund. The year-end 2016 General Obligation Debt Service Fund, fund balance of $110 million, included $71.6 million related to net cumulative TID revenues. In an effort to provide more detail and transparency related to TID activities, the TID balance of $71.6 million was transferred, in 2017, from the General Obligation Debt Service Fund to the Economic Development Fund.

Total revenues of the General Obligation Debt Service Fund decreased $22 million to $81 million in 2017 from $103 million in 2016. However, starting in 2017, TID-related property taxes formerly deposited into the General Obligation Debt Service Fund are now recorded in the Economic Development Fund. This change in procedure was the main cause for the $22 million revenue decrease. Revenues combined with *Other Financing Sources* totaled $313 million (see table 4b) while expenditures combined with *Other Financing Uses* totaled $380 million (see Table 4c); resulting in a net decrease in Fund Balance for year- end 2017 of $66 million (see Table 4a). However, the accounting change, from recording TID-related revenues and debt service payments in the General Obligation Debt Service Fund to accounting for these transactions in the Economic Development Fund is the main reason for the decreases in revenues, expenditures and fund balance.

The PDAF is governed by State Statutes Section 67.101 whereby accumulated funds can be used for the retirement of the public debt. The 2017 PDAF fund balance was $54.6 million, a $3.8 million decrease from the 2016 balance of $58.4 million – see Table 4a.

Prior to 2017, the Economic Development Fund was classified as a non-major fund and was utilized mainly to record Business Improvement District (BID) assessments and payouts. Starting in 2017, however, this fund is also used to record Tax Incremental District (TID) non-capital transactions such as receipt of tax and other revenues and payment of debt service and refunds of excess revenue to overlying taxing jurisdictions. As previously explained, the TID-related net cumulative revenues residing in the General Obligation Debt Service Fund were transferred to the Economic Development Fund at the beginning of 2017. Because of the materiality of the amounts related to this change, a comparison of the 2017 transaction amounts to prior year is not meaningful.

The Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. In 2017, total debt proceeds amounted to $99 million as compared to $140 million in 2016, a 29% decrease. Total revenues increased $12 million to $38 million in 2017 from $26 million 2016; expenditures increased $33 million, to $172 million in 2017 from $139 million in 2016. The issuance of bonds and notes during 2017 for capital purposes combined with revenues and transfers were not sufficient to cover the current year's expenditures resulting in a positive fund balance of $8 million, a $19 million decrease compared to the 2016 fund balance of $27 million (Table 4a).

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 proprietary funds was $60 million, a decrease of $15 million from the 2016 balance of $75 million. This $15 million decrease is a combination of declines of $4 million in Water Works, $7 million in the Sewer Maintenance fund and a net decrease of $4 million in all other non-major proprietary funds.

In 2017, operating revenues of the proprietary funds totaled $256 million (a 1.2% increase) while total operating expenses decreased $100 thousand to $175.4 million. The Water Works is the largest proprietary activity of the City, comprising approximately 38% 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 2017, Water Works operating revenues were nearly the same as prior year while Sewer Maintenance operating revenues increased 3.5%. The combined revenue of all other proprietary funds (labeled Nonmajor Funds in Table 6) increased 1.8% compared to 2016.

The Water Works incurred total operating expenses of $70 million for 2017 a decrease of $3.6 million compared to 2016. Sewer Maintenance operating expenses totaled $28 million in 2017, an increase of $3 million compared to the 2016 total of $25 million. The combined operating expenses of all other proprietary funds increased .5%, from $77 million in 2016 to $77.4 million in 2017. Table 6 below presents a summary of revenues and expenditures and changes in net position of the proprietary 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	$ 97,833	$ 65,141	$ 93,515	$ 256,489
Operating expenses	69,861	28,204	77,357	175,422
Operating income	27,972	36,937	16,158	81,067
Nonoperating revenues (expenses)	(281)	(28,127)	(2,353)	(30,761)
Income before contributions & transfers	27,691	8,810	13,805	50,306
Capital contributions and transfers	9,226	(3,405)	(19,967)	(14,146)
Increase (decrease) in net position	36,917	5,405	(6,162)	36,160
Net position 2016	436,630	277,902	45,502	760,034
Net position 2017	$ 473,547	$ 283,307	$ 39,340	$ 796,194

General Fund Budgetary Highlights

For the year ended December 31, 2017, the General Fund budgetary-basis actual revenues were $8 million lower than budgeted revenues. Revenue categories for property taxes, licenses and permits, charges for services and fines/forfeitures experienced an unfavorable (less than budgeted) variance of $12 million. However, all other categories including other taxes, intergovernmental and other revenues exceeded the final budget by a total of $4 million. Actual total revenues increased $1 million to $616 million in 2017 from $615 million in 2016. Intergovernmental revenues increased slightly to $266 million from $265 million in 2016. The intergovernmental category includes financing from the State for shared taxes, local street aids, and payment for municipal services. Operating expenditures were $8 million less than budgeted. This favorable variance is mainly due to $7.2 million savings from general government departments.

The original 2017 budget for expenditures includes the adopted budget plus the encumbrances carried over from 2016 less the encumbrances carried over to 2018. The final budget includes the original budget, as defined above, plus appropriations authorized for carryover from 2016 by the Common Council less those appropriations authorized for carryover to 2018. 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 2017 General Fund expenditure budget of $679 million and the final budget of $685 million, which is a 2.4% decrease from the final 2016 budget of $702 million. The original and final revenue budgets of $624 million are less than a 1% decrease compared to the final 2016 revenue budget of $626 million. Table 7 below presents a summary of 2017 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	$ 624,216	$ 624,216	$ 616,481	$ (7,735)
Operating expenses	679,035	684,781	676,486	8,295
Deficiency of revenues over expenditures	(54,819)	(60,565)	(60,005)	560
Other financing sources (uses)	60,164	67,041	77,128	10,087
Net change in fund balance	5,345	6,476	17,123	10,647
Fund balance 2016	80,353	80,353	80,353	
Fund balance 2017	$ 85,698	$ 86,829	$ 97,476	$ 10,647

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 $108 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 $80 million, reported in the Budgetary Comparison Schedule (Exhibit E-1,) by the $28 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, 2017 total $2.4 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 $108 million or 5%. Governmental activities' capital assets increased $50 million or 4% from 2016. Business-type activity capital assets increased $58 million or 6% at the end of 2017. A schedule comparing the assets by type for 2017 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 $71 million and deletions were $20 million for 2017 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 $24 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 63% of its total capital assets with 26% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of $37 million.

Table 8
Net Capital Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Capital assets not being depreciated:						
Land	$ 165,735	$ 165,735	$ 17,321	$ 18,773	$ 183,056	$ 184,508
Construction in progress	117,441	108,978	44,003	46,165	161,444	155,143
Intangible right of w ays	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:						
Buildings	324,890	321,291	95,900	97,637	420,790	418,928
Infrastructure	1,799,706	1,735,435	1,154,107	1,079,872	2,953,813	2,815,307
Improvements other than buildings	12,175	12,175	10,970	8,184	23,145	20,359
Machinery and equipment	213,173	207,580	290,121	281,286	503,294	488,866
Intangible softw are	11,327	3,834	-	-	11,327	3,834
Nonutility property	-	-	3,917	3,917	3,917	3,917
Accumulated depreciation	(1,386,649)	(1,347,804)	(515,702)	(493,212)	(1,902,351)	(1,841,016)
Total	$ 1,259,140	$ 1,208,566	$ 1,100,637	$ 1,042,622	$ 2,359,777	$ 2,251,188

Debt

At year-end, the City owed $981 million in general obligation bonds and notes, $114 million in State loans, and $200 million in revenue bonds outstanding, as itemized in Table 9.

New debt issued, general obligation bonds and notes, totaled $268 million, of which $253 million was 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 proprietary fund debt, was $1,354 at the end of 2016 and $1,360 at the end of 2017; a .4% increase from the prior year. As of December 31, 2017, the City's outstanding net general obligation debt for governmental activities was 2.97% 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 59% of this limit. The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2017, $21.1 million of notes were issued to fund delinquent taxes. Delinquent tax collections, along with related interest and penalties, are used to pay the debt service requirements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes (backed by the City)	$ 942,330	$ 949,001	$ 38,875	$ 52,139	$ 981,205	$1,001,140
State loans	-	-	114,308	101,612	114,308	101,612
Revenue bonds (backed by specific fee revenues)	-	-	200,156	190,086	200,156	190,086
Total	$ 942,330	$ 949,001	$ 353,339	$ 343,837	$1,295,669	$1,292,838

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2017 was 4.6%, compared to 5.8% for 2016. The City of Milwaukee per capita income for the most recent fiscal year available (2016) was $43,375, compared to $42,802 for 2015. Table 13, in the Statistical Section, contains demographic and economic statistics for the last ten calendar years.

The 2018 adopted City Budget is about $1.53 billion with a General Fund budget of $748 million. The General Fund budget increased $10 million from the 2017 budget of $738 million. In 2018, the City expects to spend $107 million for health insurance and related costs compared to $114 million budgeted for 2017, a $7 million decrease.

The 2018 budget includes $3 million to abate lead in 400 housing units and $8.8 million to replace lead water service lines. Funding for the Strong Neighborhoods Plan will enable repairs and improvements to approximately 154 privately-owned homes. An average annual sworn police force of 1,861 members will be funded in 2018. Finally, the City has allocated $4 million for replacing two neighborhood libraries in 2018.

The City of Milwaukee's share of the Tax Rate remained unchanged at $10.75 (per $1,000 of Assessed Value). The total City 2017 property tax levy increased $9.7 million to $273.5 million, compared to $263.8 million in 2016, while the assessed valuation of all property within the City increased $748 million. The 2017 property tax levy (which funds the 2018 budget) is shown in Table 10 below along with a comparison to the 2016 levy.

Table 10
Tax Levy by Purpose
(Thousands of Dollars)

	Levy Year *		Increase
	2017	2016	(decrease)
General city purposes	$ 107,192	$ 115,213	$ (8,021)
Employee retirement	94,189	77,982	16,207
Capital improvements	889	300	589
Debt	66,216	65,280	936
Contingent fund	5,000	5,000	-
Total levy	$ 273,486	$ 263,775	$ 9,711

*Levy year funds the next year's budget.

The 2018 General City Purpose budget includes $622 million in estimated revenue, a decrease of $10.7 compared to 2017. The sources of funds for the 2018 General City Purpose budget, by category, compared to the 2017 budget is shown in Table 11.

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

	Budget Year*		Increase
	2018	2017	(decrease)
Tax levy	$ 107,192	$ 115,213	$ (8,021)
Taxes and PILOTS	17,591	17,699	(108)
Licenses and permits	15,937	16,203	(266)
Intergovernmental revenue	268,191	265,292	2,899
Charges for services	129,145	127,045	2,100
Transfers	36,123	44,179	(8,056)
Other	48,150	47,362	788
Total sources	$ 622,329	$ 632,993	$ (10,664)

*Budget is funded by the prior year's levy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2017
(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	$ 338,236	$ 53,962	$ 392,198	$ 122,307
Receivables (net):				
Taxes	243,791	-	243,791	-
Accounts	32,905	48,756	81,661	407
Unbilled accounts	2,408	19,707	22,115	-
Special assessments	6,736	-	6,736	-
Notes and loans	95,544	-	95,544	58,598
Accrued interest	400	134	534	1,384
Due from component units	12,475	-	12,475	-
Due from primary government	-	-	-	136
Due from other governmental agencies	208,666	2,251	210,917	4,641
Inventory of materials and supplies	10,396	3,635	14,031	-
Inventory of property for resale	26	-	26	5,491
Prepaid items	5,652	839	6,491	-
Other assets	-	125	125	130
Total Noncapital Assets	957,235	129,409	1,086,644	193,094
Capital assets:				
Capital assets not being depreciated:				
Land	165,735	17,321	183,056	12,200
Construction in progress	117,441	44,003	161,444	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	324,890	95,900	420,790	85,786
Infrastructure	1,799,706	1,154,107	2,953,813	333
Improvements other than buildings	12,175	10,970	23,145	4,264
Machinery and equipment	213,173	290,121	503,294	159
Intangible software	11,327	-	11,327	565
Nonutility property	-	3,917	3,917	-
Accumulated depreciation	(1,386,649)	(515,702)	(1,902,351)	(24,879)
Total Capital Assets	1,259,140	1,100,637	2,359,777	78,428
Total Assets	2,216,375	1,230,046	3,446,421	271,522
Deferred Outflows of Resources:				
Loss on refunding	-	112	112	-
Pension related	219,484	11,365	230,849	334
Total Deferred Outflows of Resources	219,484	11,477	230,961	334

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2017
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 84,531	$ 28,521	$ 113,052	$ 2,075
Accrued expenses	27,616	1,422	29,038	1,638
Accrued interest payable	8,193	1,391	9,584	-
Internal balances	(14,245)	14,245	-	-
Due to component units	118	18	136	-
Due to other governmental agencies	2,358	-	2,358	2,921
Unearned revenues	1,341	2,592	3,933	
Revenue anticipation notes payable	180,000	-	180,000	-
Other liabilities	-	-	-	3,088
Due to primary government:				
Due within one year	-	-	-	1,148
Due in more than one year	-	-	-	11,327
Long-term obligations:				
Due within one year	166,006	22,692	188,698	3,080
Due in more than one year	1,720,001	372,996	2,092,997	197,826
Total Liabilities	2,175,919	443,877	2,619,796	223,103
Deferred Inflows of Resources:				
Gain on refunding	904	-	904	-
Deferred inflows for grants	-	579	579	-
Subsequent years property taxes	315,462	-	315,462	610
Pension related	22,254	873	23,127	39
Total Deferred Inflows of Resources	338,620	1,452	340,072	649
NET POSITION				
Net investment in capital assets	836,422	734,161	1,570,583	24,816
Restricted for:				
Debt service	152,571	2,209	154,780	-
Other purposes	9,021	-	9,021	11,575
Unrestricted	(1,076,694)	59,824	(1,016,870)	11,713
Total Net Position	**$ (78,680)**	**$ 796,194**	**$ 717,514**	**$ 48,104**

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, 2017
(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	$ 274,652	$ 27,180	$ 2,026	$ -
Public safety	485,016	23,382	12,314	-
Public works	206,205	83,344	2,842	240
Health	23,655	1,267	9,937	-
Culture and recreation	28,193	1,024	3,243	-
Conservation and development	65,175	19	13,966	-
Interest on long-term debt	22,097	-	-	-
Total Governmental Activities	1,104,993	136,216	44,328	240
Business-type Activities:				
Water	70,219	97,833	-	22,528
Sewer Maintenance	59,823	65,141	-	3,358
Parking	25,287	37,557	-	180
Port of Milwaukee	4,570	5,625	-	-
Metropolitan Sewerage District User Charges	49,853	50,333	-	-
Total Business-type Activities	209,752	256,489	-	26,066
Total Primary Government	$ 1,314,745	$ 392,705	$ 44,328	$ 26,306
Component units:				
Redevelopment Authority	$ 11,954	$ 6,602	$ 1,814	$ -
Neighborhood Improvement Development Corporation	612	160	221	17
Century City Redevelopment Corporation	873	324	-	-
Total Component Units	$ 13,439	$ 7,086	$ 2,035	$ 17

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

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (245,446)		$ (245,446)	
(449,320)		(449,320)	
(119,779)		(119,779)	
(12,451)		(12,451)	
(23,926)		(23,926)	
(51,190)		(51,190)	
(22,097)		(22,097)	
(924,209)		(924,209)	
-	$ 50,142	50,142	
-	8,676	8,676	
-	12,450	12,450	
-	1,055	1,055	
-	480	480	
-	72,803	72,803	
(924,209)	72,803	(851,406)	
			$ (3,538)
			(214)
			(549)
			(4,301)
307,828	-	307,828	-
265,700	-	265,700	-
97,757	211	97,968	4,678
36,854	(36,854)	-	-
708,139	(36,643)	671,496	4,678
(216,070)	36,160	(179,910)	377
137,390	760,034	897,424	47,727
$ (78,680)	**$ 796,194**	**$ 717,514**	**$ 48,104**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and investments	$ 99,099
Receivables (net):	
Taxes	147,232
Accounts	31,524
Unbilled accounts	2,408
Special assessments	-
Notes and loans	86
Accrued interest	271
Due from other funds	73,727
Due from component units	150
Due from other governmental agencies	810
Advances to other funds	5,832
Inventory of materials and supplies	10,396
Inventory of property for resale	26
Prepaid items	1,968
Total Assets	**$ 373,529**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 34,234
Accrued expenses	27,187
Due to other funds	337
Due to component units	30
Due to other governmental agencies	-
Unearned revenue	54
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	61,842
Deferred Inflows of Resources:	214,211
Fund Balances:	
Nonspendable	18,401
Restricted	-
Committed	3,444
Assigned	37,281
Unassigned	38,350
Total Fund Balances	97,476
Total Liabilities, Deferred Inflows and Fund Balances	**$ 373,529**

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

General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
$ 77,059	$ 32,402	$ 79,886	$ 47,633	$ 2,157	$ 338,236
39,730	-	25,186	533	31,110	243,791
-	-	-	1,381	-	32,905
-	-	-	-	-	2,408
-	-	-	6,736	-	6,736
62,389	22,082	-	-	10,987	95,544
-	129	-	-	-	400
-	-	-	-	337	74,064
47	-	12,185	45	48	12,475
180,000	-	-	16,089	11,767	208,666
-	-	-	-	-	5,832
-	-	-	-	-	10,396
-	-	-	-	-	26
-	-	-	3,682	2	5,652
$ 359,225	**$ 54,613**	**$117,257**	**$ 76,099**	**$ 56,408**	**$1,037,131**
$ 69	$ -	$ 385	$ 43,932	$ 5,911	$ 84,531
-	-	-	271	158	27,616
7,111	-	-	2,880	49,491	59,819
-	-	-	62	26	118
-	-	-	190	2,168	2,358
-	-	-	256	1,031	1,341
180,000	-	-	-	-	180,000
-	-	-	5,832	-	5,832
187,180	-	385	53,423	58,785	361,615
128,604	-	54,162	14,718	8,949	420,644
-	-	-	3,682	2	22,085
43,441	54,613	62,710	18,795	9,019	188,578
-	-	-	-	-	3,444
-	-	-	-	-	37,281
-	-	-	(14,519)	(20,347)	3,484
43,441	54,613	62,710	7,958	(11,326)	254,872
$ 359,225	**$ 54,613**	**$117,257**	**$ 76,099**	**$ 56,408**	**$1,037,131**

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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, 2017

(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 254,872
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 $127,907 accumulated depreciation	196,983	
Infrastructure, net of $1,098,462 accumulated depreciation	701,244	
Improvements other than buildings, net of $10,002 accumulated depreciation	2,173	
Machinery and equipment, net of $146,959 accumulated depreciation	66,214	
Intangible assets net of $3,319 accumulated depreciation	9,350	
Construction in progress	117,441	
		1,259,140
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected	14,729	
Grant revenues to be collected	9,676	
Notes and loans receivable to repay long-term bonds and notes	74,659	
Special assessments to be collected	6,118	
		105,182
Deferred inflows and outflows of resources related to pensions have not been included in governmental fund activity.		
Deferred inflows for pensions	(22,254)	
Deferred outflows for pensions	219,484	
		197,230
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(8,193)	
Bonds and notes payable	(942,330)	
Gain on refunding	(904)	
Unamortized premiums	(64,140)	
Compensated absences	(48,395)	
Net other postemployment benefits obligation	(459,369)	
Net pension liability	(339,551)	
Claims and judgments	(32,222)	
		(1,895,104)
Total net position of governmental activities (Exhibit 1)		**$ (78,680)**

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, 2017
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 190,337
Other taxes	4,234
Special assessments	-
Licenses and permits	15,597
Intergovernmental	265,700
Charges for services	136,216
Fines and forfeits	3,357
Contributions received	3,022
Other	19,384
Total Revenues	637,847
Expenditures:	
Current:	
General government	247,401
Public safety	315,139
Public works	100,724
Health	10,353
Culture and recreation	18,789
Conservation and development	4,579
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	696,985
Excess (Deficiency) of Revenues over Expenditures	(59,138)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	6,462
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	44,339
Transfers out	(2,119)
Total Other Financing Sources and Uses	48,682
Net Change in Fund Balances	(10,456)
Fund Balances - Beginning	107,932
Fund Balances - Ending	**$ 97,476**

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

General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
$ 65,280	$ -	$ 41,096	$ 2,839	$ -	$ 299,552
	2,179	286	-	-	6,699
-	-	-	2,019	-	2,019
-	-	-	-	-	15,597
	-	962	28,756	43,197	338,615
11,272	-	9,297	-	-	156,785
-	-	-	-	-	3,357
-	-	-	-	-	3,022
4,300	2,560	5,055	4,755	-	36,054
80,852	4,739	56,696	38,369	43,197	861,700
865	5	-	-	5,367	253,638
-	-	-	-	11,823	326,962
-	-	-	-	2,600	103,324
-	-	-	-	9,829	20,182
-	-	-	-	2,379	21,168
-	-	10,172	-	13,966	28,717
-	-	-	172,270	-	172,270
259,911	-	-	-	-	259,911
40,366	-	-	-	-	40,366
329	-	-	-	-	329
301,471	5	10,172	172,270	45,964	1,226,867
(220,619)	4,734	46,524	(133,901)	(2,767)	(365,167)
50,000	-	-	99,427	21,108	176,997
76,243	-	-	-	-	76,243
(1,590)	-	-	-	(286)	(1,876)
23,601	-	-		-	23,601
82,754	-	75,360	23,790	3,265	229,508
(76,762)	(8,500)	(59,276)	(8,451)	(37,546)	(192,654)
154,246	(8,500)	16,084	114,766	(13,459)	311,819
(66,373)	(3,766)	62,608	(19,135)	(16,226)	(53,348)
109,814	58,379	102	27,093	4,900	308,220
$ 43,441	**$ 54,613**	**$ 62,710**	**$ 7,958**	**$ (11,326)**	**$ 254,872**

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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, 2017

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		$ (53,348)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions ($126,148) less additions from Construction-in-Progress ($18,453) exceeded depreciation expense ($55,273) in the current period less loss on disposals ($1,848).		50,574
Notes and loans receivable to repay long-term bonds and notes		(7,249)
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	1,671	
Capital grants and contributions	(782)	
Special assessments beginning of the year $5,905 less $6,118 at year end	213	
		1,102
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(253,240)	
Issuance premiums	(23,601)	
Gain on refunding	(446)	
Repayments:		
Principal retirement	259,911	
Amortization:		
Premiums	15,840	
Gain/Loss on refunding	1,021	
		(515)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	(450)	
Net other postemployment benefits obligation	(48,096)	
Net pension liability	(3,218)	
Deferred inflows for pensions	886	
Deferred outflows for pensions	(157,638)	
Claims and judgments	474	
Accrued interest on bonds and notes	1,408	
		(206,634)
Changes in net position of governmental activities (Exhibit 2)		**$(216,070)**

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

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 25,767	$ 3,947	$ 9,981	$ 39,695
Restricted cash and cash equivalents	2,209	12,058	-	14,267
Receivables (net):				
Accounts	18,081	16,236	14,439	48,756
Unbilled accounts	13,850	2,565	3,292	19,707
Accrued interest	-	134	-	134
Due from other funds	4,211	3,587	2,953	10,751
Due from other governmental agencies	-	1,212	1,039	2,251
Advances to other funds	109	-	-	109
Inventory of materials and supplies	3,414	221	-	3,635
Prepaid items	821	18	-	839
Other assets	125	-	-	125
Total Current Assets	68,587	39,978	31,704	140,269
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	1,791	-	15,530	17,321
Construction in progress	37,618	125	6,260	44,003
Capital assets being depreciated:				
Buildings	30,280	-	65,620	95,900
Infrastructure	424,000	710,174	19,933	1,154,107
Improvements other than buildings	-	-	10,970	10,970
Machinery and equipment	268,152	6,054	15,915	290,121
Nonutility property	3,917	-	-	3,917
Accumulated depreciation	(273,967)	(161,433)	(80,302)	(515,702)
Net Capital Assets	491,791	554,920	53,926	1,100,637
Total Noncurrent Assets	491,791	554,920	53,926	1,100,637
Total Assets	560,378	594,898	85,630	1,240,906
Deferred Outflows of Resources:				
Loss on refunding	-	112	-	112
Deferred outflows for pensions	6,792	2,376	2,197	11,365
Total Deferred Outflows of Resources	6,792	2,488	2,197	11,477

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 11,734	$ 4,330	$ 12,457	$ 28,521
Accrued expenses	906	235	281	1,422
Accrued interest payable	181	548	120	849
Compensated absences	1,179	325	289	1,793
Advances from other funds	-	-	109	109
Due to other funds	11,633	-	13,363	24,996
Due to component units	-	-	18	18
Unearned revenue	-	1,101	1,491	2,592
General obligation debt payable - current	857	404	1,619	2,880
Total Current Liabilities	26,490	6,943	29,747	63,180
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	3,126	14,893	-	18,019
Accrued interest payable	-	542	-	542
Total Current Liabilities Payable from Restricted Assets	3,126	15,435	-	18,561
Noncurrent Liabilities:				
General obligation debt payable	6,970	16,308	13,058	36,336
Revenue bonds & State loans payable	39,940	269,301	-	309,241
Other post employment benefits obligation	8,042	3,076	2,822	13,940
Net pension liability	7,961	2,833	2,685	13,479
Total Noncurrent Liabilities	62,913	291,518	18,565	372,996
Total Liabilities	92,529	313,896	48,312	454,737
Deferred Inflows of Resources:				
Deferred inflows for grants	579	-	-	579
Deferred inflows for pensions	515	183	175	873
Total Deferred Inflows of Resources	1,094	183	175	1,452
NET POSITION:				
Net investment in capital assets	440,898	254,014	39,249	734,161
Restricted for Debt Service	2,209	-	-	2,209
Unrestricted	30,440	29,293	91	59,824
Total Net Position	**$ 473,547**	**$ 283,307**	**$ 39,340**	**$ 796,194**

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
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 79,580	$ -	$ -	$ 79,580
Statutory sewer user fee	-	-	49,056	49,056
Sewer maintenance fee	-	65,141	-	65,141
Rent	-	-	12,977	12,977
Fire protection service	9,172	-	-	9,172
Parking meters	-	-	4,985	4,985
Parking permits	-	-	4,131	4,131
Vehicle towing	-	-	6,046	6,046
Parking forfeitures	-	-	15,043	15,043
Other	9,081	-	1,277	10,358
Total Operating Revenues	97,833	65,141	93,515	256,489
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	44,351	44,351
Employee services	-	8,582	9,788	18,370
Administrative and general	11,531	-	-	11,531
Depreciation	18,185	7,997	3,011	29,193
Transmission and distribution	18,187	-	-	18,187
Services, supplies, and materials	-	11,625	20,207	31,832
Water treatment	11,780	-	-	11,780
Water pumping	7,062	-	-	7,062
Billing and collection	3,116	-	-	3,116
Total Operating Expenses	69,861	28,204	77,357	175,422
Operating Income	27,972	36,937	16,158	81,067
Nonoperating Revenues (Expenses):				
Investment income	77	134	-	211
Grant revenue	-	3,358	-	3,358
Interest expense	(87)	(8,418)	(681)	(9,186)
Other	(271)	(23,201)	(1,672)	(25,144)
Total Net Nonoperating Revenues (Expenses)	(281)	(28,127)	(2,353)	(30,761)
Income before Contributions and Transfers	27,691	8,810	13,805	50,306
Capital contributions	22,528	-	180	22,708
Transfers in	-	-	487	487
Transfers out	(13,302)	(3,405)	(20,634)	(37,341)
Change in Net Position	36,917	5,405	(6,162)	36,160
Total Net Position - Beginning	436,630	277,902	45,502	760,034
Total Net Position - Ending	**$ 473,547**	**$ 283,307**	**$ 39,340**	**$ 796,194**

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

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 91,875	$ 65,246	$ 92,240	$ 249,361
Receipts from interfund services provided	6,143	-	-	6,143
Payments to suppliers	(17,588)	(12,190)	(63,398)	(93,176)
Payments to employees	(22,873)	(7,205)	(8,360)	(38,438)
Payments from other funds	-	(2,101)	575	(1,526)
Payments to other funds	1,182	-	(1,062)	120
Net Cash Provided by Operating Activities	58,739	43,750	19,995	122,484
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	309	3,247	-	3,556
Other nonoperating expenses	-	(23,201)	(452)	(23,653)
Transfers from other funds	-	-	487	487
Transfers to other funds	(13,302)	(3,405)	(20,634)	(37,341)
Net Cash Used by Noncapital Financing Activities	(12,993)	(23,359)	(20,599)	(56,951)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	20,361	31,047	3,184	54,592
Acquisition of property, plant, and equipment	(31,533)	(31,553)	(2,928)	(66,014)
Retirement of bonds, notes, and revenue bonds	(23,638)	(17,827)	(3,625)	(45,090)
Interest paid	(1,293)	(9,843)	(273)	(11,409)
Other	-	-	1,373	1,373
Net Cash Used for Capital and Related Financing Activities	(36,103)	(28,176)	(2,269)	(66,548)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	77	105	-	182
Net Increase (Decrease) in Cash and Cash Equivalents	9,720	(7,680)	(2,873)	(833)
Cash and Cash Equivalents - Beginning	18,256	23,685	12,854	54,795
Cash and Cash Equivalents - Ending	**$ 27,976**	**$ 16,005**	**$ 9,981**	**$ 53,962**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Proprietary Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	$ 25,767	$ 3,947	$ 9,981	$ 39,695
Restricted Cash	2,209	12,058	-	14,267
	$ 27,976	$ 16,005	$ 9,981	$ 53,962
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 27,972	$ 36,937	$ 16,158	$ 81,067
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,185	7,997	3,011	29,193
Effect of changes in assets and liabilities:				
Receivables	(123)	105	(1,274)	(1,292)
Due from other funds	(2,933)	(2,101)	(1,600)	(6,634)
Inventories	(190)	53	-	(137)
Prepaid items	1,369	(1)	-	1,368
Other assets	(18)	-	-	(18)
Accounts payable	2,577	(617)	1,254	3,214
Accrued liabilities	46	210	202	458
Net other postemployment benefits obligation	1,140	425	389	1,954
Net pension liability	309	94	(5)	398
Due to other funds	8,794	-	1,113	9,907
Deferred pension outflows	1,653	641	746	3,040
Deferred pension inflows	(42)	7	1	(34)
Net Cash Provided by Operating Activities	$ 58,739	$ 43,750	$ 19,995	$ 122,484

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $22,528,174.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $1,457,000 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, 2017

(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$ 1,642	$ 3,661	$ 143,949
Total Assets	1,642	3,661	$ 143,949
LIABILITIES			
Liabilities:			
Accounts payable	$ 134	$ 45	$ 2,591
Due to other governmental agencies	-	-	141,358
Total Liabilities	134	45	$ 143,949
Net Position Held In Trust For:			
Employees' pension benefits and other purposes	**$ 1,508**	**$ 3,616**	

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, 2017
(Thousands of Dollars)

	Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 4,331	$ -
Private donations	-	1,752
Total Contributions	4,331	1,752
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	2
Total Additions	4,331	1,754
Deductions		
Benefits	4,146	-
Fees remitted from Trust	-	1,241
Other	-	759
Total Deductions	4,146	2,000
Change in Net Position	185	(246)
Net Position - Beginning	1,323	3,862
Net Position - Ending	**$ 1,508**	**$ 3,616**

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, 2017
(Thousands of Dollars)

Exhibit D-1

ASSETS	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
Current Assets:				
Cash and investments	$ 7,081	$ 1,656	$ 334	$ 9,071
Restricted cash and investments	112,580	656	-	113,236
Receivables (net):				
Accounts	254	105	48	407
Notes and loans	58,376	222	-	58,598
Accrued interest	1,371	13	-	1,384
Due from primary government	136	-	-	136
Due from other governmental agencies	4,641	-	-	4,641
Inventory of property for resale	4,918	573	-	5,491
Prepaid items	117	-	13	130
Total Noncapital Assets	189,474	3,225	395	193,094
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	(22,686)	-	(2,193)	(24,879)
Total Capital Assets, Net of Depreciation	69,194	-	9,234	78,428
Total Assets	258,668	3,225	9,629	271,522
Deferred Outflows of Resources:				
Deferred outflows for pensions	334	-	-	334

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2017
(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	$ 2,018	$ 13	$ 44	$ 2,075
Accrued expenses	1,621	-	17	1,638
Due to other governmental agencies	2,675	-	246	2,921
Other liabilities	2,852	236	-	3,088
Total Current Liabilities	9,166	249	307	9,722
Due to primary government:				
Due within one year	1,055	93	-	1,148
Due in more than one year	11,327	-	-	11,327
Total Due to Primary Government	12,382	93	-	12,475
Long-term obligations:				
Due within one year	3,080	-	-	3,080
Due in more than one year	178,976	-	18,850	197,826
Total Noncurrent Liabilities	182,056	-	18,850	200,906
Total Liabilities	203,604	342	19,157	223,103
Deferred Inflows of Resources:				
Unavailable revenue	459	151	-	610
Deferred inflows for pensions	39	-	-	39
Total Deferred Inflows of Resources	498	151	-	649
Total Liabilities and Deferred Inflows of Resources	204,102	493	19,157	223,752
NET POSITION:				
Net investment in capital assets	26,932	-	(2,116)	24,816
Restricted	10,898	677	-	11,575
Unrestricted	17,070	2,055	(7,412)	11,713
Total Net Position	**$ 54,900**	**$ 2,732**	**$ (9,528)**	**$ 48,104**

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, 2017
(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	$ 11,954	$ 6,602	$ 1,814	$ -
Neighborhood Improvement Development Corp.				
Housing improvements	612	160	221	17
Century City Redevelopment Corporation				
Rental income	873	324	-	-
Total Component Units	$ 13,439	$ 7,086	$ 2,035	$ 17

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

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

Net (Expense) Revenue and Changes in Net Position			
Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
$ (3,538)	$ -	$ -	$ (3,538)
-	(214)	-	(214)
-	-	(549)	(549)
(3,538)	(214)	(549)	(4,301)
4,288	190	200	4,678
4,288	190	200	4,678
750	(24)	(349)	377
54,150	2,756	(9,179)	47,727
$ 54,900	**$ 2,732**	**$ (9,528)**	**$ 48,104**

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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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Reporting Entity

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

Discretely Presented Component Units

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

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

Neighborhood Improvement Development Corporation - The Neighborhood Improvement Development Corporation (NIDC) is a nonprofit organization established to promote reinvestment in both housing and commercial structures within the City. NIDC programs encourage private lending institutions and property owners to make improvements to the community's homes and businesses. Corporate officers of NIDC are provided by the City and 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 80 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 (aka Employ Milwaukee) 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 proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from 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. Prior to 2017, this fund was used to account for all non-capital TID revenues and debt service. As of December 31, 2016, the fund balance included $71.6 million of net cumulative

TID revenues. To provide more detail and transparency regarding TID activities, on January 1, 2017, $71.6 million of fund balance was moved to the Economic Development Fund.

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.

Economic Development Fund – Prior to 2017, this fund was used mostly to account for revenues and expenditures related to owner-financed development projects in commercial (Business Improvement Districts) and residential (Neighborhood Improvement Districts) areas. Beginning on January 1, 2017, in an effort to provide more detail and transparency related to TID activities, all non-capital TID transactions, including debt service payments, are recorded in this fund. Also, on January 1, 2017 the $71.6 million balance of net cumulative TID-related revenues within the General Obligation Debt Service Fund were transferred to this fund.

Capital Projects Fund – The Capital Projects Fund is used to account for the financial resources segregated for the acquisition or construction of major capital expenditures other than those financed by proprietary funds.

The City reports the following major proprietary funds:

Water Works – All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer Maintenance – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.0821, 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 2017 that will be collected in 2018 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 receivable are presented net of allowances. The amount of the General Fund allowance as of December 31, 2017 was approximately $608,000.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Non-major Proprietary fund allowances as of December 31, 2017 were approximately $721,000, $495,000, and $801,000 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 $25,636,000 as of December 31, 2017.

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	3-40
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:

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

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

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

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

Unassigned – All other spendable amounts.

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

S. Net Position

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

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

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

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

T. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

U. Use of Estimates

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

V. Deferred Outflows/Inflows of Transactions

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This section represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for inclusion within this category, both of which are reported in the government-wide statement of net position (Exhibit 1).

- Loss on refunding is a deferred expense resulting from the difference between the carrying value of refunded debt and the refunding debt. The loss is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension related is a deferred expense related mostly to the net differences between projected and actual earnings on pension plan investments. This deferred outflow will be recognized in future pension expense over 4.16 years.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. This section represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources

(revenue) until that time. The City has four items that qualify for inclusion within this category, all reported in the government-wide statement of net position (Exhibit 1).

- Gain on refunding is a deferred revenue resulting from the difference between the carrying value of refunded debt and the refunding debt. The gain is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows for grants is the amount of grant funds received prior to meeting the eligibility requirements. This deferred inflow will be recognized as revenue when the funds are spent.
- Subsequent years property taxes is the amount of the current year property tax levy. This deferred inflow is recognized as revenue in the subsequent year.
- Pension related is the reduction in pension expense due to differences between plan expected and actual experience, differences between projected and actual earnings on plan investments and changes to the plan itself. This deferred inflow will be recognized as a reduction to pension expense over 4.16 years.

W. Pension Obligations

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

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

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

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

X. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. This Statement replaces the requirements of Statements 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*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The application of this Statement will be implemented starting with the year ended December 31, 2018 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 June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement will be effective for the year end December 31, 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This Statement requires additional essential information related to debt be disclosed in notes to financial statements. This Statement will be effective for the year end 2019 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, 2017, 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	$ 259,116	$ 213,733	$ 41,682	$ 2,426	$ 1,275	see below
Other Deposits	93	93	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	5,339	5,339	-	-	-	not rated
Wisconsin Local Government Investment Pool	86,133	86,133	-	-	-	not rated
Municipal Bonds	13,568	4,951	2,729	5,888	-	see below
Treasuries (Fiscal Agent)	24,564	24,564	-	-	-	not rated
GNMA Bonds	3,385	-	-	3,385	-	Aaa
	$ 392,198	$ 334,813	$ 44,411	$ 11,699	$ 1,275	
Fiduciary activities:						
Investment type						
Pooled Deposits and Investments	$ 148,620	$ 148,620	$ -	$ -	$ -	see below
Other Deposits	176	176	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	456	456	-	-	-	not rated
	$ 149,252	$ 149,252	$ -	$ -	$ -	

Security Ratings

The Governmental and Business-type municipal bond holdings of $13,568,000 were rated by Moody's as follows: Aa1 (3.7%), Aa2 (58.9%), Aa3 (12.2%), Aaa (18.2%) and A1 (7.0%).

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

As of December 31, 2017, the City had the following investments and maturities in the Pool:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair Value	Less than 1	1-5	6-10	Greater than 10	Credit Rating
Pooled Deposits and Investments						
Bank Demand Deposits	$ 47,766	$ 47,766	$ -	$ -	$ -	not rated
Other Deposits	13,559	13,559	-	-	-	not rated
Deposits and Investments						
Interest Checking	144,198	144,198	-	-	-	not rated
Wisconsin Local Government Investment Pool	95,157	95,157	-	-	-	not rated
BMO Investment Portfolio						
Money Market	26,249	26,249	-	-	-	see below
Corporate Bond	36,204	18,845	14,933	2,426	-	see below
FHLB Bond	994	-	994	-	-	see below
FHLMC Bond	1,540	659	881	-	-	see below
FNMA Bond	2,433	-	1,985	-	448	see below
GNMA Bond	827	-	-	-	827	see below
Treasury Note	36,509	13,620	22,889	-	-	see below
Certificates of Deposits	2,300	2,300	-	-	-	not rated
	$ 407,736	$ 362,353	$ 41,682	$ 2,426	$ 1,275	

Investment Portfolio Ratings

Corporate bond holdings of $36,204,000 were rated by Moody's as follows: A1 (26.6%), Aa1 (9.0%), Aa2 (25.2%), Aa3 (23.3%), Aaa (14.5%), and A2 (1.4%).

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 federal and state insured limit of $900,000. As of December 31, 2017, $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, 2017:

1. Municipal bonds of $13.6 million.
2. U.S. Treasury securities of $24.5 million.
3. GNMA of $3.3 million
4. Pooled deposits and investments of:
    a. Corporate Bonds of $36 million.
    b. FLHB of $994 thousand.
    c. FHLMC of $1.5 million.
    d. FNMA bonds of $2.4 million.
    e. GNMA bonds of $827 thousand.
    f. U.S. Treasury of $36.5 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, 2017:

		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	$ 10,579	$ 10,579	$ -	$ -	$ -	not rated
Local Government Investment Pool	223	223	-	-	-	not rated
U.S. Treasury Money Market Fund	962	962	-	-	-	Aaa
U.S. Treasury Notes	1,311	-	1,311	-	-	Aaa
U.S. Agencies	1,387	319	1,068	-	-	Aaa
U.S. Government Mortgage	90	-	90	-	-	Aaa
Municipal Bonds	1,652	734	918	-	-	Aa3
Corporate Bonds	677	496	181	-	-	Aaa
Certificates of Deposit	10,948	10,948	-	-	-	AA
Money Market	94,369	94,369	-	-	-	N/A
Other	109	109	-	-	-	not rated
	$ 122,307	$ 118,739	$ 3,568	$ -	$ -	

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, 2017 Component Unit bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
	(Thousands of Dollars)	
Redevelopment Authority	$ 20,612	$ 18,520
Neighborhood Improvement Development Corporation	2,104	1,268

Fair Value Measurements

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

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

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

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

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

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

The Component Units of City has the following recurring fair value measurements valued using a matrix pricing model (Level 2 inputs) as of December 31, 2017:

1. U.S. Treasury notes of $1.3 million.
2. U.S. Agency bonds of $1.4 million.
3. U.S. Government mortgage of $90 thousand.
4. Municipal bonds of $1.7 million.
5. Corporate bonds of $677 thousand.

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)		
2012 and prior	$ 2,053	$ 3,464	$ 5,517
2013	1,154	1,845	2,999
2014	1,944	3,045	4,989
2015	3,835	5,744	9,579
2016	8,588	13,626	22,214
Total delinquent property taxes receivable	$ 17,574	$ 27,724	$ 45,298
Property taxes receivable on foreclosed property			47,926
Less: Allowance for uncollectible taxes			(40,357)
Net delinquent property taxes receivable, including tax deeded property			$ 52,867

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental activities	**Balance 01/01/17**	**Additions**	**Deletions**	**Balance 12/31/17**
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 165,735	$ -	$ -	$ 165,735
Construction in progress	108,978	26,916	18,453	117,441
Intangible right of ways	1,342	-	-	1,342
Total capital assets not being depreciated	276,055	26,916	18,453	284,518
Capital assets being depreciated:				
Buildings	321,291	6,486	2,887	324,890
Infrastructure	1,735,435	74,101	9,830	1,799,706
Improvements other than buildings	12,175	-	-	12,175
Machinery and equipment	207,580	11,152	5,559	213,173
Intangible software	3,834	7,493	-	11,327
Total capital assets being depreciated	2,280,315	99,232	18,276	2,361,271
Less accumulated depreciation for:				
Buildings	120,668	8,737	1,498	127,907
Infrastructure	1,074,999	33,201	9,738	1,098,462
Improvements other than buildings	9,738	264	-	10,002
Machinery and equipment	140,031	12,120	5,192	146,959
Intangible software	2,368	951	-	3,319
Total accumulated depreciation	1,347,804	55,273	16,428	1,386,649
Total capital assets being depreciated, net	932,511	43,959	1,848	974,622
Government activity capital assets, net	$ 1,208,566	$ 70,875	$ 20,301	$ 1,259,140

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

General government	$ 1,028
Public safety	7,747
Public works	45,345
Health	189
Culture and recreation	964
Total	$ 55,273

Business-type activities	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 1,791	$ -	$ -	$ 1,791
Construction in progress	37,506	55,508	55,396	37,618
Total capital assets not being depreciated	39,297	55,508	55,396	39,409
Capital assets being depreciated:				
Buildings	28,993	1,287	-	30,280
Infrastructure	381,682	43,068	750	424,000
Machinery and equipment	259,605	11,041	2,494	268,152
Nonutility property	3,917	-	-	3,917
Total capital assets being depreciated	674,197	55,396	3,244	726,349
Less accumulated depreciation for:				
Buildings	19,043	941	-	19,984
Infrastructure	109,190	5,080	630	113,640
Machinery and equipment	129,626	12,024	2,367	139,283
Nonutility property	920	140	-	1,060
Total accumulated depreciation	258,779	18,185	2,997	273,967
Total capital assets being depreciated, net	415,418	37,211	247	452,382
Water Works capital assets, net	454,715	92,719	55,643	491,791
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	76	80	31	125
Total capital assets not being depreciated	76	80	31	125
Capital assets being depreciated:				
Infrastructure	680,158	31,473	1,457	710,174
Machinery and equipment	6,023	31	-	6,054
Total capital assets being depreciated	686,181	31,504	1,457	716,228
Less accumulated depreciation for:				
Infrastructure	151,435	7,709	1,457	157,687
Machinery and equipment	3,458	288	-	3,746
Total accumulated depreciation	154,893	7,997	1,457	161,433
Total capital assets being depreciated, net	531,288	23,507	-	554,795
Sewer Maintenance capital assets, net	531,364	23,587	31	554,920

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
		(Thousands of Dollars)		
Other business-type activities				
Capital assets not being depreciated:				
Land	16,982	180	1,632	15,530
Construction in progress	8,583	1,132	3,455	6,260
Total capital assets not being depreciated	25,565	1,312	5,087	21,790
Capital assets being depreciated:				
Buildings	68,644	-	3,024	65,620
Infrastructure–port	18,032	1,901	-	19,933
Improvements other than buildings	8,184	2,859	73	10,970
Machinery and equipment	15,658	491	234	15,915
Total capital assets being depreciated	110,518	5,251	3,331	112,438
Less accumulated depreciation for:				
Buildings	51,842	1,508	1,949	51,401
Infrastructure–port	11,181	302	-	11,483
Improvements other than buildings	7,382	276	73	7,585
Machinery and equipment	9,135	925	227	9,833
Total accumulated depreciation	79,540	3,011	2,249	80,302
Total capital assets being depreciated, net	30,978	2,240	1,082	32,136
Other business-type activities, net	56,543	3,552	6,169	53,926
Business-type activity capital assets, net	$ 1,042,622	$ 119,858	$ 61,843	$ 1,100,637

Depreciation expense for business-type activities was charged to functions as follows:	
Water Utility	
Depreciation	$ 18,045
Depreciation charged to Sanitary Sewer	140
	18,185
Sewer Maintenance	7,997
Other business-type activities	3,011
Total	$ 29,193

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
		(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	20,281	2,235	-	22,516
Infrastructure	121	14	-	135
Improvements other than buildings	1,443	318	-	1,761
Machinery and equipment	85	16	-	101
Intangibles	311	55	-	366
Total accumulated depreciation	22,241	2,638	-	24,879
Total capital assets being depreciated, net	68,866	(2,638)	-	66,228
Component units capital assets, net	$ 81,066	$ (2,638)	$ -	$ 78,428

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, 2017 is as follows:

	General	General Obligation Debt Service	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
			(Thousands of Dollars)			
Subsequent years property taxes	$ 206,380	$ 66,215	$ 41,978	$ 889	$ -	$ 315,462
Delinquent property taxes	7,745	-	-	-	6,984	14,729
Unavailable grant revenue	-	-	-	7,711	1,965	9,676
Long-term receivables	86	62,389	12,184	-	-	74,659
Unbilled special assessments	-	-	-	6,118	-	6,118
Total	$ 214,211	$ 128,604	$ 54,162	$ 14,718	$ 8,949	$ 420,644

6. SHORT-TERM DEBT

During 2017, the City issued and repaid $120,000,000 of Revenue Anticipation Notes, Series 2017 R3 (R3 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 2017.

As of December 31, 2016, the City had outstanding $180,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2017, 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 bear an interest rate of 5.00% and mature on September 27, 2018. 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 01/01/17	Additions	Deletions	Balance 12/31/17
$180,000	$300,000	$300,000	$180,000

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2017 were as follows:

	Balance 01/01/17	Additions	Deductions	Balance 12/31/17	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities					
General obligation bonds and notes					
City	$ 872,399	$ 203,240	$ 203,354	$ 872,285	$ 157,530
Milwaukee Public Schools	76,602	50,000	56,557	70,045	5,746
Unamortized premiums	56,379	23,601	15,840	64,140	-
Compensated absences	47,945	4,903	4,453	48,395	1,333
Net other postemployment benefits obligation	411,273	79,998	31,902	459,369	-
Net pension liability	336,333	283,169	279,951	339,551	-
Claims and judgments	32,696	4,600	5,074	32,222	1,397
Total governmental activities	$ 1,833,627	$ 649,511	$ 597,131	$ 1,886,007	$ 166,006
Business-type activities					
Water Works					
General obligation bonds and notes	$ 28,343	$ -	$ 20,857	$ 7,486	$ 857
Unamortized premiums	375	-	34	341	-
Revenue bonds	25,486	20,361	2,781	43,066	3,126
Compensated absences	1,154	1,406	1,381	1,179	1,179
Net other postemployment benefits obligation	6,902	2,435	1,295	8,042	-
Net pension liability	7,652	6,873	6,564	7,961	-
Total Water Works	69,912	31,075	32,912	68,075	5,162
Sewer Maintenance					
General obligation bonds and notes	8,678	11,500	3,466	16,712	404
State Loans	101,612	19,547	6,851	114,308	7,038
Revenue bonds	164,600	-	7,510	157,090	7,855
Unamortized premiums	14,325	-	1,529	12,796	-
Compensated absences	135	563	373	325	325
Net other postemployment benefits obligation	2,651	908	483	3,076	-
Net pension liability	2,739	2,429	2,335	2,833	-
Total Sewer Maintenance	294,740	34,947	22,547	307,140	15,622
Other Proprietary Funds					
General obligation bonds and notes	15,118	3,184	3,625	14,677	1,619
Compensated absences	264	442	417	289	289
Net other postemployment benefits obligation	2,433	831	442	2,822	-
Net pension liability	2,690	2,211	2,216	2,685	-
Total Other Proprietary	20,505	6,668	6,700	20,473	1,908
Total business-type activities	385,157	72,690	62,159	395,688	22,692

	Balance 01/01/17	Additions	Deductions	Balance 12/31/17	Amounts Due within One Year
		(Thousands of Dollars)			
Component Units					
Revenue bonds	$ 116,870	$ 108,348	$ 52,855	$ 172,363	$ 2,310
Unamortized premiums	2,293	4,908	214	6,987	770
Notes payable	18,850	-	-	18,850	-
Environmental remediation liability	1,668	-	29	1,639	-
Net other postemployment benefits	615	54	-	669	-
Net pension liability (asset)	521	-	123	398	-
Total component units	$ 140,817	$ 113,310	$ 53,221	$ 200,906	$ 3,080

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 Proprietary Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies.

As of December 31, 2017, the City general obligation bonds totaled $369,455,000 of which $303,100,965 is for Capital Improvements, $51,873,748 for schools and $14,480,287 for business-type activities. The interest rates are between 1.18% and 5.50% with a final maturity date of June 30, 2034.

During the year ended December 31, 2017, general obligation bonds totaling $15,018,535 were issued of which $14,922,035 was issued to finance capital improvements, and $96,500 for business-type activities.

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

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School’s 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2017, there was $9,267,506 of debt outstanding. There is also $70,044,992 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, 2017, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $1,134,000,000. These assets are excluded from the financial statements of the City.

As of December 31, 2017, $203,132,293 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is $249,680,836. 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 Proprietary Funds.

As of December 31, 2017, the City has State loans totaling $147,373,827 of which $114,307,559 is for Sewer and $33,066,267 is for Water. The interest rates are between 1.54% and 2.89% and the final maturity date is May 1, 2037.

As of December 31, 2017, the City has Revenue Bonds totaling $167,090,000 of which $157,090,000 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 2017, the City received loans from the State's Clean Water Fund and Safe Drinking Water Loan Programs totaling $39,908,507 of which $19,547,585 is for Sewer and $20,360,922 is for Water.

D. Notes Payable

The City issues General Obligation notes to provide funds for various public improvement projects, general City financing, and purchases of delinquent taxes.

As of December 31, 2017, the City had notes totaling $611,750,000 of which $442,073,366 is for Capital Improvements, $18,171,244 for schools, $24,394,462 for business-type activities, $54,717,534 for the purchase of delinquent taxes and $72,393,394 for general City. The interest rates are between 2.00% and 5.00% with a final maturity date of June 30, 2027.

During the year ended December 31, 2017, General Obligation notes totaled $66,779,437 of which $43,292,337 was issued to finance capital improvements, $2,175,110 for general City, $203,680 for business-type activities and $21,108,310 to purchase 2016's delinquent taxes.

E. Loans

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, or any successor thereto. The Loan had an initial maturity date of November 16, 2017. On November 16, 2017, the Loan was extended to a maturity date of November 15, 2019, 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 2017, $131 million was drawn on the Loans for the following purposes.

Loan Draws
(Thousands of Dollars)

Purpose	Amount
Refund debt	$ 23,000
Capital expenditues	42,213
Schools cash flow	50,000
Legal settlements	4,287
Sewer	11,500
	$ 131,000

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

Loans
(Thousands of Dollars)

Balance 01/01/17	Additions	Deletions	Balance 12/31/17
$ 75,550	131,000	148,550	$ 58,000

F. Extendable Municipal Commercial Paper

The EMCP program expired on May 22, 2017. There were no new EMCP issues during 2017 and all outstanding issues had been repaid as of December 31, 2016.

G. Debt Service Requirements

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

Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
			(Thousands of Dollars)		
Governmental activities					
2018	$ 163,276	$ 37,669	$ -	$ -	$ 200,945
2019	93,906	35,697	-	-	129,603
2020	87,046	31,665	-	-	118,711
2021	120,840	26,850	-	-	147,690
2022	65,350	18,106	-	-	83,456
2023-2027	311,688	50,862	-	-	362,550
2028-2032	95,755	6,673	-	-	102,428
2033-2037	4,469	89	-	-	4,558
Total	$ 942,330	$ 207,611	$ -	$ -	$ 1,149,941
Business-type activities					
Water Works					
2018	$ 857	$ 353	$ 3,126	$ 938	$ 5,274
2019	859	309	2,002	874	4,044
2020	835	267	2,034	830	3,966
2021	835	226	2,067	791	3,919
2022	835	184	2,100	750	3,869
2023-2027	3,265	322	11,037	2,980	17,604
2028-2032	-	-	12,069	1,689	13,758
2033-2037	-	-	8,631	390	9,021
Total	$ 7,486	$ 1,661	$ 43,066	$ 9,242	$ 61,455
Business-type activities					
Sewer Maintenance					
2018	$ 404	$ 1,137	$ 14,893	$ 9,123	$ 25,557
2019	404	1,955	15,451	8,557	26,367
2020	11,904	1,820	16,028	7,961	37,713
2021	800	180	16,629	7,339	24,948
2022	800	140	16,850	6,701	24,491
2023-2027	2,400	180	83,207	24,300	110,087
2028-2032	-	-	72,412	10,571	82,983
2033-2037	-	-	35,928	1,825	37,753
Total	$ 16,712	$ 5,412	$ 271,398	$ 76,377	$ 369,899

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
			(Thousands of Dollars)		
Other Proprietary					
2018	$ 1,619	$ 631	$ -	$ -	$ 2,250
2019	1,546	633	-	-	2,179
2020	2,475	555	-	-	3,030
2021	1,389	350	-	-	1,739
2022	1,345	287			1,632
2023-2027	4,902	685	-	-	5,587
2028-2032	1,401	79	-	-	1,480
Total	$ 14,677	$ 3,220	$ -	$ -	$ 17,897
Total Component Units					
2018	$ -	$ -	$ 2,310	$ 7,300	$ 9,610
2019	-	-	4,243	6,187	10,430
2020	-	-	4,416	6,065	10,481
2021	-	-	4,599	5,926	10,525
2022	-	-	4,798	5,780	10,578
2023-2027	-	-	44,619	25,930	70,549
2028-2032	-	-	54,507	19,884	74,391
2033-2037	-	-	30,086	12,631	42,717
2038-2042	-	-	41,635	6,959	48,594
Total	$ -	$ -	$ 191,213	$ 96,662	$ 287,875

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, 2017, the City's legal debt margin was $987,296,000. Of this amount, $540,841,000 was for school purposes and $446,445,000 was for City purposes.

I. Refinancing

During 2017, the City refinanced $98,560,000 of General Obligation Debt with Promissory Notes, Series 2017 N4 in the amount of $48,059,283, T6 in the amount of $2,946,280, Corporate Purpose Bonds, Series 2017 B5 in the amount of $3,994,640, 2017 T7 in the amount of $126,825, State loans for Water in the amount of $20,000,000, State Loans for Sewer in the amount of $432,972 and a draw on the Line of Credit in the amount of $23,000,000. These issues provided long-term financing for interim debt of $75,550,000 and reduced the interest cost of long-term debt of $23,030,000 realizing a net present value savings of $2,212,775.

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, 2017 is approximately $3,400,000 for the City and $532,000,000 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 2017 was $62,184,000, equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2016 and 2015 were $67,149,000 and $72,695,000 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, 2016, are summarized in the following table:

Asset Class	Policy	Actual	Long-term Expected Rate of Return
Public Equity	55.0%	55.7%	8.32%
Fixed Income	21.0%	20.5%	1.87%
Cash	1.0%	0.6%	0.92%
Real Estate	7.0%	8.0%	6.82%
Real Assets	3.0%	2.2%	5.63%
Private Equity	5.0%	5.0%	12.52%
Absolute Return	8.0%	8.1%	4.67%
	100.0%	100.0%	

Rate of Return – For the year ended December 31, 2016, the annual money-weighted rate of return, net of investment expense was 8.77%. 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, 2016, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2016, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Valuation Date	January 1, 2016
Measurement Date of Net Pension Liability	December 31, 2016
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, 2016 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, 2017, were as follows:

	Total (Thousands of Dollars)
Total pension liability,,,

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:

	Discount Rate (7.50%)	Discount Rate (8.50%)	Discount Rate (9.50%)
City's net pension liability (asset)	$ 832,377,000	$ 353,030,000	$ (51,249,000)

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 4.16 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:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	(Thousands of Dollars)		
Differences between expected and actual experience	$ -	$ (19,278)	$ (19,278)
Changes in assumptions	-	(2,258)	(2,258)
Current year contributions to be deferred	65,410	-	65,410
Prior year contributions	(68,391)	-	(68,391)
Net differences between projected and actual earnings on pension plan investments	233,641	(1,307)	232,334
Changes in proportion and differences between employer contributions and proportionate share of contributions	189	(284)	(95)
	$ 230,849	$ (23,127)	$ 207,722

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)
2018	$ 76,310
2019	76,310
2020	55,733
2021	(631)
	$ 207,722

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	$ 58,309
Interest cost on total pension liability	356,884
Projected earnings on plan investments	(316,310)
Contributions - Member	(29,759)
Administrative Expense	6,708
Plan Changes	-
Recognition of net deferred outflows (inflows)	
Changes in assumptions	-
Differences between expected and actual liability experience	(1,976)
Difference between projected and actual earnings	(326)
Other changes in fiduciary net position	-
Prior years' deferred outflows	86,766
Prior years' deferred inflows	(6,953)
Other changes in fiduciary net position	(29)
Total Pension Expense	$ 153,314

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 (ERS). 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.

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

General Employees: Employees hired prior to January 1, 2017, in general, are eligible when they retire through the ERS with a minimum of 15 years of creditable service with the City. Furthermore, if they retire on a service retirement they are eligible for an 88% subsidy until they attain age 65. Certain other groups of General employees are eligible, but pay a variety of rates depending upon their group affiliation at the time of retirement, service credit, age, and type of retirement – the subsidy for these

may range from 100% to 25% until age 65. Almost all retirees get a 25% subsidy once they attain Medicare age (65 years). Service retirement for General employees enrolled prior to January 1, 2014 is age 60 or age 55 with 30 years of creditable service; for those enrolled on/after January 1, 2014 is age 65 or age 60 with 30 years of creditable service.

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

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

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

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

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

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

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

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 2017, the City paid approximately $31,083,196 and $3,038,030, 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	$ 83,415,100
Interest on Net OPEB Obligation	16,930,300
Adjustment to ARC	(16,173,700)
Annual OPEB Cost	84,171,700
Contribution made	34,120,413
Increase in net OPEB Obligation	50,051,287
Net OPEB Obligation - beginning of year	423,257,543
Net OPEB Obligation - end of year	$ 473,308,830

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
12/31/2015	$ 77,565,700	37.3%	$ 373,866,273
12/31/2016	$ 81,230,800	39.2%	$ 423,257,543
12/31/2017	$ 84,171,700	40.5%	$ 473,308,830

Funded Status and Funding Progress. Actuarial liabilities increased from $1.02 billion as of January 1, 2016, to $1.06 billion as of January 1, 2017. As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1,061,771,500, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,061,771,500. The covered payroll (annual payroll of active employees covered by the plan) was $409,521,000 and the ratio of the UAAL to the covered payroll was 260 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 healthcare cost trend amounts. 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 should produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.0% based on the City's projected short-term investment rate of return. The healthcare cost trend rate is 8.0% per year graded down to 4.5% per year ultimate trend in 0.5% thereafter for pre-Medicare, 9.5% per year graded down to 4.5% per year ultimate trend in 0.5% increments thereafter for post-Medicare. 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 the Milwaukee Police Association, Milwaukee Police Supervisors' Organization, and the Milwaukee Professional Firefighters Association labor contracts or Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive one 24-hour work day's base salary for each 10 work days of accumulated, unused sick leave rounded down to the nearest multiple of 10. Firefighters whose normal hours of work average 40 hours per week are converted to 24-hour workdays where the above calculation then applies. Firefighters who have fewer than twenty, 24-hour workdays of accumulated, unused sick days are not eligible for a terminal leave benefit. Police officers receive payment for up to 55 days of unused sick leave at base pay for their terminal leave benefit. All remaining City employees receive up to 30 days of unused sick leave at base pay as their terminal leave benefit. In 2017, approximately $7,521,200 was paid for sick leave from all funds. At December 31, 2017, accumulated sick leave earned but not taken totaled approximately $161,669,948 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 2017, terminal leave payments totaled $4,452,768 to employees retiring during the year. As of December 31, 2017, the City has accrued approximately $31,280,500 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $48,395,500 with the remainder accrued vacation leave of $17,115,000.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2017 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Economic Development	Capital Projects	Nonmajor Governmental Funds	Total
				(Thousands of Dollars)			
Nonspendable							
Loans receivable	$ 86	$ -	$ -	$ -	$ -	$ -	$ 86
Advances	5,832	-	-	-	-	-	5,832
Inventory	10,396	-	-	-	-	-	10,396
Inventory of property for resale	26	-	-	-	-	-	26
Prepaid items	1,968	-	-	-	3,682	2	5,652
Investment-Targeted Mortgage	93	-	-	-	-	-	93
Spendable							
Restricted for:							
Future debt payments	-	43,441	54,613	-	-	-	98,054
Capital projects	-	-	-	-	18,795	-	18,795
Grants	-	-	-	-	-	9,019	9,019
Economic Development	-	-	-	62,710	-	-	62,710
Committed to:							
Contributions	3,444	-	-	-	-	-	3,444
Delinquent taxes	-	-	-	-	-	-	-
Equipment replacement	-	-	-	-	-	-	-
Assigned to:							
Conservation and development	298	-	-	-	-	-	298
General government	12,662	-	-	-	-	-	12,662
Health	211	-	-	-	-	-	211
Library	309	-	-	-	-	-	309
Public safety	3,005	-	-	-	-	-	3,005
Public works	1,563	-	-	-	-	-	1,563
2018 budgetary financing	19,000	-	-	-	-	-	19,000
Environmental remediation	233	-	-	-	-	-	233
Unassigned	38,350	-	-	-	(14,519)	(20,347)	3,484
Total Fund Balance	$ 97,476	$ 43,441	$ 54,613	$ 62,710	$ 7,958	$ (11,326)	$ 254,872

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, 2017, the tax stabilization reserve was $63,268,000. Of this amount, $19,000,000 has been committed to the funding of the 2018 General Fund budget and $38,350,000 is unassigned for 2018 and subsequent years' budgets. This Reserve includes an amount for advances of $5,832,000 from the General Fund to the Capital Projects Fund and $86,000 in loans receivable. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the reserved for tax stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council prior to budget adoption.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2017 were as follows:

		Due From					
		General Fund	Nonmajor Governmental Funds	Water Works	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total
				(Thousands of Dollars)			
Due To	General Fund	$ -	$ 337	$ -	$ -	$ -	$ 337
	General Obligation Debt	2,900	-	4,211	-	-	7,111
	Capital Projects	2,880	-	-	-	-	2,880
	Nonmajor Governmental Funds	49,491	-	-	-	-	49,491
	Water Works	5,093	-	-	3,587	2,953	11,633
	Nonmajor Proprietary Funds	13,363	-	-	-	-	13,363
	Totals	$ 73,727	$ 337	$ 4,211	$ 3,587	$ 2,953	$ 84,815

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, 2017 the outstanding balance was $5,832,000.

The City of Milwaukee Water Fund advanced $272,286 to the Parking Proprietary Fund in 2012. This advance is non-interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2017 the outstanding balance was $108,914.

Interfund transfers for the year ended December 31, 2017 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	$ 2,700	Funding for Revenue Anticipation Notes
	General Obligation Debt	325	Funding for operations
	Nonmajor Governmental Funds	7,905	Subsidize uncollected property taxes
	Capital Funds	521	Grant variance closeouts
	Water Works	13,302	Payment in Lieu of taxes
	Nonmajor Proprietary Funds	1,521	Payment in Lieu of taxes
	Nonmajor Proprietary Funds	16,600	Subsidy for operations
	Nonmajor Proprietary Funds	1,465	Excess earnings of Port
	Subtotal General Fund	**44,339**	
General Obligation Debt	General	2,119	Funding for debt payments
	Economic Development	38,028	Funding for debt payments
	Public Debt Amortization	8,500	Funding for debt payments
	Capital Funds	13	Funding for debt payments
	Nonmajor Governmental Funds	29,641	Funding for debt payments
	Sewer Maintenance	3,405	Funding for debt payments
	Nonmajor Proprietary Funds	1,048	Funding for debt payments
	Subtotal Debt Service	**82,754**	
Nonmajor Governmental Funds	General Obligation Debt	3,265	Funding for operations
	Subtotal Nonmajor Governmental Funds	**3,265**	
Economic Development	General Obligation Debt	67,443	Funding for debt payments
	Capital Funds	7,917	Close surplus revenues
	Subtotal Economic Development	**75,360**	
Capital Projects	General Obligation Debt	2,542	
	Economic Development	21,248	Funding for operations
	Subtotal Capital Projects	**23,790**	
Nonmajor Proprietary	General Obligation Debt	487	Funding for debt payments
	Subtotal Nonmajor Proprietary	**487**	
	Total Interfund Transfers	**$ 229,995**	

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, 2017 were as follows:

Component Unit Payable	Primary Government's Receivable
	(Thousands of Dollars)
Due from RACM for reimbursable expenditures	$ 150
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	12,232
Due from NIDC for housing projects	58
Due from NIDC for home and Community Development Block grants	35
Total	$ 12,475

Component Unit Receivable	Primary Government's Payable
	(Thousands of Dollars)
Due to RACM for reimbursable expenditures	$ 110
Due to RACM for home and Community Development Block grants	26
Total	$ 136

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 receivable for years ending December 31 are as follows:

Year	Amount
	(Thousands of Dollars)
2018	$ 4,400
2019	3,989
2020	4,758
2021	3,751
2022	3,693
2023-2027	19,065
2028-2032	15,838
2033-2037	6,066
2038 and beyond	4,022
Total	$ 65,582

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

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

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

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

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

	2017	2016
General liability claims	$ 22,207,000	$ 28,647,000
Workers' compensation claims	8,320,000	2,064,000
Unemployment claims	172,000	426,000
Pollution remediation obligation	1,523,000	1,559,000
	$ 32,222,000	$ 32,696,000

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

	2017	2016
Beginning of year liability	$ 32,696,000	$ 30,912,000
Current year claims and changes in estimates	4,600,300	19,213,300
Claim payments	(5,074,300)	(17,429,300)
End of year liability	$ 32,222,000	$ 32,696,000

The City is self-insured for active and retired employee health insurance, which is recorded in accounts payable within the general fund. Changes in the balance of this claim liability include both actives and retirees. Changes in the liabilities during the past two years were as follows:

	2017	2016
Beginning of year liability	$ 8,510,800	$ 10,009,000
Current year claims and changes in estimates	91,325,413	94,656,800
Claim payments	(91,189,308)	(96,155,000)
End of year liability	$ 8,646,905	$ 8,510,800

At year-end 2017, there were fifteen plaintiffs that had filed lawsuits, involving the refund of allegedly excessive property taxes, under Section 74.37. Of these cases, four of them have the potential, if they are successful, to result in large individual judgements. These cases include Marathon Petroleum, US Venture, US Bank, and Wisconsin and Milwaukee Hotel. As these cases are still pending, the associated potential liabilities remain as of the current date.

During 2017, several prior year claims were either settled or dismissed while thirteen 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 2017, the City's estimated liability for pollution remediation-related activities decreased $36,000. At December 31, 2017, the City has an outstanding liability of $1,522,855 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City spent $36,000 in post-closure care of solid waste landfills during 2017. 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, 2017.

Commitments

The following is a list of encumbrances by function at December 31, 2017:

	General Fund	Capital Projects	Water Works	Total
		(Thousands of Dollars)		
General government	$ 100	$ 21	$ -	$ 121
Conservation and development	336	29,402	-	29,738
Health	109	-	-	109
Library	1,118	-	-	1,118
Public safety	921	-	-	921
Public w orks	860	-	-	860
Infrastructure	-	27,783	6,179	33,962
Total	$ 3,444	$ 57,206	$ 6,179	$ 66,829

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, 2017, 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 2017 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, 2017.

	2016 Remaining	Additions	2017 Taxes Refunded	2017 Remaining
Program 1, Developer-Financed		*(Thousands of Dollars)*		
TID 50	$ 32	$ -	$ (32)	$ -
TID 52	1,960	37	(455)	1,542
TID 57	3,075	106	(570)	2,611
TID 64	3,367	77	(362)	3,082
TID 70	433	39	(346)	126
TID 78	54,000	-	-	54,000
TID 80	2,752	34	(200)	2,586
TID 83	900	64	(91)	873
TID 84	8,000	-	-	8,000
TID 86	1,500	-	-	1,500
TID 87	1,200	-	-	1,200
TID 90	-	635	-	635
TID 93	-	575	-	575
Total Program 1	$ 77,219	$ 1,567	$ (2,056)	$ 76,730
Program 2, Grant				
TID 37	$ 300	$ -	$ (300)	$ -
TID 63	1,631	30	(76)	1,585
TID 77	533	19	(150)	402
Total Program 2	$ 2,464	$ 49	$ (526)	$ 1,987
Total tax abatements	$ 79,683	$ 1,616	$ (2,582)	$ 78,717

15. SUBSEQUENT EVENTS

On February 8, 2018, the City issued $61,125,000 of general obligation promissory notes, series N1, for financing the fiscal requirements of the City. The notes mature on February 1, 2023.

On March 9, 2018, the City drew $6,925,000 on its line of credit with US Bank National Association for refunding purposes. The issuance was repaid on May 17, 2018.

On March 28, 2018, the City drew $606,000 from the CWF program, for capital project and refunding purposes. The CWF loan matures in each of the years 2019 through 2037.

On April 11, 2018, the City drew $18,535,000 from the CWF program for capital project and refunding purposes. The CWF loan matures in each of the years 2019 through 2037.

On May 17, 2018, the City issued $110,000,000 of limited obligation, revenue anticipation notes, series R3, for cash flow purposes. The maturity date is May 26, 2019, and is anticipated to be repaid from the receipt of State shared revenues.

On May 17, 2018, the City issued $132,755,000 of general obligation promissory notes, series N4, for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2019 through 2028.

On May 17, 2018, the City issued $31,040,000 of general obligation corporate purpose bonds, series B5 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2029 through 2033.

On May 17, 2018, the City issued $5,450,000 of taxable general obligation promissory notes, series T6 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2019 through 2028.

On May 17, 2018, the City issued $1,600,000 of taxable general obligation corporate purpose bonds, series T7 for capital project, fiscal, and refunding purposes. The notes mature in each of the years 2029 through 2033.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 198,695	$ 198,695	$ 190,775	$ (7,920)
Other taxes	3,017	3,017	3,795	778
Licenses and permits	16,204	16,204	15,597	(607)
Intergovernmental	265,292	265,292	265,701	409
Charges for services	121,070	121,070	117,873	(3,197)
Fines and forfeits	3,703	3,703	3,356	(347)
Other	16,235	16,235	19,384	3,149
Total Revenues	624,216	624,216	616,481	(7,735)
Expenditures:				
Current:				
General government	235,461	235,835	228,607	7,228
Public safety	310,842	315,527	314,648	879
Public works	100,059	100,596	100,482	114
Health	10,164	10,277	10,245	32
Culture and recreation	17,929	17,945	17,925	20
Conservation and development	4,580	4,601	4,579	22
Total Expenditures	679,035	684,781	676,486	8,295
Deficiency of Revenues over Expenditures	(54,819)	(60,565)	(60,005)	560
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	6,787	6,462	(325)
Transfers in	31,686	31,686	44,339	12,653
Transfers out	-	-	(2,119)	(2,119)
Contributions received	29,247	29,247	21,366	(7,881)
Contributions used	(28,348)	(28,258)	(20,499)	7,759
Use of fund balance - reserved for tax stabilization	27,579	27,579	27,579	-
Total Other Financing Sources and Uses	60,164	67,041	77,128	10,087
Net Change in Fund Balance	5,345	6,476	17,123	10,647
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	80,353	80,353	80,353	-
Fund Balance - Ending	**$ 85,698**	**$ 86,829**	**$ 97,476**	**$ 10,647**

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 $27.6 million at January 1, 2017.
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, 2017
(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
1/1/2015	$ -	$ 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%
1/1/2017	-	1,061,772	1,061,772	0.0%	409,521	259.27%

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

	12/31/15	12/31/16	12/31/17
The City's proportion of the net pension liability (asset).....	83.92%	83.08%	82.85%
The City's proportionate share of the net pension liability (asset).....	$ 95,224	$ 349,915	$ 353,030
The City's covered-employee payroll.....	$ 444,719	$ 445,615	$ 483,819
Plan fiduciary net position as a percentage of the total pension liability (asset).....	97.76%	91.95%	91.98%

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Employes' Retirement System

	2014	2015	2016	2017
Legally required contributions*.....	$ 65,474	$ 66,333	$ 66,401	$ 74,811
Contributions in relation to the required contributions.....	$ 61,130	$ 59,985	$ 61,390	$ 65,410
Contribution deficiency (excess).....	$ 4,344	$ 6,348	$ 5,011	$ 9,401
City's pensionable - employee payroll.....	$ 375,751	$ 380,976	$ 383,845	$ 422,717
Contributions as a percentage of covered-employee payroll.....	16.27%	15.75%	15.99%	15.47%

See accompanying independent auditors' report.

Schedules of Funding Progress

Retiree Health and Life Insurance – Actuarial Methods and Assumptions

Valuation date	January 1, 2017
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Amortization period	30 years
Investment rate of return	4.0%
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 for pre-Medicare, 9.5% per year graded down to 4.5% per year ultimate trend in .5% increments thereafter for post-Medicare.

Pension Liability and Contributions – Actuarial Methods and Assumptions

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal – level percentage of pay
Amortization method	Difference between expected and actual liability and actual liability experience and changes of assumptions are amortized over average of expected remaining service lives. Difference between projected and actual earnings amortized over 5 years.
Current discount rate	8.0%
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.

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	$ 707	$ 1,450	$ -	$ 2,157
Receivables (net):				
Taxes	-	-	31,110	31,110
Accounts	-	-	-	-
Notes and loans	5,964	5,023	-	10,987
Due from other funds	-	337	-	337
Due from component units	35	13	-	48
Due from other governmental agencies	8,979	2,788	-	11,767
Prepaid items	-	2	-	2
Total Assets	**$ 15,685**	**$ 9,613**	**$ 31,110**	**$ 56,408**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,994	$ 2,737	$ 180	$ 5,911
Accrued expenses	105	53	-	158
Due to other funds	5,198	-	44,293	49,491
Due to component units	-	26	-	26
Due to other governmental agencies	718	1,450	-	2,168
Unearned revenue	707	324	-	1,031
Total Liabilities	9,722	4,590	44,473	58,785
Deferred Inflows of Resources:				
Unavailable revenue	1,615	350	6,984	8,949
Fund Balances:				
Nonspendable		2		2
Restricted	4,348	4,671	-	9,019
Unassigned	-	-	(20,347)	(20,347)
Total Fund Balances	4,348	4,673	(20,347)	(11,326)
Total Liabilities, Deferred Inflows and Fund Balances	**$ 15,685**	**$ 9,613**	**$ 31,110**	**$ 56,408**

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, 2017
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 28,927	$ 14,270	$ -	$ 43,197
Total Revenues	28,927	14,270	-	43,197
Expenditures:				
Current:				
General government	-	1,921	3,446	5,367
Public safety	8,159	3,664	-	11,823
Public works	2,600	-	-	2,600
Health	9,788	41	-	9,829
Culture and recreation	953	1,426	-	2,379
Conservation and development	6,638	7,328	-	13,966
Total Expenditures	28,138	14,380	3,446	45,964
Excess (Deficiency) of Revenues over Expenditures	789	(110)	(3,446)	(2,767)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	-	21,108	21,108
Loans receivable activities	(121)	(165)	-	(286)
Transfers in	-	-	3,265	3,265
Transfers out	-	-	(37,546)	(37,546)
Total Other Financing Sources (Uses)	(121)	(165)	(13,173)	(13,459)
Net Change in Fund Balances	668	(275)	(16,619)	(16,226)
Fund Balances - Beginning	3,680	4,948	(3,728)	4,900
Fund Balances - Ending	**$ 4,348**	**$ 4,673**	**$ (20,347)**	**$ (11,326)**

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, 2017
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 30,360	$ 28,927	$ (1,433)
Expenditures:			
Current:			
Public safety	8,701	8,159	542
Public works	2,600	2,600	-
Health	11,333	9,788	1,545
Culture and recreation	1,088	953	135
Conservation and development	6,638	6,638	-
Total Expenditures	30,360	28,138	2,222
Excess of Revenues over Expenditures	-	789	789
Other Financing Sources (Uses):			
Loans receivable activities	-	(121)	(121)
Transfers out	-	-	-
Net Change in Fund Balance	-	668	668
Fund Balance - Beginning	-	3,680	3,680
Fund Balance - Ending	**$ -**	**$ 4,348**	**$ 4,348**

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, 2017
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 14,270	$ 14,270	$ -
Expenditures:			
Current:			
General government	1,921	1,921	-
Public safety	3,664	3,664	-
Public works	-	-	-
Health	41	41	-
Culture and recreation	1,426	1,426	-
Conservation and development	7,328	7,328	-
Total Expenditures	14,380	14,380	-
Deficiency of Revenues under Expenditures	(110)	(110)	-
Other Financing Sources:			
Loans receivable activities	(165)	(165)	-
Net Change in Fund Balance	(275)	(275)	-
Fund Balance - Beginning	4,948	4,948	-
Fund Balance - Ending	**$ 4,673**	**$ 4,673**	**$ -**

See accompanying independent auditors' report.

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Nonmajor Proprietary Funds

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

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit G-1

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
ASSETS AND DEFERRED INFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	$ 9,904	$ 77	$ -	$ 9,981
Receivables (net):				
Accounts	1,597	1,146	11,696	14,439
Unbilled accounts	-	-	3,292	3,292
Due from other funds	-	-	2,953	2,953
Due from other governmental agencies	-	1,039	-	1,039
Total Current Assets	11,501	2,262	17,941	31,704
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	7,076	8,454	-	15,530
Construction in progress	6,260	-	-	6,260
Capital assets being depreciated:				
Buildings	51,981	13,639	-	65,620
Infrastructures	-	19,933	-	19,933
Improvements other than buildings	5,373	5,597	-	10,970
Machinery and equipment	6,866	9,049	-	15,915
Accumulated depreciation	(52,427)	(27,875)	-	(80,302)
Total Noncurrent Assets	25,129	28,797	-	53,926
Total Assets	36,630	31,059	17,941	85,630
Deferred Outflows of Resources:				
Deferred outflows for pensions	1,774	423	-	2,197
Total Deferred Outflows of Resources	1,774	423	-	2,197

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2017

Exhibit G-1 (Continued)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 1,409	$ 527	$ 10,521	$ 12,457
Accrued expenses	233	47	1	281
Accrued interest payable	97	23	-	120
Compensated absences	200	89	-	289
Advances from other funds	109	-	-	109
Due to other funds	-	5,898	7,465	13,363
Due to component units	-	18	-	18
Unearned revenue	452	1,039	-	1,491
General obligation debt payable - current	1,262	357	-	1,619
Total Current Liabilities	3,762	7,998	17,987	29,747
Noncurrent Liabilities:				
General obligation debt payable	9,912	3,146	-	13,058
Other post employment benefits obligation	2,268	554	-	2,822
Net pension liability	2,124	561	-	2,685
Total Noncurrent Liabilities	14,304	4,261	-	18,565
Total Liabilities	18,066	12,259	17,987	48,312
Deferred Inflows:				
Deferred Inflows - Pension	138	37	-	175
Total Deferred Outflows of Resources	138	37	-	175
NET POSITION:				
Net investment in capital assets	13,955	25,294	-	39,249
Unrestricted	6,245	(6,108)	(46)	91
Total Net Position	**$ 20,200**	**$ 19,186**	**$ (46)**	**$ 39,340**

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	$ -	$ -	$ 49,056	$ 49,056
Rent	7,352	5,625	-	12,977
Parking meters	4,985	-	-	4,985
Parking permits	4,131	-	-	4,131
Vehicle towing	6,046	-	-	6,046
Parking forfeitures	15,043	-	-	15,043
Other	-	-	1,277	1,277
Total Operating Revenues	37,557	5,625	50,333	93,515
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	44,351	44,351
Employee services	7,693	2,000	95	9,788
Administrative and general		-	-	-
Depreciation	2,081	930	-	3,011
Transmission and distribution		-	-	-
Services, supplies and materials	13,393	1,407	5,407	20,207
Billing and collection	-	-	-	-
Total Operating Expenses	23,167	4,337	49,853	77,357
Operating Income	14,390	1,288	480	16,158
Nonoperating Revenues (Expenses):				
Grant revenue	-	-	-	-
Interest expense	(481)	(200)	-	(681)
Other	(1,639)	(33)	-	(1,672)
Total Nonoperating Revenues (Expenses)	(2,120)	(233)	-	(2,353)
Income (Loss) before Contributions and Transfers	12,270	1,055	480	13,805
Capital contributions	180	-	-	180
Transfers in	-	487	-	487
Transfers out	(19,169)	(1,465)	-	(20,634)
Change in Net Position	(6,719)	77	480	(6,162)
Total Net Position - Beginning	26,919	19,109	(526)	45,502
Total Net Position - Ending	**$ 20,200**	**$ 19,186**	**$ (46)**	**$ 39,340**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit G-3

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 36,831	$ 5,581	$ 49,828	$ 92,240
Payments to suppliers	(13,135)	(1,460)	(48,803)	(63,398)
Payments to employees	(6,630)	(1,730)	-	(8,360)
Payments from other funds	-	-	575	575
Payments to other funds	(27)	565	(1,600)	(1,062)
Net Cash Provided by Operating Activities	17,039	2,956	-	19,995
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other nonoperating expenses	(452)	-	-	(452)
Transfers from other funds	-	487	-	487
Transfers to other funds	(19,169)	(1,465)	-	(20,634)
Net Cash Used for Noncapital Financing Activities	(19,621)	(978)	-	(20,599)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	2,019	1,165	-	3,184
Acquisition of property, plant and equipment	(1,358)	(1,570)	-	(2,928)
Retirement of bonds, notes and revenue bonds	(2,287)	(1,338)	-	(3,625)
Interest paid	(72)	(201)	-	(273)
Other	1,406	(33)	-	1,373
Net Cash Used for Capital and Related Financing Activities	(292)	(1,977)	-	(2,269)
Net Decrease in Cash and Cash Equivalents	(2,874)	1	-	(2,873)
Cash and Cash Equivalents - Beginning	12,778	76	-	12,854
Cash and Cash Equivalents - Ending	**$ 9,904**	**$ 77**	**$ -**	**$ 9,981**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	$ 14,390	$ 1,288	$ 480	$ 16,158
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,081	930	-	3,011
Effect of changes in operating assets and liabilities:				
Receivables	(726)	(44)	(504)	(1,274)
Due from other funds	-	-	(1,600)	(1,600)
Prepaid items	-	-	-	-
Accounts payable	258	(53)	1,049	1,254
Accrued liabilities	211	(9)		202
Net other postemployment benefits obligation	311	78	-	389
Net pension liability	(14)	9	-	(5)
Due to other funds	(27)	565	575	1,113
Deferred outflows	555	191	-	746
Deferred inflows	-	1	-	1
Net Cash Provided by Operating Activities	$ 17,039	$ 2,956	$ -	$ 19,995

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, 2017
(Thousands of Dollars)

	Balance 01-01-17	Additions	Deductions	Balance 12-31-17
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and investments	$ 154,154	$ 1,516,740	$ 1,613,720	$ 57,174
Taxes receivable	-	281,169	281,169	-
Total Assets	**$ 154,154**	**$ 1,797,909**	**$ 1,894,889**	**$ 57,174**
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	**$ 154,154**	**$ 1,516,740**	**$ 1,613,720**	**$ 57,174**
PROPERTY TAX FUND				
ASSETS				
Cash and investments	$ 100,134	$ 195,043	$ 211,201	$ 83,976
Taxes Receivable	-	112,022	112,022	-
Total Assets	**$ 100,134**	**$ 307,065**	**$ 323,223**	**$ 83,976**
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	$ 304	$ 4,641	$ 4,589	$ 356
Milwaukee County	63,551	119,218	130,148	52,621
Menomonee Falls School District	-	158	158	-
Milwaukee Area District Board of Vocational Technical & Adult Education	15,184	29,394	31,546	13,032
Milwaukee Metropolitan Sewerage District	21,095	41,599	44,727	17,967
Washington County	-	4	4	-
Waukesha County	-	27	27	-
Total Liabilities	**$ 100,134**	**$ 195,041**	**$ 211,199**	**$ 83,976**
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and investments	**$ 216**	**$ 1,095**	**$ 1,040**	**$ 271**
LIABILITIES				
Accounts payable	**$ 216**	**$ 1,095**	**$ 1,040**	**$ 271**

CITY OF MILWAUKEE

Exhibit H-1 (Continued)

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

	Balance 01-01-17	Additions	Deductions	Balance 12-31-17
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and investments	**$ 70**	**$ 2,829**	**$ 2,691**	**$ 208**
LIABILITIES				
Accounts payable	$ -	$ 24	$ 24	$ -
Due to Other Governmental Agencies:				
State of Wisconsin	58	2,575	2,399	234
Milwaukee County	12	230	268	(26)
Total Liabilities	**$ 70**	**$ 2,829**	**$ 2,691**	**$ 208**
OTHER				
ASSETS				
Cash and investments	**$ 1,603**	**$ 15,339**	**$ 14,622**	**$ 2,320**
LIABILITIES				
Accounts payable	**$ 1,603**	**$ 15,339**	**$ 14,622**	**$ 2,320**
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 256,177	$ 1,731,046	$ 1,843,274	$ 143,949
Receivables:				
Taxes	-	393,191	393,191	-
Total Assets	**$ 256,177**	**$ 2,124,237**	**$ 2,236,465**	**$ 143,949**
LIABILITIES				
Accounts payable	$ 1,819	$ 16,458	$ 15,686	$ 2,591
Due to other governmental agencies	254,358	1,714,586	1,827,586	141,358
Total Liabilities	**$ 256,177**	**$ 1,731,044**	**$ 1,843,272**	**$ 143,949**

See accompanying independent auditors' report.

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MISCELLANEOUS FINANCIAL DATA

CITY OF MILWAUKEE

COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE

DECEMBER 31, 2017

(Thousands of Dollars)

Exhibit I-1

	Real Estate	Personal Property	Total
Year Levied			
2004 -2006	$ 294	$ -	$ 294
2007	227	-	227
2008	383	-	383
2009	673	-	673
2010	710	-	710
2011	973	295	1,268
2012	1,726	236	1,962
2013	2,805	194	2,999
2014	4,801	188	4,989
2015	9,378	201	9,579
2016	21,881	333	22,214
Delinquent Taxes Receivable	$ 43,851	$ 1,447	45,298
Add: Property taxes receivable on foreclosed property (A)			47,926
Total Delinquent Taxes Receivable			93,224
Less: Estimated uncollectible taxes			(40,357)
Net Delinquent Taxes Receivable			**$ 52,867**

(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, 2017

(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	$ 52,671	
Local Government Pooled - Investment Fund	181,747	
Institutional Money Market Fund	184,439	
Cash with Fiscal Agent	24,564	
Total Cash and Cash Equivalents		$ 443,421
Investments:		
Municipal Bonds	13,568	
Certificates of Deposit	2,300	
Investment Portfolio	78,507	
Other	3,654	
Total Investments		98,029
Total Cash and Cash Equivalents and Investments		$ 541,450

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	$ 99,006	$ 93	$ -	$ 99,099
General Obligation Debt Service	61,812	-	15,247	77,059
Public Debt Amortization	15,449	16,953	-	32,402
Economic Development	79,886	-	-	79,886
Capital Projects	47,633	-	-	47,633
Nonmajor Governmental Funds	2,157	-	-	2,157
Water Works	25,753	-	2,223	27,976
Sewer Maintenance	6,688		9,317	16,005
Nonmajor Proprietary Funds	9,981	-	-	9,981
Other Employee Benefit Trusts	1,642	-	-	1,642
Private-Purpose Trusts	3,486	175	-	3,661
Agency Funds	143,949	-	-	143,949
Total Cash and Cash Equivalents and Investments - Fund	**$ 497,442**	**$ 17,221**	**$ 26,787**	**$ 541,450**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-3

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2017

(Thousands of Dollars)

	Bridges		Finance Real and Personal Property Tax Receivables		Fire	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2018	$ 4,181	$ 1,879	$14,707	$ 2,193	$ 2,188	$ 793
2019	4,070	1,913	8,567	1,708	2,168	743
2020	3,873	1,731	6,691	1,363	1,689	653
2021	6,775	1,496	5,921	1,070	2,158	564
2022	3,347	935	4,773	818	1,451	403
2023	3,294	778	3,863	606	1,224	340
2024	3,294	628	3,863	413	1,224	283
2025	3,514	478	2,111	264	1,354	225
2026	2,729	340	2,111	158	1,354	166
2027	2,454	231	2,111	53	1,052	117
2028	2,173	146	-	-	966	81
2029	1,601	80	-	-	953	47
2030	1,011	34	-	-	522	22
2031	433	10	-	-	302	8
2032	109	2	-	-	125	2
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**42,858**	**10,681**	**54,718**	**8,646**	**18,730**	**4,447**
Total Requirements	**$53,539**		**$63,364**		**$23,177**	

See accompanying independent auditors' report.

Harbor		Library		Local Improvement Projects/ Special Assessments	
Principal	Interest	Principal	Interest	Principal	Interest
$ 357	$ 137	$ 2,165	$ 956	$ 643	$ 181
353	121	2,151	983	619	155
326	107	2,096	901	597	132
324	93	3,512	794	597	107
292	79	1,983	524	596	84
286	66	1,958	447	597	60
282	54	1,891	366	597	36
287	42	1,830	284	597	12
249	30	1,673	207	-	-
211	21	1,257	151	-	-
146	15	1,210	114	-	-
126	10	1,148	78	-	-
115	6	1,082	42	-	-
101	3	713	13	-	-
48	1	73	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,503	**785**	**24,742**	**5,860**	**4,843**	**767**
$4,288		**$30,602**		**$5,610**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2017

(Thousands of Dollars)

	Municipal Expenses		Parking		Playgrounds/ Recreational Facilities	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2018	$ 62,565	$ 1,254	$ 1,262	$ 494	$ 856	$ 171
2019	665	868	1,193	512	844	133
2020	665	842	2,149	448	527	100
2021	4,952	730	1,065	257	337	82
2022	665	140	1,053	208	337	67
2023	666	112	956	164	337	53
2024	666	83	873	123	300	39
2025	665	54	743	87	276	27
2026	666	25	573	60	229	16
2027	218	5	442	38	128	10
2028	-	-	345	23	68	7
2029	-	-	264	13	67	5
2030	-	-	157	6	67	3
2031	-	-	83	2	67	1
2032	-	-	16	-	10	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**72,393**	**4,113**	**11,174**	**2,435**	**4,450**	**714**
Total Requirements	**$76,506**		**$13,609**		**$5,164**	

See accompanying independent auditors' report.

Police		Public Buildings		Schools	
Principal	Interest	Principal	Interest	Principal	Interest
$ 3,808	$ 1,658	$ 20,055	$ 5,722	$ 5,746	$ 2,867
3,501	1,714	20,233	5,439	5,122	2,632
3,067	1,564	17,704	4,579	4,278	2,431
5,958	1,367	22,609	3,687	1,162	2,313
2,801	844	9,737	2,076	1,247	2,259
2,747	715	9,213	1,651	1,281	2,207
2,747	591	7,702	1,267	1,080	2,156
2,728	469	5,677	972	12,829	2,117
2,431	352	5,449	735	-	1,958
2,096	254	5,276	525	37,300	980
1,842	180	3,897	367	-	-
1,590	120	3,897	239	-	-
1,378	69	3,372	115	-	-
968	31	1,738	32	-	-
565	8	150	2	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,227	**9,936**	**136,709**	**27,408**	**70,045**	**21,920**
$48,163		**$164,117**		**$91,965**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2017

(Thousands of Dollars)

	Sewer Maintenance		Sewers		Streets	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2018	$ 404	$ 1,137	$ 1,250	$ 119	$ 19,388	$ 10,426
2019	404	1,955	787	71	19,229	10,965
2020	11,904	1,820	731	33	18,931	10,095
2021	800	180	120	13	42,536	8,453
2022	800	140	120	8	17,142	4,792
2023	800	100	120	3	17,441	3,987
2024	800	60	1	-	17,335	3,187
2025	800	20	-	-	16,317	2,430
2026	-	-	-	-	15,132	1,725
2027	-	-	-	-	12,520	1,145
2028	-	-	-	-	9,325	752
2029	-	-	-	-	7,915	467
2030	-	-	-	-	5,636	245
2031	-	-	-	-	3,956	92
2032	-	-	-	-	1,105	18
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**16,712**	**5,412**	**3,129**	**247**	**223,908**	**58,779**
Total Requirements	**$22,124**		**$3,376**		**$282,687**	

See accompanying independent auditors' report.

Tax Incremental Districts		Urban Renewal		Water	
Principal	Interest	Principal	Interest	Principal	Interest
$ 20,454	$ 7,970	$ 5,269	$ 1,481	$ 857	$ 353
20,620	7,022	5,330	1,351	859	309
21,020	6,076	5,177	1,165	835	267
18,422	5,204	5,781	970	835	226
16,562	4,451	4,589	705	835	184
15,201	3,764	4,041	562	835	142
14,574	3,135	4,011	424	835	101
14,924	2,509	3,912	287	820	59
12,366	1,934	2,039	183	775	19
12,282	1,438	813	133	-	1
9,641	1,019	802	105	-	-
6,166	751	748	79	-	-
5,641	569	669	55	-	-
5,307	396	632	33	-	-
5,482	223	632	11	-	-
3,860	78	-	-	-	-
610	10	-	-	-	-
203,132	**46,549**	**44,445**	**7,544**	**7,486**	**1,661**
$249,681		**$51,989**		**$9,147**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2017

(Thousands of Dollars)

Year	Total Requirements Principal	Total Requirements Interest
2018	$ 166,155	$ 39,791
2019	96,715	38,594
2020	102,260	34,307
2021	123,865	27,606
2022	68,330	18,717
2023	64,860	15,757
2024	62,075	12,946
2025	69,384	10,336
2026	47,776	7,908
2027	78,160	5,102
2028	30,415	2,809
2029	24,475	1,889
2030	19,650	1,166
2031	14,300	621
2032	8,315	267
2033	3,860	78
2034	610	10
Totals	**981,205**	**217,904**
Total Requirements	**$1,199,109**	

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
2018	3,126	938	4,064
2019	2,002	874	2,876
2020	2,034	830	2,864
2021	2,067	791	2,858
2022	2,100	750	2,850
2023	2,134	702	2,836
2024	2,168	649	2,817
2025	2,208	596	2,804
2026	2,243	542	2,785
2027	2,284	491	2,775
2028	2,326	443	2,769
2029	2,368	393	2,761
2030	2,410	339	2,749
2031	2,458	285	2,743
2032	2,507	229	2,736
2033	2,556	172	2,728
2034	2,226	117	2,343
2035	1,757	71	1,828
2036	1,791	27	1,818
2037	301	3	304
	$ 43,066	**$ 9,242**	**$ 52,308**

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 $97,910, less operating expenses (excluding depreciation but including the payment in lieu of taxes) of $59,976. As a result, the net revenue available for debt service was $37,934. Debt service requirements consisted of $2,878 for 2017. At the end of the year, bond coverage computes to 13.18.

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
2018	7,855	6,508	7,038	2,615	14,893	9,123
2019	8,245	6,112	7,206	2,445	15,451	8,557
2020	8,650	5,690	7,378	2,271	16,028	7,961
2021	9,075	5,246	7,554	2,093	16,629	7,339
2022	9,115	4,791	7,735	1,910	16,850	6,701
2023	9,560	4,324	7,919	1,723	17,479	6,047
2024	7,450	3,898	8,109	1,532	15,559	5,430
2025	7,825	3,525	8,303	1,335	16,128	4,860
2026	8,220	3,139	8,501	1,135	16,721	4,274
2027	8,615	2,760	8,705	929	17,320	3,689
2028	9,000	2,397	7,989	729	16,989	3,126
2029	9,400	2,017	5,893	564	15,293	2,581
2030	9,805	1,633	4,921	437	14,726	2,070
2031	10,200	1,260	3,630	339	13,830	1,599
2032	7,860	941	3,714	254	11,574	1,195
2033	8,145	677	3,799	167	11,944	844
2034	5,845	454	2,348	98	8,193	552
2035	6,020	277	2,397	48	8,417	325
2037	6,205	93	1,169	11	7,374	104
	$ 157,090	**$ 55,742**	**$ 114,308**	**$ 20,635**	**$ 271,398**	**$76,377**

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of $65,275 less operating expenses (excluding depreciation) of $20,207. As a result, the net revenue available for debt service was $45,068. Debt service requirements consisted of $22,838 for 2017. At the end of the year, bond coverage computes to 1.97.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	$6,943	$ 862	$ -	$ 390	$ 1,972
Receivables (net):					
Taxes	-	53	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	252	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	**$7,195**	**$ 915**	**$ -**	**$ 390**	**$ 1,972**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$1,843	$ 2	$ 18	$ 605	$ 329
Accrued expenses	14	1	-		7
Due to other funds	-	-	20	-	-
Due to component units	-	-	-	-	-
Due to other governmental agencies	39	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	1,896	3	38	605	336
Deferred Inflows of Resources:					
Unavailable revenue	56	89	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	5,243	823	-	-	1,636
Unassigned	-	-	(38)	(215)	-
Total Fund Balances	5,243	823	(38)	(215)	1,636
Total Liabilities, Deferred Inflows and Fund Balances	**$7,195**	**$ 915**	**$ -**	**$ 390**	**$ 1,972**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ -	$ 1,303	$ 1,294	$ 10,628	$ 4,594	$ 19,647	$ -	$ 47,633
-	390	-	90	-		-	533
-	-	-	-	1,381	-	-	1,381
-	-	-	-	-	-	6,736	6,736
-	-	-	45	-	-	-	45
-	-	-	-	15,837	-	-	16,089
51	21	-	-	1,029	2,581	-	3,682
$ 51	**$ 1,714**	**$ 1,294**	**$ 10,763**	**$ 22,841**	**$ 22,228**	**$ 6,736**	**$ 76,099**
$ 215	$ 2,016	$ 1	$ 720	$ 14,429	$ 23,497	$ 257	$ 43,932
1	17	-	6	224	1	-	271
2,860	-	-	-	-	-	-	2,880
-	-	-	42	-	20	-	62
-	-	-	-	151	-	-	190
-	-	-	-	256	-	-	256
-	-	-	-	-	-	5,832	5,832
3,076	2,033	1	768	15,060	23,518	6,089	53,423
-	650	-	195	7,610	-	6,118	14,718
51	21	-	-	1,029	2,581	-	3,682
-	-	1,293	9,800	-	-	-	18,795
(3,076)	(990)	-	-	(858)	(3,871)	(5,471)	(14,519)
(3,025)	(969)	1,293	9,800	171	(1,290)	(5,471)	7,958
$ 51	**$ 1,714**	**$ 1,294**	**$ 10,763**	**$ 22,841**	**$ 22,228**	**$ 6,736**	**$ 76,099**

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, 2017

(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	$ -	$ 50	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	727	-	-	-	-
Other	-	-	-	-	3,450
Total Revenues	727	50	-	-	3,450
Expenditures:					
Capital outlay	5,921	110	1,194	6,603	3,671
Excess (deficiency) of Revenues over Expenditures	(5,194)	(60)	(1,194)	(6,603)	(221)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	4,646	89	1,213	1,765	703
Transfers in	192	-	-	-	22
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	4,838	89	1,213	1,765	725
Net Change in Fund Balance	(356)	29	19	(4,838)	504
Fund Balance (Deficit) - Beginning	5,599	794	(57)	4,623	1,132
Fund Balance (Deficit) - Ending	**$ 5,243**	**$ 823**	**$ (38)**	**$ (215)**	**$ 1,636**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ -	$ 100	$ -	$ 150	$ -	$ 2,539	$ -	$ 2,839
-	-	-	-	-	-	2,019	2,019
-	-	-	-	28,029	-	-	28,756
-	351	-	646	305	3	-	4,755
-	451	-	796	28,334	2,542	2,019	38,369
5,892	21,738	-	7,656	68,479	48,708	2,298	172,270
(5,892)	(21,287)	-	(6,860)	(40,145)	(46,166)	(279)	(133,901)
9,082	13,050	-	9,047	36,302	23,530	-	99,427
-	-	-	-	-	23,576	-	23,790
-	-	-	-	-	(8,451)	-	(8,451)
9,082	13,050	-	9,047	36,302	38,655	-	114,766
3,190	(8,237)	-	2,187	(3,843)	(7,511)	(279)	(19,135)
(6,215)	7,268	1,293	7,613	4,014	6,221	(5,192)	27,093
$ (3,025)	**$ (969)**	**$ 1,293**	**$ 9,800**	**$ 171**	**$ (1,290)**	**$ (5,471)**	**$ 7,958**

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	$ 120,713	$ 112,793	$ (7,920)
Provision for Employees' Retirement	77,982	77,982	-
Total Property Taxes	198,695	190,775	(7,920)
Other Taxes:			
Payment in lieu of taxes	1,254	1,376	122
Interest on city tax certificates and other taxes	1,763	2,419	656
Total Other Taxes	3,017	3,795	778
Licenses and Permits:			
Licenses:			
Business and occupational	5,416	5,080	(336)
Other	75	87	12
Permits:			
Building	9,320	8,934	(386)
Zoning	353	363	10
Other	1,040	1,133	93
Total Licenses and Permits	16,204	15,597	(607)
Intergovernmental:			
State Shares Revenues:			
State shared taxes	228,039	228,106	67
Local street aids	26,840	26,809	(31)
Payment for municipal services	2,100	2,105	5
Other	8,313	8,681	368
Total Intergovernmental	265,292	265,701	409
Charges for Services:			
General government	9,067	8,837	(230)
Public safety	26,224	23,382	(2,842)
Public works	83,636	83,344	(292)
Health	1,045	1,267	222
Culture and recreation	1,088	1,024	(64)
Conservation and development	10	19	9
Total Charges for Services	121,070	117,873	(3,197)
Fines and Forfeits:			
Court and contract forfeitures	3,703	3,271	(432)
Other	-	85	85
Total Fines and Forfeits	3,703	3,356	(347)
Other:			
Interest on temporary investments	885	1,412	527
Miscellaneous	15,350	17,972	2,622
Total Other	16,235	19,384	3,149
Total	**$ 624,216**	**$ 616,481**	**$ (7,735)**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(Thousands of Dollars)

Exhibit I-9

		2017 Actual				
	Final Budget	Salaries and Wages	Other Operating Costs	Equipment	Total	Variance - Favorable (Unfavorable)
General Government:						
Administration	$ 10,137	$ 6,125	$ 3,693	$ 302	$ 10,120	$ 17
Assessor's Office	3,345	2,900	329	-	3,229	116
City Attorney	16,599	4,833	11,554	31	16,418	181
City Treasurer	56,237	1,461	54,554	8	56,023	214
Common Council - City Clerk	7,457	5,786	1,464	63	7,313	144
Comptroller	21,367	3,256	17,977	92	21,325	42
Election Commission	1,099	800	255	-	1,055	44
Employee Relations	109,632	2,437	101,107	2	103,546	6,086
Employee's Retirement	3,055	-	2,909	-	2,909	146
Interest Expense	2,700	-	2,700	-	2,700	-
Mayor	1,015	949	44	-	993	22
Municipal Court	2,919	1,711	1,038	5	2,754	165
Zoning Appeals	273	202	20	-	222	51
Total General Government	235,835	30,460	197,644	503	228,607	7,228
Public Safety:						
Fire and Police Commission	1,830	1,060	689	7	1,756	74
Fire Department	83,871	77,071	5,491	1,294	83,856	15
Neighborhood Services	14,864	10,918	3,422	117	14,457	407
Police Department	214,962	196,533	15,260	2,786	214,579	383
Total Public Safety	315,527	285,582	24,862	4,204	314,648	879
Public Works:						
General Office	2,188	1,969	218	1	2,188	-
Infrastructure	31,499	17,200	14,188	100	31,488	11
Operations	66,909	35,729	29,305	1,772	66,806	103
Total Public Works	100,596	54,898	43,711	1,873	100,482	114
Health	10,277	7,453	2,787	5	10,245	32
Culture and Recreation:						
Public Library	17,945	12,512	3,271	2,142	17,925	20
Conservation and Development:						
Department of City Development	4,601	3,224	1,355	-	4,579	22
Total	**$ 684,781**	**$394,129**	**$ 273,630**	**$ 8,727**	**$ 676,486**	**$ 8,295**

See accompanying independent auditors' report.

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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 reader understand the environment within which the City's activities take place.

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

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CITY OF MILWAUKEE

Table 1

NET POSITION BY COMPONENT

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2008	**2009**	**2010**	**2011**	**2012**
Governmental activities					
Net investment in capital assets	$ 559,343	$ 562,934	$ 625,372	$ 645,761	$ 686,492
Restricted	143,951	164,011	210,066	206,053	211,440
Unrestricted	(396,139)	(478,822)	(562,424)	(614,761)	(616,111)
Total governmental activities net position	307,155	248,123	273,014	237,053	281,821
Business-type activities					
Net investment in capital assets	607,122	650,478	619,758	618,625	623,909
Restricted	10,935	11,159	11,422	15,034	-
Unrestricted	47,065	19,392	45,625	58,195	87,435
Total business-type activities net position	665,122	681,029	676,805	691,854	711,344
Primary government					
Net investment in capital assets	1,166,465	1,213,412	1,245,130	1,264,386	1,310,401
Restricted	154,886	175,170	221,488	221,087	211,440
Unrestricted	(349,074)	(459,430)	(516,799)	(556,566)	(528,676)
Total primary government net position	$ 972,277	$ 929,152	$ 949,819	$ 928,907	$ 993,165

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Governmental activities					
Net investment in capital assets	$ 706,111	$ 748,374	$ 769,340	$ 816,916	$ 834,777
Restricted	216,314	211,316	209,116	176,923	169,785
Unrestricted	(723,716)	(745,740)	(739,204)	(856,449)	(1,083,242)
Total governmental activities net position	198,709	213,950	239,252	137,390	(78,680)
Business-type activities					
Net investment in capital assets	648,594	669,428	675,510	684,085	734,161
Restricted	770	930	1,174	1,229	2,209
Unrestricted	74,764	57,112	68,134	74,720	59,824
Total business-type activities net position	724,128	727,470	744,818	760,034	796,194
Primary government					
Net investment in capital assets	1,354,705	1,417,802	1,444,850	1,501,001	1,568,938
Restricted	217,084	212,246	210,290	178,152	171,994
Unrestricted	(648,952)	(688,628)	(671,070)	(781,729)	(1,023,418)
Total primary government net position	$ 922,837	$ 941,420	$ 984,070	$ 897,424	$ 717,514

CITY OF MILWAUKEE

Table 2

CHANGES IN NET POSITION

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities				
General government	$ 208,608	$ 207,504	$ 259,420	$ 245,191
Public safety	314,935	331,409	326,366	326,879
Public works	174,629	167,983	168,699	166,787
Health	20,830	22,995	23,360	21,137
Culture and recreation	20,639	22,901	21,075	19,864
Conservation and development	61,693	50,683	66,758	67,171
Capital contribution to Milwaukee Public Schools	6,474	5,153	91,161	4,386
Contributions	22,177	21,026	23,321	23,382
Interest on long-term debt	28,368	23,985	26,467	28,047
Total Governmental Activities Expenses	858,353	853,639	1,006,627	902,844
Business-type Activities				
Water	64,562	67,946	67,966	69,196
Sewer Maintenance	29,167	34,847	41,188	40,813
Parking	25,078	24,659	25,450	25,267
Other activities	44,401	48,356	51,761	46,780
Total Business-type Activities	163,208	175,808	186,365	182,056
Total Primary Government Expenses	1,021,561	1,029,447	1,192,992	1,084,900
Program Revenues				
Governmental activities				
Charges for services				
General government	12,589	9,011	9,931	10,148
Public safety	17,998	16,649	16,202	19,049
Public works	53,348	62,553	68,135	71,348
Health	644	1,078	1,071	1,297
Culture and recreation	1,443	1,482	1,504	1,239
Conservation and development	388	284	303	412
Grants and contributions	77,032	73,694	152,757	105,422
Total Governmental Activities Program Revenues	163,442	164,751	249,903	208,915
Business-type Activities				
Charges for services				
Water	73,731	73,132	73,473	84,394
Sewer Maintenance	40,724	48,199	52,046	51,788
Parking	43,961	42,245	47,477	44,148
Other activities	45,096	49,456	53,143	52,796
Capital grants and contributions	10,203	18,674	3,094	4,393
Total Business-type Activities Program Revenues	213,715	231,706	229,233	237,519
Total Primary Government Program Revenues	377,157	396,457	479,136	446,434
Net (Expense)/Revenue				
Governmental Activities	(694,911)	(688,888)	(756,724)	(693,929)
Business-type Activities	50,507	55,898	42,868	55,463
Total primary government net expense	$ (644,404)	$ (632,990)	$ (713,856)	$ (638,466)

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 221,740	$ 305,744	$ 251,538	$ 204,691	$ 255,177	$ 274,652
328,677	320,317	315,952	399,620	423,903	485,016
158,527	169,250	170,054	182,340	174,470	206,205
22,020	19,743	18,852	20,249	21,594	23,655
20,512	20,348	21,503	25,315	24,375	28,193
56,872	45,605	57,617	88,252	77,670	65,175
4,853	278	-	-	-	-
22,803	22,331	24,001	-	-	-
31,105	28,275	23,105	24,749	25,109	22,097
867,109	931,891	882,622	945,216	1,002,298	1,104,993
66,571	68,728	72,540	72,141	73,620	70,219
41,430	44,795	46,840	49,661	53,002	59,823
26,101	24,248	24,053	25,233	25,005	25,287
47,744	47,592	48,382	50,855	52,577	54,423
181,846	185,363	191,815	197,890	204,204	209,752
1,048,955	1,117,254	1,074,437	1,143,106	1,206,502	1,314,745
10,428	10,131	10,344	31,100	27,733	27,180
20,785	23,759	23,833	26,711	25,438	23,382
74,168	75,968	78,520	81,325	80,352	83,344
1,101	877	923	1,081	1,164	1,267
1,239	1,137	1,114	1,092	1,057	1,024
469	9	9	9	10	19
118,869	77,283	104,073	70,122	89,457	44,568
227,059	189,164	218,816	211,440	225,211	180,784
88,122	85,034	88,013	96,687	97,850	97,833
54,956	57,270	59,121	60,695	62,954	65,141
42,730	43,256	41,411	42,532	38,286	37,557
54,288	48,920	47,457	51,129	53,541	55,958
5,133	3,852	799	2,740	4,965	26,066
245,229	238,332	236,801	253,783	257,596	282,555
459,481	427,496	455,617	465,223	482,807	463,339
(640,050)	(742,727)	(663,806)	(733,776)	(777,087)	(924,209)
63,383	52,969	44,986	55,893	53,392	72,803
$ (576,667)	$ (689,758)	$ (618,820)	$ (677,883)	$ (723,695)	$ (851,406)

CITY OF MILWAUKEE

CHANGES IN NET POSITION

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

Table 2 (continued)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes	$ 257,210	$ 270,191	$ 283,442	$ 276,168
State aids for General Fund	271,100	272,337	270,939	273,240
Miscellaneous	61,949	47,217	179,057	64,214
Transfers	38,052	40,111	48,177	44,346
Total Governmental Activities	628,311	629,856	781,615	657,968
Business-type Activities				
Miscellaneous	979	120	1,085	3,932
Transfers	(38,052)	(40,111)	(48,177)	(44,346)
Total Business-type Activities	(37,073)	(39,991)	(47,092)	(40,414)
Total Primary Government	591,238	589,865	734,523	617,554
Change in Net Position				
Governmental Activities	(60,577)	(126,868)	87,686	(35,961)
Business-type Activities	18,825	2,877	8,371	15,049
Total Primary Government	$ (41,752)	$ (123,991)	$ 96,057	$ (20,912)

See accompanying independent auditors' report.

Table 2 (continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 279,588	$ 276,193	$ 284,664	$ 287,602	$ 286,513	$ 307,828
260,141	259,735	260,886	263,350	265,191	265,700
81,153	82,059	88,718	89,487	83,919	97,757
44,643	41,628	43,115	43,038	39,602	36,854
665,525	659,615	677,383	683,477	675,225	708,139
750	1,443	1,471	1,709	1,426	211
(44,643)	(41,628)	(43,115)	(43,038)	(39,602)	(36,854)
(43,893)	(40,185)	(41,644)	(41,329)	(38,176)	(36,643)
621,632	619,430	635,739	642,148	637,049	671,496
25,475	(83,112)	15,241	(50,299)	(101,862)	(216,070)
19,490	12,784	3,342	14,564	15,216	36,160
$ 44,965	$ (70,328)	$ 18,583	$ (35,735)	$ (86,646)	$ (179,910)

CITY OF MILWAUKEE

Table 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

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

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Revenues:				
Property taxes	$ 227,637	$ 238,832	$ 247,956	$ 242,631
Other taxes	27,746	30,291	34,109	30,706
Special assessments	3,631	2,418	3,421	3,163
Licenses and permits	12,918	12,186	12,948	13,289
Intergovernmental	333,345	332,138	344,929	360,287
Charges for services	88,224	93,498	200,461	188,312
Fines and forfeits	5,277	4,802	5,422	5,076
Contributions received	21,532	21,300	23,005	24,021
Other	33,563	40,682	49,541	38,483
Total Revenues	753,873	776,147	921,792	905,968
Expenditures:				
Current:				
General government	224,444	227,325	281,978	259,089
Public safety	279,934	290,535	287,815	283,282
Public works	109,196	101,118	101,681	103,585
Health	20,748	21,867	22,343	20,129
Culture and recreation	18,858	19,654	18,046	18,124
Conservation and development	31,796	28,298	35,468	41,459
Capital outlay	114,825	98,003	240,480	96,870
Debt Service:				
Principal retirement	181,102	205,228	333,780	331,960
Interest	33,637	31,941	33,305	37,184
Bond issuance costs	147	463	1,314	1,040
Total Expenditures	1,014,687	1,024,432	1,356,210	1,192,722
Excess (deficiency) of Revenues over Expenditures	(260,814)	(248,285)	(434,418)	(286,754)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	237,368	227,525	415,291	231,652
Refunding bonds issued	-	66,585	94,420	80,648
Payment to escrow agent on advance refundings	-	-	-	-
Payment - current refunding	-	(71,800)	(106,500)	(41,949)
Loans receivable activities	(518)	(250)	(293)	(8,783)
Issuance premium	3,694	9,437	21,632	17,079
Capital lease	-	-	-	-
Transfers in	201,073	196,930	253,412	195,101
Transfers out	(163,021)	(156,819)	(205,235)	(150,755)
Total Other Financing Sources and Uses	278,596	271,608	472,727	322,993
Special Item:				
Receipt of loans receivable	-	-	-	-
Net Change in Fund Balances	$ 17,782	$ 23,323	$ 38,309	$ 36,239
Debt service as a percentage of noncapital expenditures	20.7%	22.5%	29.5%	32.7%

See accompanying independent auditors' report.

Table 3 (Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 244,038	$ 245,254	$ 250,036	$ 253,815	$ 252,986	$ 299,552
34,172	31,156	34,475	32,861	34,921	6,699
2,344	1,986	1,945	4,666	1,945	2,019
14,410	15,030	16,063	16,629	16,767	15,597
346,116	329,892	317,987	322,763	323,161	338,615
115,901	116,813	131,147	154,402	147,480	156,785
5,042	4,492	4,587	4,110	3,534	3,357
21,826	21,871	23,752	2,588	2,378	3,022
43,575	38,577	52,464	42,188	43,477	36,054
827,424	805,071	832,456	834,022	826,649	861,700
235,936	322,431	268,263	254,168	248,581	253,638
291,787	287,330	283,599	307,185	334,411	326,962
96,991	102,657	106,779	103,512	107,649	103,324
20,963	18,821	18,088	18,014	19,688	20,182
18,565	18,560	19,330	20,190	21,128	21,168
42,366	30,616	32,583	29,178	28,565	28,717
87,429	98,913	139,898	155,227	139,236	172,270
417,107	531,243	385,884	414,499	442,671	259,911
37,992	36,887	37,322	36,606	36,889	40,366
933	755	447	1,180	1,305	329
1,250,069	1,448,213	1,292,193	1,339,759	1,380,123	1,226,867
(422,645)	(643,142)	(459,737)	(505,737)	(553,474)	(365,167)
301,084	410,945	332,444	380,522	266,452	176,997
189,590	182,341	41,216	106,316	196,659	76,243
(63,884)	-	-	-	-	-
(34,134)	-	-	-	-	-
2,317	635	(2,506)	(4,972)	(1,587)	(1,876)
21,038	14,345	12,783	12,645	15,956	23,601
-	-	-	-	-	-
198,576	230,452	235,824	214,406	138,397	229,508
(153,933)	(188,824)	(192,709)	(171,368)	(98,795)	(192,654)
460,654	649,894	427,052	537,549	517,082	311,819
-	-	-	-	-	-
$ 38,009	$ 6,752	$ (32,685)	$ 31,812	$ (36,392)	$ (53,348)
38.7%	41.0%	36.9%	36.9%	38.7%	27.3%

CITY OF MILWAUKEE

Table 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

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

	Fiscal Year				
	2008	**2009**	**2010**	**2011**	**2012**
General Fund					
Reserved	$ 73,007	$ 71,356	$ 59,626		
All Other Governmental Funds					
Reserved	$ 154,448	$ 177,820	$ 232,790		
Unreserved, reported in:					
Capital projects funds	(39,071)	(38,776)	(27,931)		
Nonmajor governmental funds	14,469	15,776	-		
Total all other governmental funds	$ 129,846	$ 154,820	$ 204,859		
General Fund					
Nonspendable				$ 15,044	$ 15,721
Restricted				-	-
Committed				2,995	1,835
Assigned				26,778	35,915
Unassigned				27,169	52,319
Total General Fund				$ 71,986	$ 105,790
All Other Governmental Funds					
Nonspendable				$ 886	$ 565
Restricted				5,855	9,774
Committed				223,000	227,769
Assigned				-	-
Unassigned				(1,003)	(5,165)
Total all other governmental funds				$ 228,738	$ 232,943

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
General Fund					
Nonspendable	$ 15,389	$ 17,301	$ 17,094	$ 16,127	$ 18,401
Restricted	-	-	-	-	-
Committed	1,741	1,587	2,035	2,266	3,444
Assigned	43,172	44,150	46,404	38,802	37,281
Unassigned	43,232	50,006	61,715	50,737	38,350
Total General Fund	$ 103,534	$ 113,044	$ 127,248	$ 107,932	$ 97,476
All Other Governmental Funds					
Nonspendable	$ 254	$ -	$ -	$ 7	$ 3,684
Restricted	230,642	214,932	227,376	215,480	188,578
Committed	21,249	8,489	5,264	-	-
Assigned	-	-	-	-	-
Unassigned	(10,194)	(23,665)	(15,276)	(15,199)	(34,866)
Total all other governmental funds	$ 241,951	$ 199,756	$ 217,364	$ 200,288	$ 157,396

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

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Thousands of Dollars)

Table 5

	Real Estate			Personal Property		
Budget Year	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other
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
2017	$ 14,438,034	$ 9,964,809	$ 765,075	$ 209,206	$ 427,626	$ 205,720

Budget Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value
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	60.0%
2015	$ 25,024,542	$10.71	$ 26,138,108	95.7%
2016	$ 25,262,963	$10.61	$ 25,980,470	97.2%
2017	$ 25,974,258	$10.75	$ 27,042,047	96.1%

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									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
City Direct Rates (A)										
City of Milwaukee	$ 7.46	$ 7.59	$ 8.42	$ 8.67	$ 8.86	$ 9.87	$ 10.23	$ 10.42	$ 10.29	$ 10.47
Allocation of Debt Service incurred for Schools	0.55	0.50	0.47	0.45	0.39	0.38	0.35	0.29	0.32	0.28
Total Direct Rate	8.01	8.09	8.89	9.12	9.25	10.25	10.58	10.71	10.61	10.75
Overlapping Rates (B)										
Milwaukee School Board	7.96	8.75	9.41	9.49	9.69	10.73	10.86	10.93	10.52	9.61
Less: allocation of Debt Service in City rate	(0.55)	(0.50)	(0.47)	(0.45)	(0.39)	(0.38)	(0.35)	(0.29)	(0.32)	(0.28)
Total School Rate	7.41	8.25	8.94	9.04	9.30	10.35	10.51	10.64	10.20	9.33
Milwaukee Area District Board of Vocational, Technical and Adult Education	1.92	1.94	2.06	2.02	1.95	2.21	2.22	1.33	1.29	1.31
County of Milwaukee	4.22	4.20	4.48	4.69	4.72	5.26	5.35	5.33	5.28	5.31
State of Wisconsin	0.19	0.18	0.18	0.18	0.17	0.18	0.18	0.17	0.18	0.18
Milwaukee Metropolitan Sewerage District	1.39	1.37	1.43	1.52	1.51	1.70	1.78	1.79	1.79	1.82
Total Tax Rate (C)	$ 23.14	$ 24.03	$ 25.98	$ 26.57	$ 26.90	$ 29.95	$ 30.62	$ 29.97	$ 29.35	$ 28.70

(A) State law prohibits the City from increasing its base levy in any year by more than the percentage change in the equalized value due to net new construction.

(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

		2017		2008	
Taxpayer	**Type of Business**	**Assessed Valuation**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Percentage of Total Assessed Valuation**
Northwestern Mutual Life Insurance Company	Insurance	$ 358,882	1.38 %	$ 203,882	.67 %
U. S. Bank	Banking	220,019	.84	256,738	.84
Mandel Group	Real Estate	179,873	.69		
Juneau Village/Prospect Tower/Katz Propertie	Real Estate	124,350	.48		
Metropolitan Associates	Real Estate	106,387	.41	101,765	.33
Forest County Potawatomi Community	Real Estate	101,536	.39		
Jackson Street Holdings	Real Estate	98,785	.38		
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	92,772	.36	125,713	.41
NNN 411 East Wisconsin LLC	Real Estate	92,372	.35	94,840	.31
Irgens	Real Estate	86,019	.33		
Crichton-Hauk/Shoreline/Juneau Village	Real Estate			92,662	.30
Towne Realty	Real Estate			85,806	.28
M&I Marshall & Ilsley Bank/Metavente Corp.	Banking			84,575	.28
EC Milwaukee Joint Venture	Real Estate			73,122	.24
Geneva Exchange Fund	Real Estate			69,755	.23
		$ 1,460,995	5.60 %	$ 1,188,858	3.89 %

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 Year (B)		Collections		Total Collections to Date	
				Current Tax Collections	Percent Original Levy Collected	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2008	286,180	39,552	325,732	277,115	96.83	23,945	24,444	325,505	99.93
2009	276,186	32,295	308,481	265,691	96.20	18,017	24,389	308,097	99.88
2010	291,943	28,887	320,830	281,196	96.32	16,482	22,480	320,158	99.79
2011	295,967	28,167	324,134	284,691	96.19	16,049	22,683	323,423	99.78
2012	301,051	25,133	326,184	288,749	95.91	13,596	22,571	324,916	99.61
2013	304,700	24,844	329,544	293,489	96.32	16,237	17,855	327,582	99.40
2014	307,246	22,580	329,826	296,107	96.37	13,875	16,845	326,826	99.09
2015	312,216	19,925	332,141	302,084	96.76	12,471	12,597	327,152	98.50
2016	312,091	21,475	333,566	302,628	96.97	10,907	10,451	323,986	97.13
2017	318,887	27,216	346,103	309,038	96.92	14,830	-	323,868	93.58

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

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

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Dollars in Thousands, except per capita)

	Governmental Activities					
Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Total	Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
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
2017	942,330	138,682	803,648	27,042,047	2.97%	1,359.58

	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)
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%	1,446.90
2014	35,247	94,624	92,100	861,628	2.17%	1,525.16
2015	31,822	95,459	107,533	908,234	2.20%	1,928.37
2016	52,139	190,086	101,612	1,148,920	2.78%	1,932.26
2017	38,875	200,156	114,308	1,156,987	Not Available	1,957.35

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

Table 10

	Fiscal Year				
	2008	**2009**	**2010**	**2011**	**2012**
Debt limit	$ 2,232,103	$ 2,258,027	$ 2,188,643	$ 2,066,455	$ 1,956,827
Total net debt applicable to limit	689,401	698,775	805,660	789,308	695,488
Legal debt margin	$ 1,542,702	$ 1,559,252	$ 1,382,983	$ 1,277,147	$ 1,261,339
Total net debt applicable to the limit as a percentage of debt limit	30.89%	30.95%	36.81%	36.82%	35.54%

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Debt limit	$ 1,849,535	$ 1,826,273	$ 1,829,668	$ 1,818,633	$ 1,892,943
Total net debt applicable to limit	683,312	696,614	622,044	857,223	905,647
Legal debt margin	$ 1,166,223	$ 1,129,659	$ 1,207,624	$ 961,410	$ 987,296
Total net debt applicable to the limit as a percentage of debt limit	36.95%	38.14%	34.00%	47.14%	47.84%

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

Table 10 (continued)

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value			$ 25,974,258
Equalized Value			27,042,046
Debt Limit 7% of Equalized Value			1,892,943
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	328,227		
General Obligation notes	677,226		
Parking bonds and notes	11,174		
Harbor bonds and notes	3,503		
Water Works bonds	7,487		
Sewer Maintenance bonds and notes	16,712		
Total Debt		1,044,329	
Deduct:			
Assets in Debt Service Funds		138,682	
Total Amount of Debt Applicable to Debt Limit			905,647
Legal Debt Margin			$ 987,296

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

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

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. The legal debt margin as of December 31, 2017 was $540,841 for school purposes and $446,445 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2017

(Thousands of Dollars)

Table 11

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee (C)	City of Milwaukee's Share of Debt
Debt Repaid with property taxes			
Direct Debt:			
City of Milwaukee (A)	$ 905,647	100%	$ 905,647
Overlapping Debt:			
Milwaukee Area Technical College District	105,455	35.00	36,909
County of Milwaukee	606,788	43.78	265,652
Milwaukee Metropolitan Sewerage Area (B)	880,193	45.46	400,136
Total Direct and Overlapping Debt			**$ 1,608,344**

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 $43,066 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.*

(B) *Includes $567,253 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
2017	97,910	59,976	37,934	2,206	672	2,878	13.18

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
2017	65,275	20,207	45,068	13,575	9,263	22,838	1.97

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)**
2008	590,870	$ 35,336,806	$ 37,803	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	$ 37,169	30.3	81,372	11.9%
2011	595,525	$ 37,014,159	$ 38,899	30.3	80,098	10.9%
2012	595,425	$ 38,924,968	$ 40,765	33.7	78,461	10.1%
2013	596,500	$ 38,483,060	$ 40,224	33.7	78,502	8.7%
2014	595,993	$ 39,751,620	$ 41,530	33.8	77,391	7.2%
2015	595,787	$ 40,932,286	$ 42,802	34.0	75,568	6.7%
2016	594,667	$ 41,268,719	$ 43,375	34.2	76,856	5.8%
2017	591,076	Not available	Not available	34.3	77,215	4.6%

(A) The December 31, 2008 through 2017 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

	2017 Estimates (1)			2008		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Aurora Health Care	26,462	1	5.77	25,937	1	5.53
Ascension Wisconsin	12,000	2	2.61			
Froedtert and Community Health	10,913	3	2.38			
GE Healthcare	6,000	4	1.31	6,462	9	1.38
Medical College of Wisconsin	5,573	5	1.21			
Children's Hospital	5,004	6	1.09			
Northwestern Mutual Life	5,000	7	1.09			
Goodwill Industries	4,210	8	0.92			
U.S. Bank NA	3,700	9	0.81			
The Marcus Corporation	3,180	10	0.69			
U.S. Government (Includes Zablocki V.A. Medical Center)				11,100	2	2.37
Milwaukee Public Schools				10,690	3	2.28
Wheaton Franciscan Healthcare				9,020	4	1.92
Roundy's Supermarkets Inc.				8,480	5	1.81
City of Milwaukee				7,307	6	1.56
Quad Graphics				7,000	7	1.49
Kohl's Corp.				6,900	8	1.47
Wal-Mart Store				6,229	10	1.33
	82,042		17.88	99,125		21.14

(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 2017 Business Journal of Greater Milwaukee as of July 21, 2017.
The 2008 data was from the 2008 Business Journal.
Total employment data (2008 = 468,606) (2017 = 458,982) 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	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
General Government	696	694	720	700	719	707	728	736	750	741
Temporary - Election Commission	104	11	98	8	2,145	819	2,389	823	2,473	820
Public Safety										
Fire										
Fire Fighting Force	1,001	985	949	951	911	911	900	875	876	810
Civilians	75	79	77	76	105	116	112	118	131	133
Police										
Law Enforcement	2,156	2,144	2,042	2,034	2,034	2,013	1,978	1,942	1,979	1,989
Civilian	606	616	614	619	619	608	618	625	619	598
School Crossing Guards	241	241	251	251	251	251	252	242	241	241
Neighborhood Services	229	229	240	247	251	269	272	283	293	289
Public Works										
Administrative Services	63	63	66	64	58	46	47	48	49	43
Infrastructure Services	696	707	807	804	803	802	810	801	790	805
Operations	1,530	1,557	1,398	1,381	1,438	1,438	1,433	1,436	1,437	1,443
Winter relief	66	66	66	66	-	-	-	-	-	-
Health	312	306	274	272	268	254	252	251	252	252
Culture and recreation	396	377	368	378	376	372	370	371	358	364
Conservation and development	220	193	176	179	163	142	134	135	133	121
Youth initiative positions	25	25	25	25	-	-	-	-	-	-
Water	346	348	404	382	367	369	369	371	381	395
Sewer Maintenance	179	172	164	164	164	146	146	146	146	145
Parking	129	129	130	131	122	120	120	121	121	118
Port of Milwaukee	35	35	37	35	36	37	37	37	37	37
Subtotal	9,105	8,977	8,906	8,767	10,830	9,420	10,967	9,361	11,066	9,344
Less Temporary Positions	(104)	(11)	(98)	(8)	(2,145)	(819)	(2,631)	(1,055)	(2,703)	(1,050)
Total Budgeted Positions	**9,001**	**8,966**	**8,808**	**8,759**	**8,685**	**8,601**	**8,336**	**8,306**	**8,363**	**8,294**

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 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Investment portfolio return	2.74%	0.75%	0.32%	0.21%	0.22%	0.22%	0.20%	0.23%	0.43%	0.88%
Courtroom cases	102,721	112,765	119,779	121,234	104,170	119,761	93,577	80,821	84,464	74,120
Public safety										
Police										
Dispatched assignments	266,577	254,044	246,365	238,657	248,678	241,423	247,552	260,860	284,893	249,855
Traffic citations	120,618	114,447	104,001	103,311	94,442	73,325	53,744	55,592	46,969	71,655
Homicide clearance rates	93%	83%	75%	72%	70%	64%	60%	58%	67%	70%
Fire										
Number of medical emergency assists	53,898	53,047	53,629	56,085	59,487	60,499	62,766	70,504	78,484	76,793
Number of fires extinguished	2,073	1,930	2,201	2,643	2,841	2,444	2,419	2,351	2,198	2,017
Civilian fire deaths	6	7	3	10	8	2	10	10	5	7
Building Inspection										
Complaints reported	34,161	35,940	37,146	35,910	35,404	37,212	36,567	34,933	36,548	36,938
Orders issued	51,760	66,559	67,043	71,356	68,613	67,457	58,217	60,106	43,499	25,949
Public Works										
Major streets paving (miles)	13.01	5.4	11.28	1.05	5.7	17.12	24.60	33.5	35.4	34.0
Asphalt patching/pot holes (tons)	14,900	10,700	10,500	18,952	16,010	15,845	17,025	18,816	18,857	22,257
Refuse tonnage	310,517	298,780	274,651	262,265	252,987	256,411	253,997	243,478	248,083	256,599
Recycling tonnage	22,937	21,862	21,389	22,837	24,147	25,052	25,273	25,105	25,232	25,325
Health										
Food inspections	4,721	5,005	5,208	4,615	7,637	8,735	8,556	9,236	10,087	8,208
Immunizations	30,449	46,838	27,994	21,953	18,882	16,417	10,912	10,561	8,360	8,271
Culture and Recreation										
Library hours of operation	34,372	32,608	25,996	27,844	31,092	30,914	30,846	30,866	32,282	32,282
Collections size	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	2,293,455
Public computers	505	505	480	725	757	754	723	752	682	600
Conservation and Development										
Jobs created	1,073	366	498	534	324	2,198	834	2,337	2,063	1,140
Jobs retained	2,103	888	1,644	1,382	1,965	2,800	1,626	2,535	1,960	1,355
New housing units	196	527	810	503	687	402	331	2,340	2,081	1,265
Water										
Millions gallons sold	34,085	33,341	32,500	32,246	32,909	30,560	29,894	29,657	29,440	28,761
Population served	857,816	867,599	861,000	861,249	862,524	864,715	864,653	865,109	864,144	868,882
Sewer Maintenance										
Sewer service backups	47	28	33	24	23	25	31	22	23	26
Street flooding complaints	7,238	3,690	2,770	3,293	4,775	3,092	3,023	3,096	1,808	2,523
Parking										
Citations issued	880,859	885,802	874,690	823,999	778,288	770,430	743,038	705,850	626,333	594,360
Vehicle tows	34,898	31,516	28,295	25,762	26,910	32,631	33,416	34,892	32,185	31,204
Port										
Metric tonnage total	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	2,573,475

Sources: Various city departments

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS

LAST TEN YEARS

	Fiscal Year									
Functions/Programs	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Public safety										
Police										
Stations	8	8	8	8	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	521	533	536	556	501	537	521	504	505	505
Patrol motorcycles	57	57	57	55	55	56	55	55	56	56
Fire Stations	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets - paved	1,418	1,418	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
Streets - unpaved	15	15	15	15	15	15	15	15	15	15
Alleys	415	415	415	414	414	414	414	414	414	414
Street lights	67,709	67,798	67,949	68,073	68,540	68,698	68,698	68,856	69,111	69,111
Alley lights	8,925	8,931	8,616	8,810	8,820	8,815	8,815	8,786	8,797	8,797
Garbage/snow trucks	187	188	182	181	180	180	180	180	192	183
Health										
Health centers	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	277	276	276	276	276	130	138	138	138	138
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,967	1,955	1,956	1,960	1,961	1,962	1,963	1,962	1,962	1,961
Hydrants	19,824	19,811	19,847	19,867	19,869	19,870	19,870	19,846	19,862	19,861
Million gallons pumped	40,848	39,617	37,443	36,992	37,920	36,490	37,460	35,872	35,447	34,456
Million gallons consumed	34,085	33,341	32,452	32,246	32,909	30,560	29,894	29,657	29,440	28,760
Miles of Sewers										
Storm	959	960	961	962	964	965	965	966	967	967
Sanitary	939	940	941	941	943	943	943	944	945	945
Combined	547	547	547	547	547	547	547	551	551	551
Parking										
Parking lots	45	45	45	45	44	45	45	44	44	45
Parking structures	5	5	5	5	5	5	5	5	5	5
Port										
Cargo terminals	6	6	6	6	7	7	7	7	7	7
Rental warehouses and buildings	5	5	5	5	10	10	10	11	11	10
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	10	10	10	10	11	11	11	11	11	11
Vessel berths	13	13	14	14	17	17	17	17	17	17

Sources: Various city departments

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

See accompanying independent auditors' report.