

**POPULAR ANNUAL
FINANCIAL REPORT**
City of Milwaukee, Wisconsin

For the Year Ended
December 31, 2022



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ABOUT THIS REPORT

Although this report is largely based on the City's 2022 Annual Comprehensive Financial Report, it is not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Only the financial data for the general government is included in this report and, therefore, all of the City's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of the City's audited 2022 Annual Comprehensive Financial Report, which is prepared in accordance with GAAP, is located at:

<https://city.milwaukee.gov/Comptroller/AnnualComprehensiveFinancial>



Certain photographs appear courtesy of Visit Milwaukee.

City of Milwaukee, Wisconsin

PRINCIPAL CITY OFFICIALS

As of 12/31/2022



Mayor

Cavalier Johnson



City Comptroller
Aycha Sawa



City Treasurer
Spencer Coggs



City Attorney
Tearman Spencer

Common Council

José G. Pérez, President

Dist.

1

Vacant



2

Mark
Chambers, Jr.



3

Jonathan
Brostoff



4

Robert
Bauman

5

Vacant

Dist.

6



Milele A. Coggs

7



Khalif J. Rainey

8



JoCasta
Zamarripa

9

Vacant

10



Michael J.
Murphy

Dist.

11



Mark A. Borkowski

12



José G. Pérez

13



Scott Spiker

14



Marina Dimitrijevic

15



Russell W. Stamper,
II

A MESSAGE FROM THE COMPTROLLER

To the Citizens of Milwaukee:

I am pleased to present to you the City of Milwaukee's (the City's) Popular Annual Financial Report for the Year Ended December 31, 2022. This report is intended to increase awareness and transparency of the City's finances throughout the community. As such, this report is written in a manner that will summarize and communicate, in a user-friendly manner, the City's financial condition.

In addition to providing financial information, it is important to demonstrate what makes Milwaukee a great place to live and work. Milwaukee's economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us to demonstrate the role City government is playing in supporting these activities.

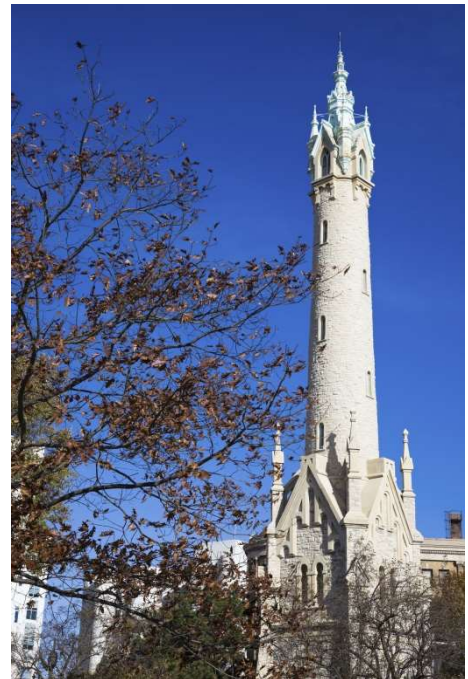
Financial information within this report is derived in large part from the City's 2022 independently audited set of financial statements that are prepared in accordance with Generally Accepted Accounting Principles (GAAP). These audited statements are part of the City's 2022 Annual Comprehensive Financial Report.

When elected in April of 2020, I committed to providing City financial information as best and as transparent as possible. Thus, I welcome any feedback, comments, or concerns regarding this report.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller



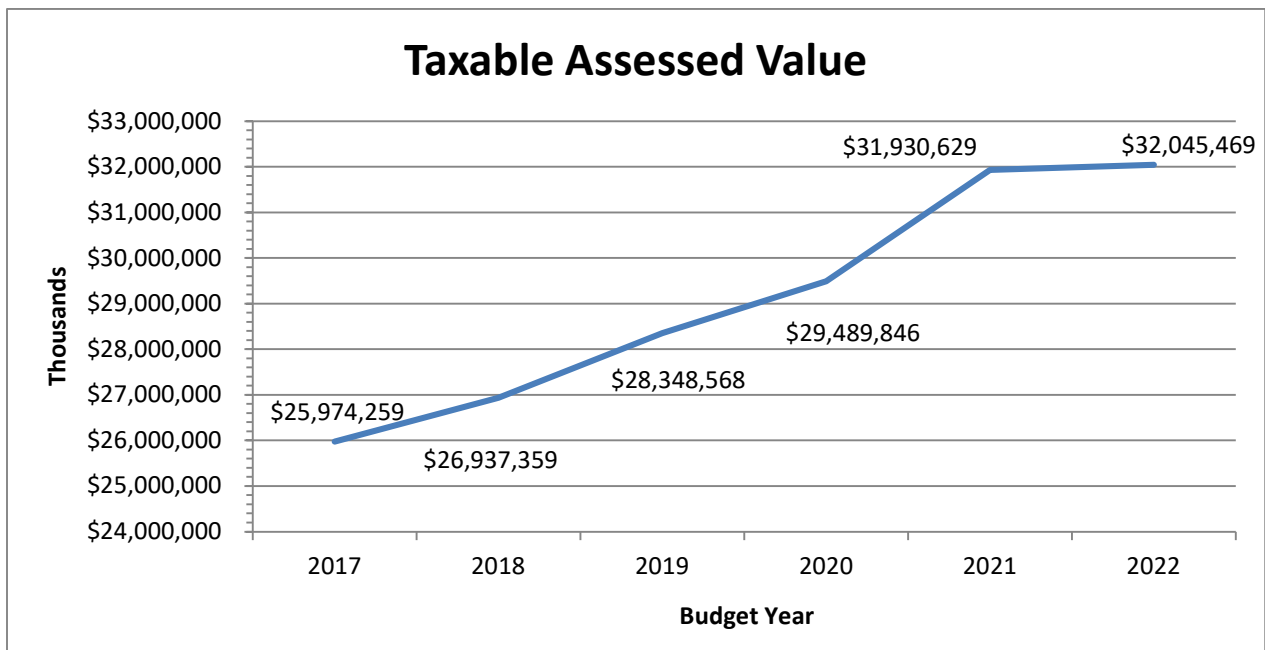
ABOUT MILWAUKEE

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. Milwaukee is the 30th largest city in the United States with a 2022 Wisconsin Department of Administration estimated population of 577,309. It is also the largest city in the State, and Wisconsin's main cultural and economic center.

Milwaukee is the economic hub of the southeast region and the entire state of Wisconsin. It is a premier center for advanced manufacturing, fresh water research and development, clean and green technology, health care, biomedical technology, and financial services. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth, and economic development.

Economic Outlook

After a 5 year period of decreases from 2009 through 2014, property values have begun to increase. Over the subsequent period from 2017 to 2022 property values have grown at a compound annual growth rate of 3.6% as shown in the chart below.



Milwaukee is undergoing a remarkable revitalization including a downtown building boom. BMO Harris completed a new 25 story office tower across from City Hall on Wells Street. The Couture high rise construction has begun along Milwaukee's lakefront. The project will include a 44-story, \$188 million mixed-use development with apartments and retail. Northwestern Mutual has changed the City's skyline with the construction of a 32-story office tower, as well as a 33-story

upscale apartment tower, and plans to renovate its North Office Building to architecturally match the new office tower. The office tower, at one million square feet, is the largest office structure in the state of Wisconsin.

In addition, the Milwaukee Bucks have driven development with their new arena. They created the Deer District, an entertainment destination just east of the arena, with an outdoor plaza and plenty of amenities including a new hotel, The Trade.

On the Kinnickinnic River, Michels Corporation, an energy and infrastructure contractor, completed construction of their \$100 million development. Phase one consists of an eight story office building housing their infrastructure division headquarters. The mixed use development includes a 95 unit apartment building with shops and a restaurant is now complete and active.

Komatsu Mining completed construction on its new \$285 million headquarters and manufacturing facility in the City's Harbor District. The company has moved operations to the new campus in 2022.

Ascent, the world's tallest mass timber structure, was completed in July 2022. The apartment complex brings 259 new apartment units to downtown. The structure of the building is unique in that the entire building above the parking garage is supported entirely by mass timber.

The Wisconsin Center District has embarked their expansion and renovation which will double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Construction is expected to be completed in 2024 when Milwaukee will host the 2024 Republican National Convention.

The Milwaukee Public Museum announced that they will be building a brand new 200,000 square foot building inspired by geological formations found at Mill Bluff State Park. The project is expected to break ground in 2023 and be completed by 2026.

The City continues to invest in its neighborhoods. City resources contributed to the creation of 342 new housing units, improvements to 68 existing housing units, and assisted 303 individuals to purchase a home.

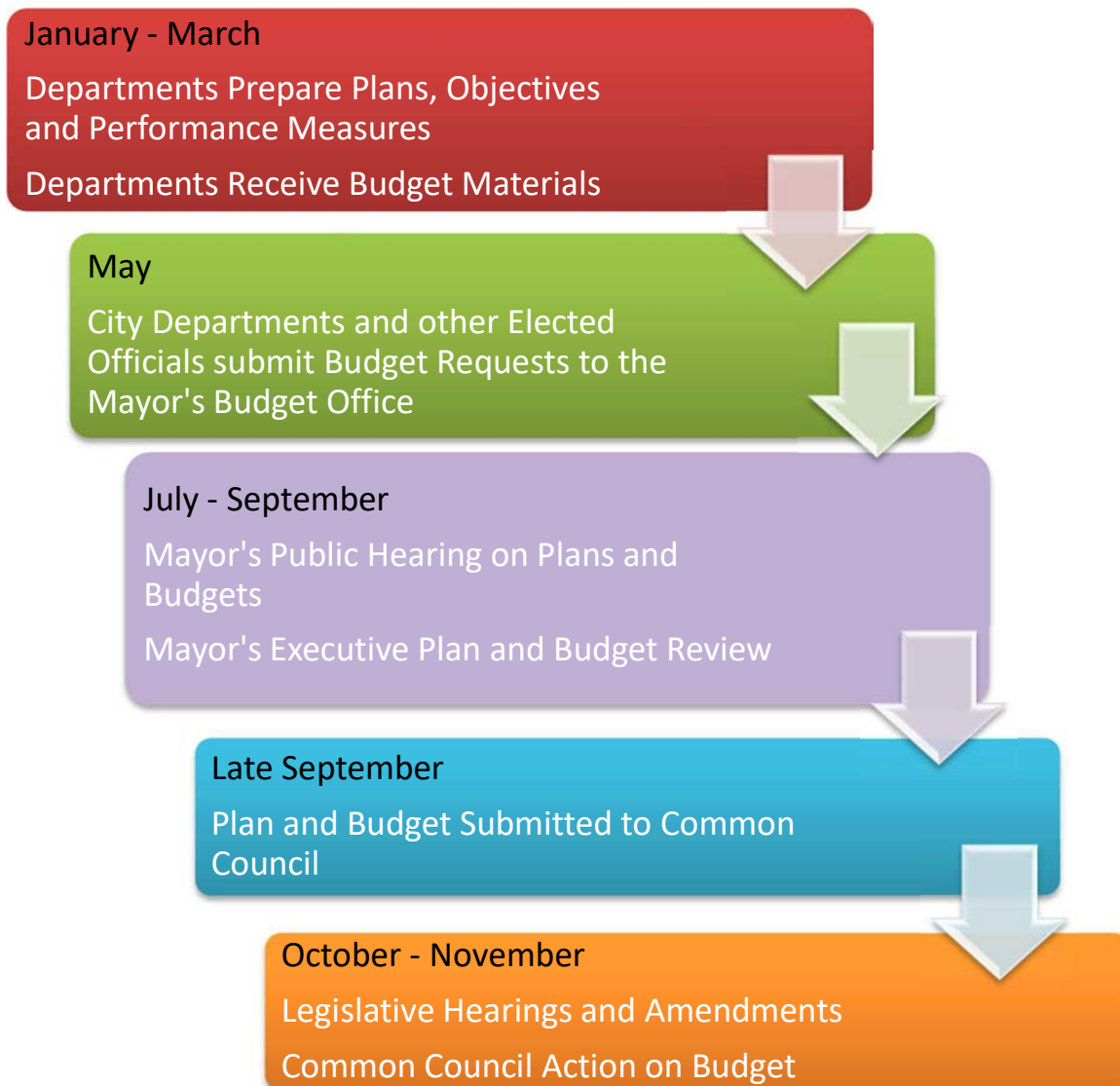
The City also continues to advance the vitality of the neighborhood commercial corridors. The City's Commercial Corridor team provided 92 revitalization grants totaling more than \$1.6 million to businesses and commercial properties throughout the City. These investments helped launch 60 new businesses, expand 17 business, and improve 15 business sites throughout the City.

THE BUDGET AND PLANNING PROCESS

Effective financial planning begins with objectives and identifies factors that pose challenges and opportunities to structural budget balance. The two primary financial objectives are:

1. Provide mission-critical city services through annual budgets that limit the impact of tax levy and municipal service charges; and
2. Manage long-term obligations in a manner that stabilizes ongoing funding requirements and minimizes transfer of costs to future generations.

Budget Calendar



WHERE DOES OUR MONEY COME FROM?

Like all governments, the City must raise funds to pay for the services that it provides to its citizens and businesses. These sources of funds, referred to as revenue, are raised through taxes, charges for services, State aids (State revenue shared with the City), and grants (funds from others for specific purposes).

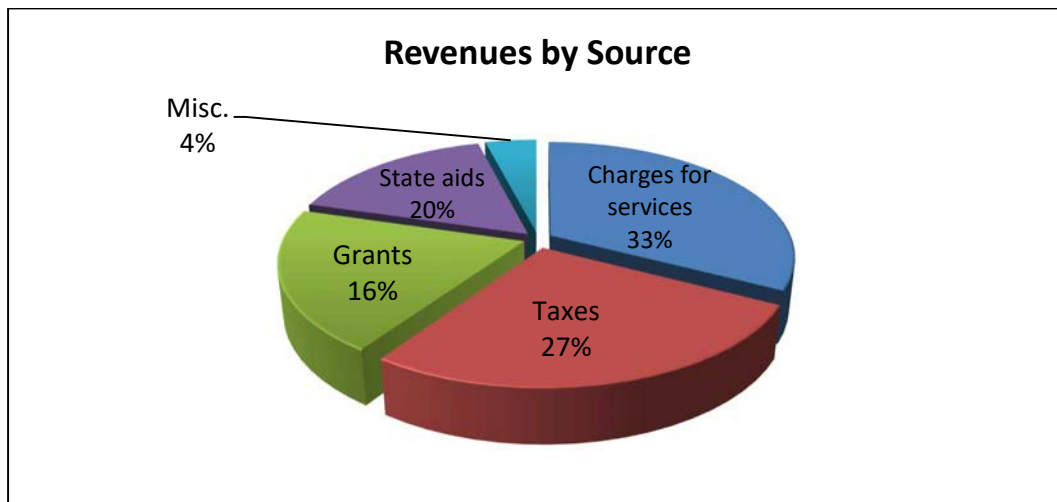
Revenues by Source – Government & Business-type Funds

(in thousands)

<u>Category</u>	<u>2022 Amount</u>	<u>Percentage of Total</u>
Charges for services.....	\$445,623	33%
Taxes.....	368,200	27%
State aids.....	273,305	20%
Grants.....	223,891	16%
Miscellaneous.....	55,117	4%
Total revenues.....	<u>\$1,366,136</u>	<u>100%</u>

Miscellaneous revenue comprises 4% of the City’s total revenue. Types of revenue that fall into this category include interest and investment income, licenses and permit fees, fines and forfeitures, private donations to the City for specific purposes such as Library improvements, Employees Retirement System reimbursement, and proprietary funds’ non-operating revenue.

The pie chart below shows the City’s revenues by source for 2022.



HOW IS OUR MONEY SPENT?

The City uses its revenues to provide a wide array of services. Public safety is, by far, the largest cost, comprising 47% of total governmental activities.

Expenses by Category – Government & Business-type Funds

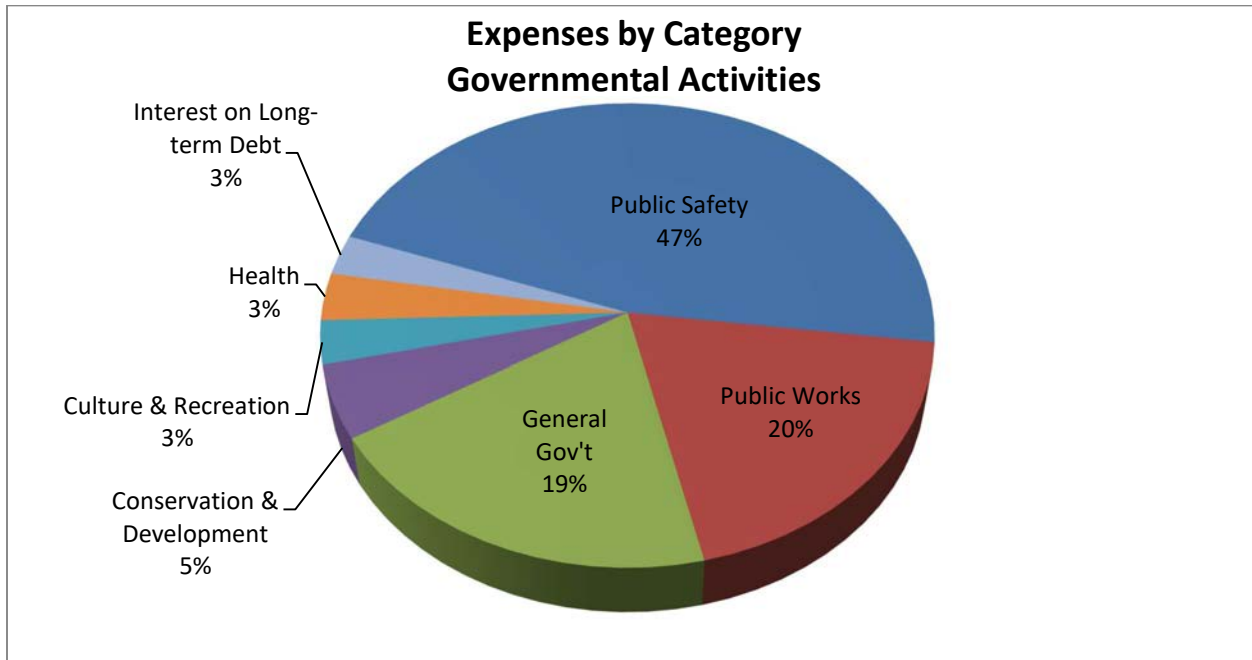
(in thousands)

<u>Category</u>	<u>2022 Amount</u>	<u>Percentage of Total</u>
Governmental Activities		
Public Safety.....	\$469,399	47%
General Government.....	195,073	19%
Public Works.....	201,732	20%
Conservation & Development.....	51,738	5%
Health.....	33,242	3%
Culture & Recreation.....	30,531	3%
Interest on Long-term Debt.....	28,235	3%
Total governmental.....	1,009,950	100%
Business-type Activities		
Water.....	81,481	34%
Sewer Maintenance.....	58,645	25%
MMSD User Charges*.....	54,434	23%
Transportation.....	28,626	12%
Port of Milwaukee.....	13,592	6%
Total business-type.....	236,778	100%
Total expenditures.....	\$1,246,728	

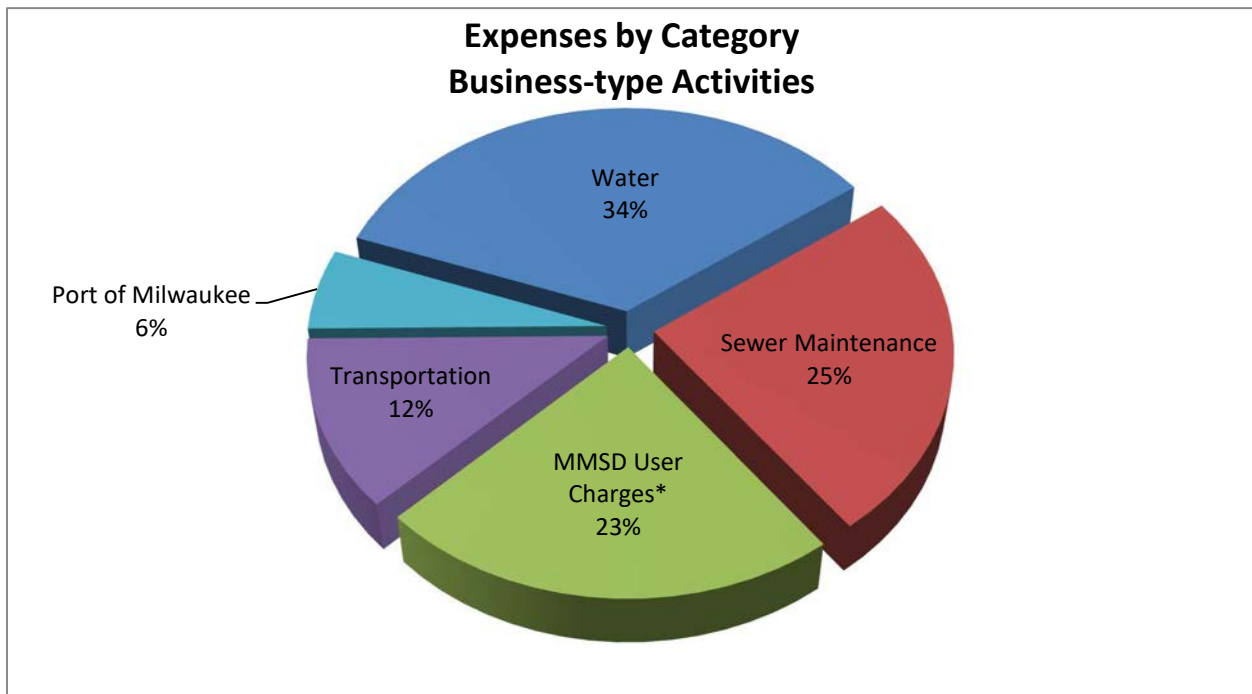
*MMSD refers to the Milwaukee Metropolitan Sewerage District

The expenses shown in the table above include future liabilities not funded with current revenues. Significant examples of these liabilities include the Other Postemployment Benefit (OPEB) liability and the Pension liability, which are determined by actuarial valuation reports. OPEB refers to benefits offered to retirees other than pension. The City provides OPEB to its retirees for health and life insurance. These liabilities are allocated amongst all governmental activities. Current year fringe benefit costs, such as health and dental insurance, long term disability insurance, and workers' compensation for all governmental activities are stated in the general government figure.

The pie chart below shows the City's Governmental Activities Expenses during 2022.



The pie chart below shows the City's Business-type Activities Expenses during 2022.



*MMSD refers to the Milwaukee Metropolitan Sewerage District

WHAT SERVICES DOES OUR MONEY PAY FOR?

The table below identifies some of the services the City provided during 2022 and 2021.

Government Activities	<u>2022</u>	<u>2021</u>
Public Safety		
Courtroom cases.....	17,360	15,865
Police dispatches.....	274,525	279,818
Traffic citations.....	33,128	53,957
Fire medical emergency assists.....	75,516	70,740
Fires extinguished.....	2,964	2,120
Building inspection complaints.....	37,393	46,085
Building inspection orders.....	29,029	33,752
Public Works		
Miles of street paved.....	20.2	17.0
Tons of asphalt patching.....	10,949	12,784
Tons of refuse/recycling collected....	266,154	299,065
Health		
Food inspections.....	8,476	6,391
Immunizations.....	33,859	220,190
Culture & Recreation		
Library hours of operation.....	29,356	25,269
Collections size.....	2,382,798	2,359,441
Public computers.....	796	969
Conservation & Development		
New housing units.....	342	646
Business-type Activities		
Millions of gallons of water sold.....	26,868	27,234
Port metric tonnage handled.....	2,272,972	2,348,419

THE CITY'S NET POSITION

The Government-wide Balance Sheet, known as the Statement of Net Position, presents information on the City's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position serve as an indicator of the City's financial position and of the results of the City's operations.

Changes in Net Position – Governmental & Business-type Funds

(in thousands)

	<u>2022</u>	<u>2021</u>
Our Assets - What We Have		
Noncapital Assets: consists mainly of cash and amounts owed to the City.....	\$ 1,542,045	\$ 1,271,738
Capital Assets: consists of land, buildings, equipment, vehicles, infrastructure, improvements, and Construction in Progress.....	2,640,501	2,639,422
Total Assets of the City.....	<u>4,182,546</u>	<u>3,911,160</u>
Deferred Outflows of Resources: represents a consumption of resources that applies to future periods		
Loss on refunding.....	-	-
Deferred outflows for pensions.....	162,445	270,556
Deferred outflows for OPEB.....	202,435	271,863
Our Liabilities - What We Owe		
Liabilities: consists of amounts that the City expects to pay		
Long-term liabilities.....	3,151,469	4,236,574
Other liabilities (i.e. accounts & notes payable, accrued expenses).....	745,582	524,809
Total Liabilities of the City.....	<u>3,897,051</u>	<u>4,761,383</u>
Deferred Inflows of Resources: represents an acquisition of resources that applies to future periods		
Gain on refunding.....	2,725	3,546
Deferred inflows for grants.....	-	-
Deferred inflows for pensions, OPEB & Leases.....	1,133,782	302,098
Subsequent year's property taxes.....	369,514	361,606
Net Position		
Net investment in capital assets: cost of capital assets less depreciation & debt...	1,800,652	1,764,461
Restricted: amounts that are restricted for specific purposes.....	232,696	230,293
Unrestricted (Deficit): amounts available for any decided-upon purpose.....	(2,888,994)	(2,969,808)
Total Net Position.....	<u>\$ (855,646)</u>	<u>\$ (975,054)</u>

Total net position at the close of fiscal year 2022 was \$(856) million, a 12% increase compared to the 2021 total of \$(975) million.

The City is required to record unfunded pension and OPEB liabilities. The unfunded liability is the difference between amounts of capital held and the present value costs of future benefits owed. The amounts are determined by an actuarial valuation. Many factors are considered when determining the valuation such as future estimated health insurance costs, mortality rates, and employee population size. In addition, the performance of plan assets held in various investment funds is also considered. The actuarial valuation resulted in a decrease of \$547 million in the pension liability. The OPEB liability decreased \$452 million in 2022 due to an increase in the discount (interest) rate used by the actuary.

SUMMARY OF CAPITAL ASSETS

The City’s investment in capital assets as of December 31, 2022 was \$2.6 billion, an increase of \$1 million over 2021. The investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furnishings, and construction in progress. The net investment in capital assets shown in the Changes in Net Position section of this report reduces the investment in capital assets shown below by debt issued to fund capital asset purchases.

Capital Assets – Governmental & Business-type Funds

(in thousands)

<u>Category</u>	<u>2022</u>	<u>2021</u>
Land.....	\$ 185,721	\$185,747
Construction-in-Progress.....	182,286	182,267
Buildings.....	536,361	524,045
Infrastructure.....	3,299,813	3,259,551
Improvements other than buildings.....	27,516	27,078
Machinery & equipment.....	609,249	598,710
Nonutility property.....	3,791	3,918
Accumulated depreciation.....	<u>(2,204,236)</u>	<u>(2,141,894)</u>
Total Capital Assets.....	<u>\$2,640,501</u>	<u>\$2,639,422</u>

LONG TERM OBLIGATIONS

At year-end, governmental activities had long-term obligations of \$2.8 billion. Of this amount, \$193 million is due within one year. The long-term obligations include debt, other postemployment benefits, net pension liability, claims & judgements, and compensated absences.

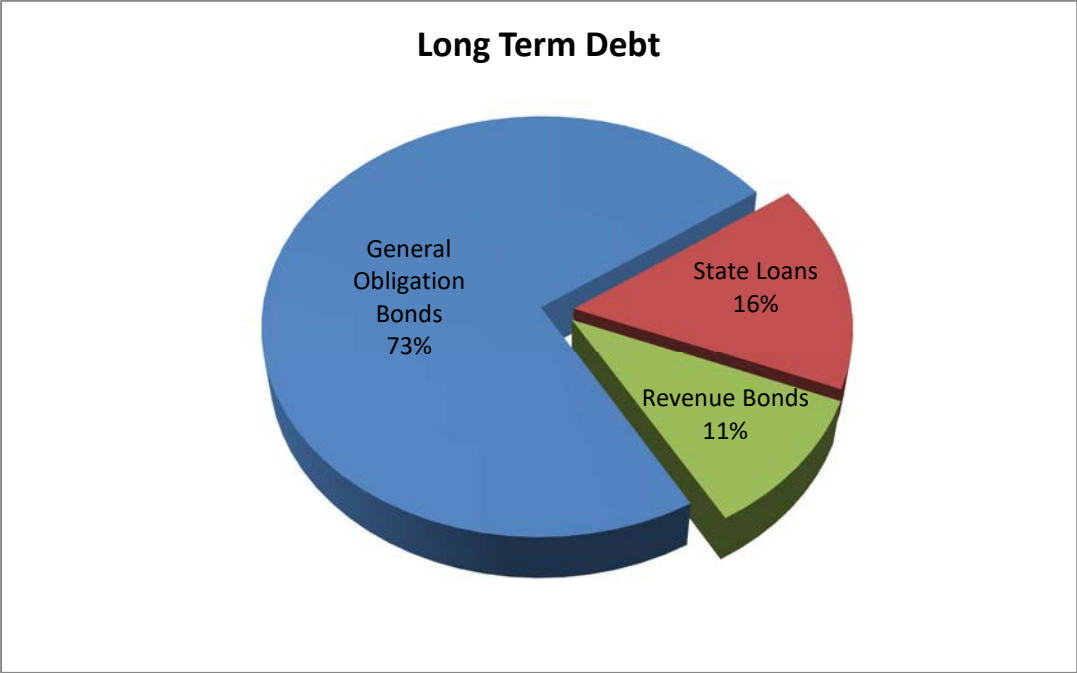
Long-term Obligations – Governmental & Business-type Funds

(in thousands)

	As of December 31, 2022	Amount Due Within One Year
Governmental Activities:		
General obligation bonds.....	\$ 1,123,155	\$162,193
Unamortized premiums.....	78,673	-
Compensated absences.....	44,700	28,725
Other post-employment benefits.....	1,170,749	-
Pension liability.....	367,917	-
Claims & judgements.....	59,947	1,725
Total Governmental Activities.....	<u>\$ 2,845,141</u>	<u>\$192,643</u>
Business-type Activities		
General obligation bonds.....	\$ 25,226	\$ 3,265
Unamortized premiums.....	197	-
State loans.....	248,802	16,972
Revenue bonds.....	163,765	8,905
Unamortized premiums.....	19,182	-
Compensated absences.....	3,249	3,249
Other post-employment benefits.....	58,082	-
Pension liability.....	12,859	-
Total Business-type Activities.....	<u>\$ 531,362</u>	<u>\$ 32,391</u>

As of December 31, 2022, the City owed \$1.14 billion in general obligation bonds and notes, \$249 million in State loans, and \$164 million in revenue bonds outstanding. The general obligation bonds and notes are backed by the full faith and unlimited taxing power of the City, while the revenue bonds and State loans are backed by specific fee revenues.

The pie chart below shows the composition of the City’s outstanding general obligation bonds and notes, State loans, and revenue bonds as of December 31, 2022.



FUND BALANCE

The following are descriptions of the City’s fund balance classifications:

Nonspendable Fund Balance – This includes amounts that cannot be spent because they are (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of these would be inventory and prepaid assets.

Restricted Fund Balance – This includes amounts that are restricted to specific purposes stipulated by (a) external creditors, grantors, contributors, or State and Federal laws and regulations or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City’s highest level of decision making authority which is the Common Council. Once adopted by resolution, a resolution can only be revised or removed by adoption of a new resolution.

Assigned Fund Balance – This includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made directly by formal action of the Common Council.

Unassigned Fund Balance – This amount is the residual classification for the general fund. This classification represents fund balance that has not been assigned to others and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City’s General Fund, fund balance was \$202 million as of December 31, 2022, an increase of \$25 million or 14% compared to prior year. The increase was due to multiple factors including the recovery of charges for services revenue as the economy recovered from the pandemic induced levels of the prior two years.

Fund Balance – General Fund

(in thousands)

<u>Category</u>	<u>2022</u>	<u>2021</u>
Nonspendable.....	\$31,509	\$23,377
Restricted.....	-	-
Committed.....	123,261	122,337
Assigned.....	26,588	21,610
Unassigned.....	20,144	9,081
Total Fund Balance.....	<u>\$201,502</u>	<u>\$176,405</u>

This summary of financial data 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, please contact:

City of Milwaukee Comptroller’s Office
 200 East Wells Street
 Milwaukee, WI 53202
 414-286-3321

