



**MILWAUKEE
PUBLIC SCHOOLS**

MILWAUKEE, WISCONSIN

2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2020

161ST EDITION

161st EDITION

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

BOARD OF SCHOOL DIRECTORS

MILWAUKEE PUBLIC SCHOOLS

5225 West Vliet Street

Milwaukee, Wisconsin

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

LARRY MILLER, President

DR. KEITH P. POSLEY, Superintendent

Prepared by:

The Office of the Chief Financial Officer

This page intentionally left blank.

MILWAUKEE PUBLIC SCHOOLS

Comprehensive Annual Financial Report

Year Ended June 30, 2020

Table of Contents

I. Introductory Section (Unaudited)

Letter of Transmittal	iii
Board of School Directors and Standing Committees	xi
Milwaukee School Board Districts	xii
Administrative Officers	xiii
Organization Chart	xiv
Certificate of Achievement	xv

II. Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position (Deficit)	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Basic Financial Statements	24
Required Supplementary Information:	
Budgetary Comparison Schedule for the General Fund	88
Budgetary Comparison Schedule for the School Nutrition Services Fund	90
Schedules of Proportionate Share of the Net Pension Liability/(Asset)	91
Schedules of Employer Contributions	92
Schedule of Changes in Net Pension Liability and Related Ratios – Retirement Plans	93
Schedule of Changes in the Net OPEB Liability and Related Ratios	95
Schedule of Employer Contributions - OPEB	96
Schedule of Investment Returns - OPEB	97
Notes to Required Supplementary Information	98
Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	103

MILWAUKEE PUBLIC SCHOOLS

Comprehensive Annual Financial Report

Year Ended June 30, 2020

Table of Contents, Continued

II. Financial Section, Continued

Supplementary Information, Continued:

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and

Actual:

Categorically Aided Programs Fund	104
Debt Service Fund	105
Combining Statement of Net Position - Pension Trust Funds	107
Combining Statement of Changes in Net Position - Pension Trust Funds	108
Schedule of Changes in Assets and Liabilities - Agency Fund	109
Schedule of Charter School Authorizer Operating Costs	110

III. Statistical Section (Unaudited)

Statement of Net Position	112
Changes in Net Position	113
Fund Balance, Governmental Funds	114
Changes in Fund Balance, Governmental Funds, and Debt Service Ratios	115
Assessed and Equalized Valuation-City of Milwaukee	117
Property Tax Rates-Direct and Overlapping Government	118
Tax Rates for School Purposes	119
Principal Property Taxpayers	120
Property Tax Levies and Collections	121
Assessed Value and Estimated Actual Value of Taxable Property	122
Computation of Direct and Overlapping Debt Governmental Activities	123
Ratios of Outstanding Debt by Type	124
Pledged Revenue Coverage	125
Demographic and Economic Statistics	126
Principal Employers	127
Comparative per Capita Cost Statistics	128
Comparative Statement of Annual School Census	129
Annual Enumeration of Children Residing in the City of Milwaukee	130
Government-wide Expenses by Function	131
Government-wide Revenues	132
Governmental Fund Expenditures by Function	133
General Governmental Revenues by Source	134
School Accommodations	135
Number and Distribution of Instructional Staff	136
Population and Pupils Residing in the City of Milwaukee	137
Operating Statistics	138
School District Employees – Full Time Staff & Part Time	139
Nutrition Services – Facts and Figures	140
Capital Asset Information	141



MILWAUKEE
PUBLIC SCHOOLS



MILWAUKEE PUBLIC SCHOOLS

Office of the Superintendent
Central Services Building
5225 West Vliet Street
P.O. Box 2181
Milwaukee, Wisconsin 53201-2181

December 21, 2021

Milwaukee Board of School Directors:

We submit to you the Comprehensive Annual Financial Report of the Milwaukee Public Schools (“MPS”), Milwaukee, Wisconsin, for the fiscal year ended June 30, 2020. The Comprehensive Annual Financial Report is management’s financial report to taxpayers, governing board, oversight bodies, voters, employees, and intergovernmental grantors. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District (“District”). To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of MPS. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with that document. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

MPS operates within the City of Milwaukee, Wisconsin (“City”). The purpose and responsibility of the District is to provide an efficient and effective educational system for the children enrolled in the public schools, whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to the regular educational programs, the District offers comprehensive programs in the areas of special education, early childhood education, and bilingual education. Through its specialty school programs, the District offers advanced educational programs in such areas as language, fine arts, Montessori, International Baccalaureate, STEAM (science, technology, engineering, arts and math), business, and technical trades. In addition, the District provides community recreation and education services through its parks and centers for the elderly.

Milwaukee is located 70 miles north of the city of Chicago, in the southeastern part of the state, on the western shores of Lake Michigan. The is the 31st largest city in the United States with an estimated population of 590,157 based on 2019 U.S. Census Bureau data. Milwaukee is the only city of the First Class within the State of Wisconsin, making MPS the only First Class City School District in Wisconsin.

MPS was established on February 3, 1846. MPS operates in accordance with the Wisconsin Statutes, Chapter 119 and other applicable statutes governing Cities of the First Class. In accordance with these provisions, the Milwaukee Board of School Directors is empowered to establish rules for its own governance. The District, governed by a nine-member Board, provides education services through grade 12 to residents of the City of Milwaukee and its participating suburban transfer students. The Superintendent, appointed by the Board, is the senior official representing MPS. The District operates 159 schools, has over 74,000 students, and employs over 9,600 full-time equivalent (FTE) educator, administrator, and staff positions.

The reporting entity for the District is based upon criteria set forth by GASB Statement No. 14, "The Financial Reporting Entity." Under this pronouncement, the financial reporting entity consists of (a) the primary government, which is controlled by a separately elected governing body that is legally separate and is fiscally independent, and (b) organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government. The financial statements of the District are excluded from the City financial statements because the District operates with a separate governing board that is not under the control of the City.

LOCAL ECONOMIC ANALYSIS

Milwaukee is the state's largest urban and economic center. The City has a diversified economy with strong service and manufacturing sectors. The area is not dominated by 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.

Wisconsin Governor Tony Evers declared a public health emergency in Wisconsin on March 12, 2020, in response to growing concerns about COVID-19. On March 13, 2020, Wisconsin Governor Tony Evers announced the closure of all Wisconsin schools in response to the coronavirus (COVID-19) pandemic situation. Milwaukee Public Schools closed school buildings beginning March 16, 2020. The health emergency necessitated a Wisconsin Safer at Home order on March 25, 2020 to slow the spread of COVID-19.

The unemployment rate has been impacted by the COVID-19 pandemic across the nation. Based upon the Metropolitan Milwaukee Association of Commerce's November 2020 Economic Trends, November's 5.4% seasonally unadjusted unemployment rate for the metro area rose 2.1 percentage points from one year ago. The Metro Milwaukee area's jobless rate ranks higher than the state's 4.5% rate and is lower than the 6.4% rate nationally.

The City continues to maintain a high investment grade rating of AA- from Fitch and an upper medium grade A from Standard & Poor's for the City's most recent 2020 General Obligation Bonds.

MAJOR INITIATIVES

During the 2019–20 school year, the Milwaukee Public Schools (MPS) continued to implement the Five Priorities for Success:

- 1) Increase Academic Achievement and Accountability
- 2) Improve District and School Culture
- 3) Develop our Staff
- 4) Ensure Fiscal Responsibility and Transparency
- 5) Strengthen Communication and Collaboration

The Five Priorities for Success align with the MPS district goal areas, which form the basis of the district's strategic planning. The district's three overarching goal areas are:

- Academic Achievement
- Effective and Efficient Operations
- Family and Community Engagement

District staff continued to work together during the 2019–20 school year to ensure that key programs and projects were aligned, prioritized, and funded to support positive outcomes for students. An overview of the work aligned to these goals and priorities during the 2019–20 school year follows.

Academic Achievement

Priority 1: Increase Academic Achievement and Accountability

The *Ambitious Instruction Plan* was developed to ensure a strong focus on increasing academic achievement for all students in reading, writing and mathematics. The plan, along with the corresponding work plan and professional development roadmap, continued to drive this important work on behalf of MPS students. In year two, *Ambitious Instruction Plan 2.0* sought to strengthen core instruction and to build a strong foundation across content areas. The early childhood initiative emphasizes phonics instruction so that by third grade, students will have shifted from learning to read to reading to learn. Ambitious Instruction has emphasized a range of writing experiences so that by third grade, students will have shifted from learning to write to writing to learn. In pursuit of conceptual learning, Ambitious Instruction has focused on preparing all students for success in algebra, with focus on rigor, procedural skills, and fluency, which allow for true application.

The *Ambitious Instruction Plan* was aligned to budget planning and development to focus on instructional opportunities to maximize the learning of all students. During 2019–20, progress was made through a continuum of implementation steps including a system of regional support for staff, targeted monthly professional development for school leaders, and working closely with the Wisconsin Department of Public Instruction.

In March 2020 when the COVID-19 pandemic necessitated the closure of school buildings, MPS pivoted to ensure continued academic learning from home by providing academic packets of materials, Chromebooks and hot spots, teacher-led online learning and online resources by grade levels for students and families. Students could continue learning at home in order to reinforce academic skills, minimize instructional loss, and maintain routines and schedules.

Priority 2: Improve District and School Culture

Milwaukee Public Schools, is working to enhance the climate and culture in our schools so every student feels that they have a home to learn and achieve. Our students and families appreciate an atmosphere that is positive, staff members who are committed, and a culture in which every child is treated as if they are the most important student in the school. Preparing our students for college, career, and life begins with providing a stable, supportive educational home.

To move our district forward, MPS follows current research and national thought leaders to select trends that are likely to impact our students. School climate includes such factors as a school's order, safety, and discipline; supports for teaching and learning; personal and social relationships; and school connectedness. Positive school climate has been associated with better student academic achievement, graduation, and behavioral outcomes.

The MPS Office of School Administration has laid out and implemented plans, including a Culture and Climate Toolkit, to support school staff in making school inclusive and meaningful for all. Feedback from faculty states they are better able to engage with more students and are better able to meet the needs of our children, especially those who have experienced instability or trauma. A solid connection with a caring adult can make all the difference for a child.

The Administration continued to implement educational programming to meet the needs of all learners to contribute to improved district and school culture. Some examples include increasing the number of schools implementing restorative practices, incorporating culturally responsive leadership and teaching practices, continued focus on the 53206 Initiative; an emphasis on areas such as early childhood education and bilingual education; implementation of the MPS Montessori Strategic Plan; and, continued planning associated with regional development.

Each regional superintendent leads a team that is accountable for supporting operational effectiveness. Regional superintendents assume general oversight of the day-to-day operational activities of school leaders related to culture and climate and help ensure compliance with the district's administrative requirements and deadlines. Special emphasis continued to be placed on increasing communication and opportunities to gather feedback from families on ways to improve district and school culture.

Effective and Efficient Operations

Priority 3: Develop Our Staff

Developing staff is a critical factor in successfully educating all students. Strides were made in developing MPS staff during 2019–20. This included strengthening the hiring process and conducting district job fairs for teachers, para-professionals, bilingual staff, safety aides, food service workers, and facilities and maintenance staff.

Ongoing professional development was provided for staff, including continuing, and emerging school leaders. This included the creation of academies for professional networking, learning, and collaboration. In addition, continued collaboration with institutions of higher education and programs to implement new and expand existing opportunities for teacher licensure programs occurred during 2019–20.

Work across the Office of Academics and the Office of School Administration is aligned to support each school community in improved service to students and families. Other offices and departments have adjusted their practices to assist schools with problem solving and improvement efforts.

The Office of School Administration works with school leaders to support the implementation of best practices in teaching and learning. While district and school reform continued to be vital components of the overall strategic plan, the Office of School Administration provided specific supports to the district’s continuous improvement efforts as well as instructional implementation supports and strategies through four geographical regions, a high school region and a citywide region developed to assist struggling schools. Each region is supported by a team that included an instructional leadership director who is accountable for supporting the overall instructional focus of each school by providing coaching and guidance in executing research-based methods to improve achievement.

Priority 4: Ensure Fiscal Responsibility and Transparency

The Office of Accountability and Efficiency under the Milwaukee Board of School Directors works collaboratively with district administration to ensure fiscal responsibility and transparency. For example, the office of Accountability and Efficiency works in collaboration with the Office of Finance to develop a system-wide five-year financial forecast with recommendation to further the fiscal stewardship of MPS. Assumptions are calculated based on actuals, trends, economic indicators and regional and local economics. Each year the current five-year forecast is presented to the Milwaukee Board of School Directors to assist with the upcoming budget process.

In addition, Audit Services is responsible for conducting performance and financial audits and for ensuring that the district fully accounts for its activities including: justification of programs that use public resources; economy, efficiency, and effectiveness of resource identification, acquisition, and application; and the effect of resource application. Audits are performed in accordance with the Annual Plan of Audits, which is approved by the Board. Special audits are also performed, when needed. Audit reports are posted on the MPS website.

The process of developing the district’s annual budget is a year-long process that allows for many opportunities for community input. The proposed budget is posted on the website in order to provide fiscal transparency and allow for public input. The Five Priorities for Success provide focus for planning the budget and the allocation of resources to maximize the learning for all students. The budget emphasizes student-centered alignment of resources and an organizational structure that supports schools and classrooms. Funding continues to be intentionally shifted to the school level to support teaching practice and student success.

Family and Community Engagement

Priority 5: Strengthen Communication and Collaboration

The district remains committed to increasing meaningful family and community engagement through a variety of avenues. The Office of Communications and School Performance has been instrumental in accomplishing this goal. Resources were created to support family involvement including parent guides in reading, writing and mathematics; a Parent’s Guide

to Assessments; and MPS Reads monthly reading lists. Participation has increased in MPS Alumni events and opportunities and involvement in parent engagement including District Advisory Council (DAC) membership. The DAC provides an important communication link among families, schools, and the district. In addition, input from students, families, staff and the community via surveys, the District Advisory Council, District Multicultural Advisory Council, Superintendent's Student Advisory Council, Montessori Advisory Council, Student Leadership Summit, annual MPS Language Summit, Parent Coordinators, and other channels provides valuable feedback about what our schools need. MPS provided special events to engage the community in meaningful collaboration. MPS conducted its second annual Language Summit, which included student performances and sessions about bilingual education, English as a second language, immersion education, world language and First Nations studies. The summit provided an opportunity to showcase language and culture in MPS. Black Lives Matter Week of Action events hosted by MPS and its partners had widespread participation and included families, staff, students, board members and the community. This week-long event was designed to engage the community in topics that address four national demands (end zero tolerance, mandate black history and ethnic studies courses, hire more black teachers, and fund counselors not cops) and foster discussions about and solutions to current issues.

Community involvement is critical for the success and strategic direction of MPS. In June 2019 the Milwaukee Board of School Directors passed resolution 1920R-004, empowering Milwaukee Public Schools (MPS) leadership to develop a plan to engage stakeholders (student, parent, civic, community, religious, and labor organizations) in creating a robust vision to ensure all students get the public schools that they deserve. MPS launched a community-wide survey and announced a series of listening sessions designed for the community to provide feedback and help guide MPS in a learning community that achieves a vision. Hundreds of Milwaukee residents attended listening sessions and about 25,000 completed the community survey. An independent, community-led task force formed to consider the needs of the district's children, staff and families in light of state-imposed revenue limits. The 32-member task force recommended MPS frame and execute a citywide referendum for the first time in 25 years. On the spring 2020 ballot, voters approved a recurring referendum to increase the revenue limit for MPS by \$87 million to be phased in over four years, starting with \$57 million in year one (FY21), \$20 million additional in year two, \$7 million additional in year three and \$3 million additional in year four and then ongoing.

ACCOUNTING SYSTEM

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions in a single accounting entity. Therefore, from a financial management viewpoint, a governmental unit is a combination of several distinctly different accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund." A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The District's financial records are maintained on a modified accrual basis of accounting except for private purpose trust and pension trust funds. Accordingly, revenues are recognized when measurable and available, expenditures when goods or services are received, liabilities are recognized when incurred, and receivables when a legal right to receive exists.

Management of the District is responsible for establishing and maintaining internal controls designed to ensure the assets of the District are protected from loss, theft, or misuse and to ensure that reliable and adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROL

Annual appropriated budgets are adopted for the general, special revenue and debt service funds by June 30th each year. Budgets are adopted for the capital projects fund on a project-length basis. Budgets are considered a management control and planning tool and, as such, are incorporated into the accounting system of the District.

In accordance with the Wisconsin Department of Public Instruction's reporting requirements, the Board exercises control over budgeted amounts at the responsibility center level within the general, special revenue, and debt service funds. The capital projects fund is controlled at the project level. Additional budgetary control is maintained through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that exceed available budgetary balances are not released until additional funds are transferred to cover the purchase orders.

Board policy requires that all annual appropriations lapse at year-end except for the following: excess budgetary authority for capital projects funds lapse into the capital projects fund when a specific project is completed; schools, with Board approval, are allowed to carry over appropriations into the following year up to a maximum of 1% of the total revised school budget; deficits incurred by schools automatically reduce subsequent year's budget appropriations; and, with Board approval, appropriations for special projects or planned purchases can be carried into the subsequent year. Additionally, at year-end, both encumbrance and budgetary authority necessary to offset the encumbrance may be automatically carried over to the next year. Annual Board approval for carryover of encumbrances is not required.

AUDIT SERVICES

To strengthen internal control, and provide for independent and objective reporting, the Board of School Directors maintains the audit function. The Office of Board Governance - Audit Services reports directly to the Board of School Directors. During the course of the year, the Office of Board Governance - Audit Services conducts fiscal and performance audits on individual funds, offices, divisions, programs, functions, and schools throughout the District. Reports are issued on an ongoing basis.

LONG-TERM FINANCIAL PLANNING

The district is focused on improving its core business of educating Milwaukee's children. By determined focus on its core mission, the district intends to earn the support of the Milwaukee community and key stakeholders who will join us in ensuring that students in Milwaukee Public Schools receive excellent preparation for their futures. Specific strategies to guard the district's financial viability are as follows:

1. By providing a variety of quality educational environments, sensitive to the demand that families are demonstrating in their choices, MPS intends to maintain or grow its enrollment since it is a key driver of revenues.
2. By continuing to build business and other community partnerships, MPS is leveraging talents and donations (financial and "in-kind") that are available from people who demonstrate care for the city's children.
3. As a school district, our success is entirely dependent on the day-to-day work of staff. Careful recruitment and hiring, well-researched professional development, and competitive compensation will enable talents to be deployed at all levels.
4. Disciplined budgeting and spending will continue to ensure that the district's fund balance is preserved, and that debt is at a manageable level for the amount of revenues received by MPS. Forecasts are developed to adequately prepare for predictable ebbs and flows of resources, and expenditures are authorized to the level of available revenues. Expenditure monitoring and adjustment is part of the culture of MPS, with school and Central Service leaders accountable for managing the resources in their scope of responsibility. An internal audit division is in place to guard against fraud or waste of the funds entrusted to MPS's care.

5. A proactive and enterprise-wide risk management strategy is in place to limit financial exposures for the district.
6. The district has a formal process of setting priorities for lobbying. Since public school districts are funded primarily through governmental funds, the Board, superintendent, and others work in concert to make sure legislators are aware of the special challenges of providing education in a high-poverty urban setting.
7. The administration is actively seeking ways to improve the efficiency and effectiveness of operations. MPS looks to other school districts and other industries for best-practice methodologies that will allow for meeting the needs of students with available resources.

Strong efforts in community engagement and communications are planned to ensure that parents and other stakeholders are fully participating with MPS schools to meet the challenges of guaranteeing access, equity and opportunity for Milwaukee's children. The administration will continue to budget conservatively so as to have resources available when unexpected costs are incurred.

FINANCIAL POLICIES

The Board and administration have adopted policies and procedures that ensure effective and efficient use of the district's financial resources.

The following are key policies that ensure sound fiscal management:

MPS Administrative Policy 3.01 (1)

- (a) The superintendent of schools shall prepare an annual operating budget for the Milwaukee Public Schools consistent with state statutes, Department of Public Instruction regulations, and district policies and goals.
- (b) The purpose of the annual operating budget is to identify adequate financial resources for the educational programs and to provide a basis for accountability in fiscal management.

MPS Administrative Policy 3.01 (2) (a)

The following deadlines have been established by law:

1. Annually before adopting its budget for the next fiscal year and at least five days before transmitting its completed budget, the board shall hold a public hearing on the proposed budget.
2. At least one week before the public hearing, the board will publish a notice of the public hearing.
3. The board shall transmit its completed budget to the Common Council on or before the first Monday in August of each year on forms furnished by the auditing officer of the City of Milwaukee.

MPS Administrative Policy 3.03 (2)

Use of the unassigned fund balance shall require a two-thirds majority vote of the board and shall not impair interim financing (cash-flow borrowing) arrangements. Fund balance is a critical factor in the district's financial planning and budget process. The board will strive to maintain a fiscally responsible fund balance. A sufficient fund balance shall be maintained in order to:

- avoid excessive borrowing;
- accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs; and
- demonstrate financial stability and therefore preserve or enhance the district's bond rating, thereby lowering debt issuance costs.

DEBT ADMINISTRATION

The City school bonds, notes and capital lease obligations outstanding at June 30, 2020 totaled \$366,594,819. Of this total, \$631,620 represents school bonds and notes that will be repaid by the City using the City's property tax levy. As the District does not have an obligation to repay these bonds and notes from its own property tax levy, the debt is not reflected in the District's long-term obligations. The remaining balance of \$365,963,199 represents bonds, promissory notes and capital leases, the debt service of which is being reimbursed by the District from the District's property tax levy and pledged revenues. Since the District does have an obligation to repay this debt under intergovernmental cooperation agreements with the City, this debt is reflected in the District's long-term obligations.

INDEPENDENT AUDIT

The financial records of the Milwaukee Board of School Directors have been audited by Baker Tilly Virchow Krause, LLP, independent auditors. The auditors' opinion is unmodified. Such an opinion states the basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. The auditors' report on the basic financial statements and schedules is included in the financial section of this report.

In addition to a financial audit, Baker Tilly Virchow Krause, LLP performed an audit designed to meet the requirements of the Uniform Guidance and the state single audit guidelines. Information related to federal and state single audits are disclosed in separate reports.


REPORTING ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Milwaukee Public Schools for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. We believe that our current report conforms to the Certificate program requirements. Accordingly, we are submitting it to GFOA to determine its eligibility for certification.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staffs of the Office of Chief Financial Officer, the Office of Board Governance - Audit Services and the Office of Accountability and Efficiency. We would like to express our appreciation to all members of these offices who assisted and contributed to its preparation.

Respectfully submitted,


DR. KEITH P. POSLEY
SUPERINTENDENT OF SCHOOLS


MARTHA KREITZMAN
CHIEF FINANCIAL OFFICER

BOARD OF SCHOOL DIRECTORS

DISTRICT	NAME	TERM EXPIRES
1	Marva Herndon	April, 2023
2	Erika Siemsen	April, 2023
3	Sequanna Taylor	April, 2023
4	Annie Woodward	April, 2021
5	Larry Miller	April, 2021
6	Luis A. (Tony) Báez	April, 2021
7	Paula Phillips	April, 2021
8	Megan O’Halloran	April, 2023
At-Large	Bob Peterson	April, 2023

President – Larry Miller
 Vice President – Luis A. (Tony) Báez
 Superintendent of Schools – Dr. Keith P. Posley
 Chief, Office of Board Governance/Board Clerk – Jacqueline M. Mann, Ph.D.

STANDING COMMITTEES

STUDENT ACHIEVEMENT AND SCHOOL INNOVATION COMMITTEE

Directors Báez (Chair), Siemsen (Vice-chair), Peterson, O’Halloran, Phillips

LEGISLATION, RULES AND POLICIES COMMITTEE

Directors Herndon (Chair), Woodward (Vice-Chair), Peterson, Siemsen, O’Halloran

ACCOUNTABILITY, FINANCE AND PERSONNEL COMMITTEE

Directors Phillips (Chair), Herndon (Vice-chair), Miller, Taylor, Woodward

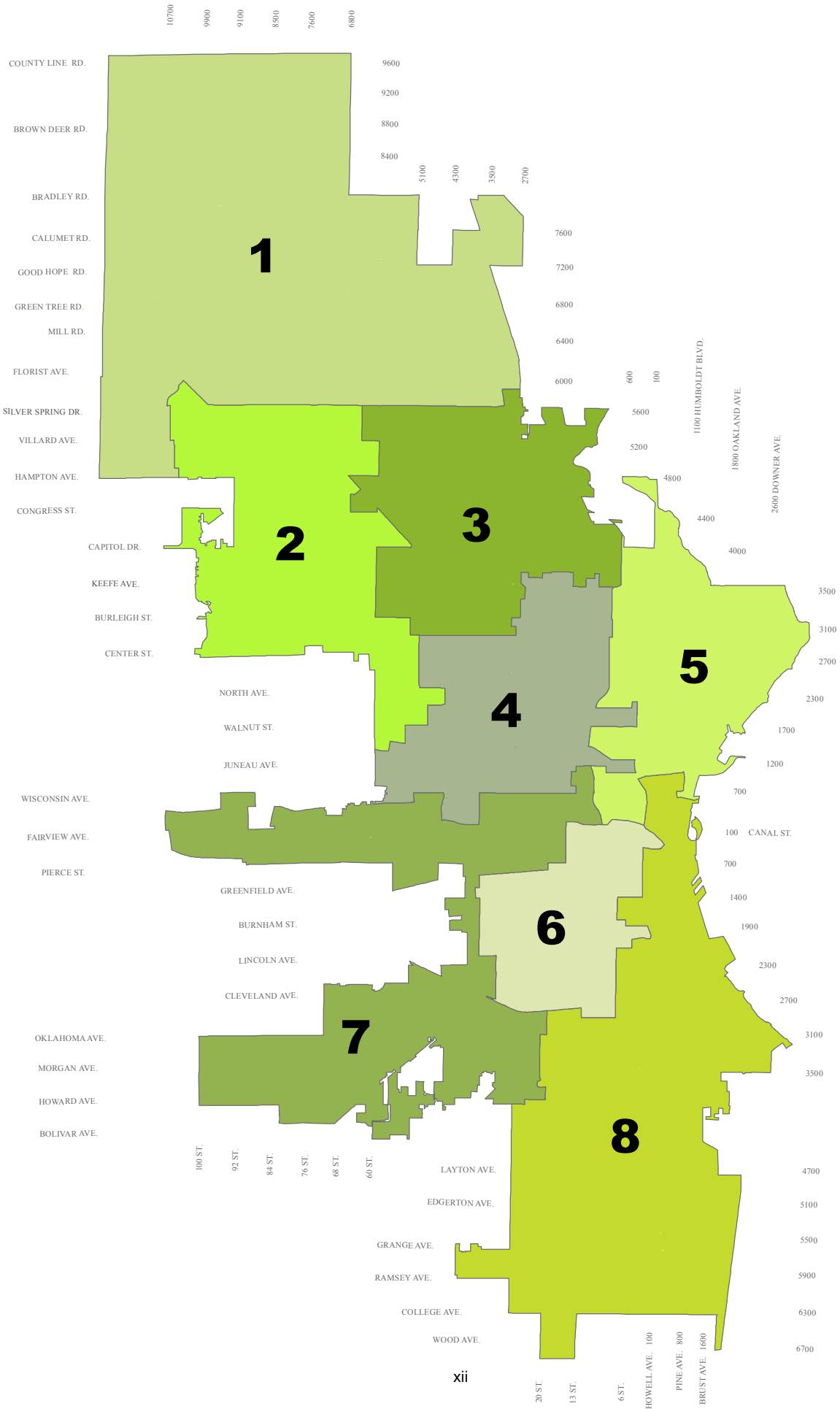
STRATEGIC PLANNING AND BUDGET COMMITTEE

Directors Peterson (Chair), Taylor (Vice-chair), Báez, Herndon, Miller, O’Halloran,
Phillips, Siemsen, Woodward

PARENT AND COMMUNITY ENGAGEMENT COMMITTEE

Directors Woodward (Chair), O’Halloran (Vice-chair), Taylor, Phillips, Siemsen

MILWAUKEE SCHOOL BOARD DISTRICTS



**MILWAUKEE PUBLIC SCHOOLS
ADMINISTRATIVE OFFICERS**

SUPERINTENDENT OF SCHOOLS

Mr. Keith P. Posley, Ed.D.

Deputy Superintendent

Mr. Calvin Fermin

Deputy Superintendent

Vacant

Interim Chief Academic Officer

Mr. Jeremiah Holiday, Ph.D.

Interim Chief Human Resources Officer

Ms. Adria Maddaleni, J.D.

Chief Financial Officer

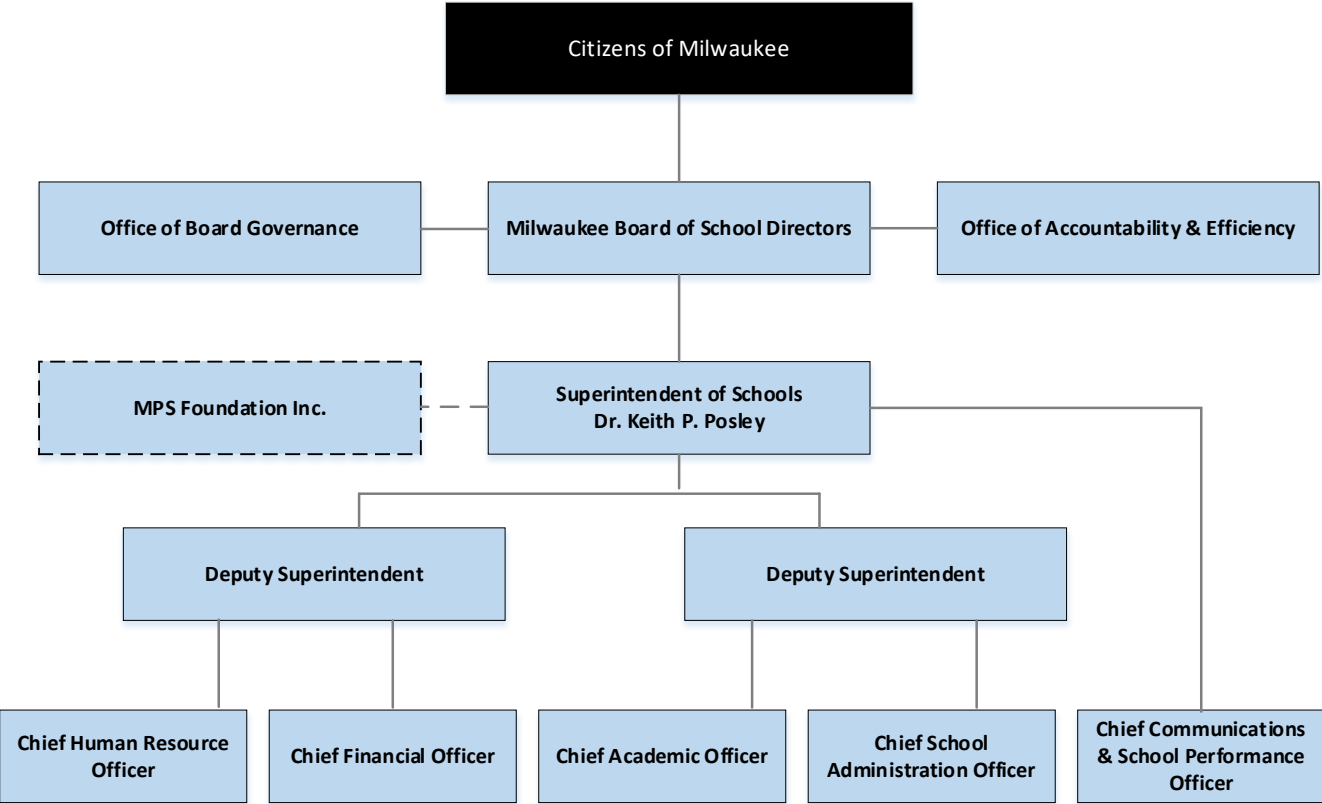
Ms. Martha Kreitzman

Chief School Administration Officer

Ms. Katrice Cotton, Ed.D.

Chief Communications & School Performance Officer

Ms. Marla Bronaugh



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Milwaukee Public Schools for the Comprehensive Annual financial Report for the fiscal year ended June 30, 2019.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFLO to determine its eligibility of another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Milwaukee Public Schools
Wisconsin**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



MILWAUKEE
PUBLIC SCHOOLS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Milwaukee Public Schools
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Milwaukee Public Schools, Wisconsin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Milwaukee Public Schools' 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 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 over financial reporting relevant to Milwaukee Public Schools' 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 Milwaukee Public Schools' 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.

To the Board of Directors
Milwaukee Public Schools

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Milwaukee Public Schools, Wisconsin, as of June 30, 2020 and the respective changes in financial position 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milwaukee Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milwaukee Public Schools' basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

To the Board of Directors
Milwaukee Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated December 21, 2020 on our consideration of Milwaukee Public Schools' 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 results of that testing, and not to provide an opinion on the effectiveness of Milwaukee Public Schools' 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 Milwaukee Public Schools' internal control over financial reporting and compliance.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
December 21, 2020

This page intentionally left blank.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

INTRODUCTION

This discussion and analysis of the financial performance of Milwaukee Public Schools (MPS or the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. The intent of the management discussion and analysis is to look at the financial performance of MPS as a whole. It should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The District's government-wide financial statements reflect the following:

- Total net position of MPS decreased by \$60.1 million. The decrease was primarily due to *GASB Statement No. 68, Accounting for Pensions* which accounted for a \$32.2 million decrease offset by *GASB Statement No. 75, Accounting for Postemployment Benefits Other Than Pensions [OPEB]* which accounted for a \$37.0 million decrease.
- Total revenues increased to \$1.208 billion in fiscal year 2020 (FY20), up from \$1.201 billion in fiscal year 2019, an increase of approximately 0.6% or \$6.9 million. The increase included a new \$7.5 million Comprehensive Support and Improvement grant received in 2020 to be used for implementation of school outcome improvements.
- Total expenses increased to \$1.268 billion in fiscal year 2020, up from \$1.240 billion in fiscal year 2019, an increase of 2.3% or \$28.3 million. This increase is due primarily to changes in valuation of pension and OPEB assets, liabilities, deferred inflows and deferred outflows. Pension and OPEB net liabilities/inflows increased by \$32.2 million and \$37.0 million, respectively, offset by decreases in professional service contracts and utilities costs due to facility and program closures related to COVID-19, as well as decreased employee medical costs..

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds decreased \$24.3 million in fiscal year 2020. This decrease included a \$1.0 million decrease in the General Fund, a \$16.3 million decrease in the Construction Fund, a \$7.0 million decrease in the School Nutrition Fund, and no change in the Nonmajor Governmental Funds.
- The \$1.0 million decrease in the General Fund balance is due primarily to timing of revenue recognition in the nonmajor governmental funds.
- The \$16.3 million decrease in the Construction fund balance is the result of project construction costs.
- The \$7.0 million decrease in the School Nutrition fund balance is primarily attributable to a significant decline in the number of meals served due to COVID-19 related school closures.
- Total fund balances for all governmental funds at June 30, 2020 were \$94.3 million. Of this amount, \$2.4 million was nonspendable, \$48.8 million was restricted for self-insurance, debt service, school nutrition services, long term capital investment and capital projects, \$2.9 million was committed for construction, \$15.2 million was assigned, and \$25.0 million remains unassigned.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

Below is an outline of the remaining sections of this annual report in the order in which they are presented. Following the outline is a brief description of each section.

1. Management's Discussion and Analysis (this section)

2. Basic Financial Statements

- Government-wide Financial Statements
 - Statement of Net Position (Deficit)
 - Statement of Activities
- Fund Financial Statements
- Notes to Basic Financial Statements

3. Required Supplementary Information (RSI)

- Budget-to-Actual Comparison
- Schedule of Proportionate Share of Net Pension Liability/(Asset)
- Schedule of Pension Employer Contributions
- Statement of Changes in Net Pension Liability and related ratios
- Statement of Changes in Net OPEB Liability and related ratios
- OPEB Schedule of Employer Contributions
- Schedule of Investment Returns
- Notes to Required Supplementary Information

Management's Discussion and Analysis section discusses the financial performance of MPS during the year ending June 30, 2020. It includes an overview of the financial statements of the District and a report on the budgetary highlights.

The **Basic Financial Statements** section includes both *Government-wide* and *Fund Financial Statements*. *Government-wide financial statements* report information about MPS as a whole, using accounting methods similar to those used by private sector companies. Two government-wide statements are presented. The **Statement of Net Position** includes all of the District's assets, deferred outflows, liabilities and deferred inflows of the governmental funds. The District does not have any proprietary funds and the fiduciary funds are not included in the statement of net position. The **Statement of Activities** includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of these government-wide statements is to present a snapshot of the District's *net position*, and to provide an explanation of material changes that occurred since the prior year. Net position—the difference between assets, deferred outflows, deferred inflows, and liabilities—is one way to measure the District's financial strength.

The *fund financial statements* provide detailed information about the District's significant *funds*, rather than MPS as a whole. A *fund* is an accounting entity with a self-balancing set of accounts for recording assets, deferred outflows, deferred inflows, liabilities, revenues, and expenditures. Funds are created to carry on specific activities or attain certain objectives in accordance with special regulations or limitations. There are three types of funds: governmental, proprietary, and fiduciary. MPS does not have any proprietary funds. Table 1 summarized various features of each of these funds.

MILWAUKEE PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020

(Unaudited)

Table 1
Major Features of MPS' Government-wide and Fund Financial Statements

	Government-Wide	Fund Statements	
	<u>Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire MPS entity (not including fiduciary funds)	Activities that are not proprietary or fiduciary; e.g. school operations, capital projects, and debt service	Activities where MPS acts as trustee or agent for another; e.g. employee retirement plans
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balance	- Statement of Fiduciary Net Position - Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resource focus	Accrual accounting and economic resource focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets consumed and liabilities due in the current year, or soon after; no capital assets	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses occurring during the year, regardless when cash is received or paid	Revenues when cash is received by year-end, or soon after; expenditures when goods and services have been received and payment is due by year-end, or soon after	All revenues and expenses occurring during the year, regardless of when cash is received or paid

Governmental Funds — Most of the District’s basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash flow and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance MPS programs in the near future.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, the reader can better understand the long-term impact of the District’s near-term decisions. To facilitate this comparison, reconciliations are provided for both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Fiduciary Funds — MPS is the trustee, or fiduciary, for its employees' pension plans. The District is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. MPS is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

Required supplementary information (RSI) includes a budget-to-actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenue and expenditure categories. In addition, RSI includes information concerning MPS' employee pension plan costs and other post-employment benefits (OPEB) costs. Schedules are included. Schedules show the District's progress toward funding its *past* service liability, employer contributions that focuses on payment of *current* pension fund and OPEB costs, Statement of Changes in the Net Pension and OPEB Liabilities with their respective ratios and Schedule of Investment Returns.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position (Deficit)

Total net position decreased from the prior year by \$60.1 million. This decrease is due primarily to increased expenses of \$69.2 million related to changes in valuation of pension and OPEB assets, liabilities, deferred inflows and deferred outflows under *GASB Statement No. 68, Accounting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, offset by a reduction in contracted staff services and transportation services due to facility and program shut-downs related to the COVID-19 pandemic.

MPS ended its fiscal year with a net position (deficit) of (\$575.3) million, of which \$514.6 million was net investment in capital assets, \$76.5 million was restricted for pensions, \$14.6 million was restricted for self-insurance, debt service, school nutrition services, and long term capital investment, and (\$1.18) billion was unrestricted deficit. The unrestricted deficit is primarily the result of pension and OPEB balances: \$817.3 million liability and \$84.6 million of net deferred inflows for OPEB and \$110.7 million net liability and \$47.7 million net deferred inflows for pension. In November 2003, the MPS Board of School Directors took action to refinance the pension liability, which at that time was owed to the Wisconsin Retirement System. The District issued pension bonds, net of discount, in the amount of \$168.1 million to fully fund future employee pension benefits granted through collective bargaining. At June 30, 2020 the balance of the outstanding pension debt is \$188.0 million due to principal payments offset by capital appreciation securities which accrete over time.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Table 2

**Condensed Statement of Net Position (Deficit)
(in thousands)**

	Governmental Activities		
	2020	2019	Difference
Capital assets, net	\$ 663,482	\$ 663,102	\$ 380
Noncapital assets	278,222	203,026	75,196
Intangible assets	3,646	5,442	(1,796)
Total assets	945,350	871,570	73,780
Deferred outflows of resources	319,637	406,326	(86,689)
Total assets and deferred outflows of resources	1,264,987	1,277,896	(12,909)
Current liabilities	109,342	111,356	(2,014)
Noncurrent liabilities	1,303,887	1,425,771	(121,884)
Total liabilities	1,413,229	1,537,127	(123,898)
Deferred inflows of resources	427,086	256,004	171,082
Total liabilities and deferred inflows of resources	1,840,315	1,793,131	47,184
Net position (deficit):			
Net investment in capital assets	514,612	516,189	(1,577)
Restricted	91,032	20,491	70,541
Unrestricted (deficit)	(1,180,972)	(1,051,915)	(129,057)
Total net position (deficit)	\$ (575,328)	\$ (515,235)	\$ (60,093)

Capital Assets increased by \$.4 million. The increase is the net result of Construction in Progress decreasing by \$4.1 million, Buildings, and Furniture increasing by \$30.7 million, and Accumulated Depreciation increasing by \$26.2 million.

Deferred outflows decreased by \$86.7 million. The decrease is a result of *GASB Statement No. 68, Accounting for Pensions* which accounted for a decrease of \$118.0 million, offset by increases of \$11.8 million related to *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and \$19.7 million related to deferred cash flow hedges.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

The increase in Noncapital Assets of \$75.2 million is primarily the result of *GASB Statement No. 68, Accounting for Pensions*. In fiscal year 2020, there is an asset of \$76.5 million for WRS, as compared to a \$89.0 million liability for fiscal year 2019. This \$76.5 million is offset by a net decrease of \$4.1 million in cash and accounts receivable related to timing of grant expenditures and related revenue claims.

Deferred inflows increased by \$171.1 million. The increase is primarily due to *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which accounted for \$22.4 million of the increase, *GASB Statement No. 68, Accounting for Pensions* which accounted for \$125.6 million of the increase and an increase of \$19.7 related to derivative instruments.

Current liabilities decreased \$2.0 million in the current year. This is primarily due to a \$3.0 million decrease in the current portion of long-term obligations, \$1.2 million related to regular debt principal payments and \$1.2 million related to a decrease in the short-term portion of compensated absences. This increase was offset by a \$1.0 million increase in accounts payable and other liabilities.

Noncurrent liabilities decreased \$121.9 million. \$211.4 million of this decrease is due to *GASB Statement No. 68, Accounting for Pensions*, a significant amount of which is related to a \$76.5 million asset for WRS recorded in fiscal year 2020, as compared to a \$89.0 million liability in fiscal year 2019. This is offset by an increase of \$26.4 million related to *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Statement of Activities

Table 3 shows that on a government-wide basis, the District ended fiscal year 2020 with a decrease in net position of \$60.1 million, compared to a decrease of \$38.7 million in fiscal year 2019.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Table 3

Schedule of Revenues and Expenses (in thousands)

	Governmental Activities		
	2020	2019	Difference
Program revenues:			
Charges for services	\$ 29,553	\$ 29,283	\$ 270
Operating grants and contributions	323,190	319,306	3,884
Capital grants and contributions	10,410	10,861	(451)
Total program revenues	363,153	359,450	3,703
General revenues:			
Property taxes	262,888	250,390	12,498
Other taxes	52	327	(275)
Federal and state aid	578,780	589,143	(10,363)
Interest and investment earnings	883	1,138	(255)
Gain on sale of capital assets	-	75	(75)
Miscellaneous	2,418	790	1,628
Total general revenues	845,021	841,863	3,158
Total revenues	1,208,174	1,201,313	6,861
Expenses:			
Instruction	697,882	652,139	45,743
Community services	31,999	38,437	(6,438)
Pupil and staff services	166,272	158,679	7,593
General administration	121,070	134,765	(13,695)
Business services	179,206	182,655	(3,449)
School nutrition	53,891	54,838	(947)
Interest on long-term debt	17,947	18,474	(527)
Total expenses	1,268,267	1,239,987	28,280
Increase (decrease) in net position	(60,093)	(38,674)	(21,419)
Net Position (Deficit)-Beginning of Year	(515,235)	(476,561)	(38,674)
Net Position (Deficit)-End of Year	\$ (575,328)	\$ (515,235)	\$ (60,093)

The net position for MPS was (\$575.3 million) at June 30, 2020, as compared to (\$515.2 million) at June 30, 2019, a net decrease of approximately \$60.1 million, or 11.7%. Changes in balances related to *GASB Statement No. 68, Accounting for Pensions* and *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* accounted for a decrease of \$69.5 million.

Total revenues increased \$6.9 million or 0.6% over the prior year. The greatest changes came in the areas of Property taxes and Federal and State Aid. Property tax revenues increased by \$12.5 million, while Federal and state aid decreased by \$10.4 million, for a net change of \$2.1 million. The decrease in Federal and State Aid was related primarily to decreased enrollment ; this decrease was offset by an increase in the property tax levy due to higher property values and tax rates, as allowed under state revenue limits.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Operating grants and contributions also increased slightly, by \$3.9 million due to new grants received in 2020, offset by a decrease in federal meal reimbursements.

Total expenses increased by \$28.3 million, or 2.3%. This increase is attributable to changes in Pension and OPEB balances, leading to a net increase of Pension and OPEB-related expenses of \$36.1 million. This increase was offset by reduced expenses in several areas due to COVID-19 facility and program closures, including contracted staff services and student transportation services.

Capital Assets

Table 4 shows that at June 30, 2020 MPS had \$1.364 billion in capital and intangible assets including Land, Construction in Progress, Buildings, Leasehold Improvements, Furniture and Equipment, and Software. This amount represents a net increase of \$27.0 million from the previous year. This increase is due primarily to building activities, including Buildings and Construction in Progress, which increased by a net amount of \$22.9 million.

More detailed information can be found in Note 5 and Note 5A to the District's financial statements.

Table 4

Change in Capital and Intangible Assets (in thousands)

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital and intangible assets:				
Land	\$ 30,450	\$ —	\$ —	\$ 30,450
Construction in progress	6,843	22,909	27,058	2,694
Buildings	1,180,286	27,058	—	1,207,344
Leasehold improvements	12,219	—	—	12,219
Furniture and equipment	56,862	3,756	87	60,531
Software	50,293	601	166	50,728
Total capital and intangible assets	1,336,953	54,324	27,311	1,363,966
Accumulated depreciation and amortization	(668,409)	(28,516)	(87)	(696,838)
Total Capital and intangible assets, net	\$ <u>668,544</u>	\$ <u>25,808</u>	\$ <u>27,224</u>	\$ <u>667,128</u>

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Long-term Debt

Long-term debt at June 30, 2020 was \$366.0 million with debt retirements totaling \$19.3 million.

Table 5
Change in Long-term Debt and Capital Lease Obligations
(in thousands)

	<u>July 1, 2019</u>	<u>Issuances</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Governmental activities:				
Neighborhood School				
Initiative bonds	\$ 40,190	\$ —	\$ 9,622	\$ 30,568
Qualified School Construction Bonds	27,980	—	3,347	24,633
Pension refinancing debt	188,880	—	911	187,969
Capital leases	121,417	—	3,657	117,760
Other intergovernmental debt	6,751	—	1,718	5,033
Total debt	\$ <u>385,218</u>	\$ <u>—</u>	\$ <u>19,255</u>	\$ <u>365,963</u>

The Neighborhood School Initiative (NSI) debt is part of a state of Wisconsin-sponsored program intended to increase the capacity and improve the quality of Milwaukee's neighborhood schools. The outstanding debt is in the form of revenue bonds issued by the Redevelopment Authority of the City of Milwaukee on behalf of MPS, and is secured through bond insurance and a moral obligation pledge by the state of Wisconsin. A total of \$112,040,000 of NSI debt was issued, with the first tranche issued in February 2002 (Series 2002A) in the amount of \$33,300,000, and the second tranche sold on November 5, 2003 (Series 2003A) in the amount of \$78,740,000. On February 1, 2007 MPS completed an advance refunding of \$29,260,000 of the second tranche (Series 2003A) and also retired \$5.1 million of bonds from that same tranche. On May 6, 2013, the District, through RACM, issued \$45,570,000 of Refunding Revenue Bonds for a current refunding of Series 2002 and Series 2003 bonds callable on August 1, 2013. This resulted in a \$6.4 million gain for the district over the life of the refunded debt. On June 29, 2017, the District, through RACM, issued \$29,095,000 of Refunding Revenue Bonds for a current refunding of \$31,865,000 of Series 2007 bonds callable on August 1, 2017. This resulted in a \$3.0 million gain for the district over the life of the refunded debt. Approximately \$9.6 million of NSI debt was retired in fiscal year 2020.

In December 2003, the city of Milwaukee, in connection with an intergovernmental cooperation agreement, issued \$168,051,136 in bonds on behalf of the District to refund pension-related debt for the Wisconsin Retirement System totaling \$165,505,293. In June 2006, MPS spent \$5.9 million to retire \$8.5 million of face value pension-related capital appreciation notes. The fiscal year 2020 ending balance is greater than the beginning balance given a portion of the District's pension debt is in the form of capital appreciation securities which appreciate each year.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

athletic facility at South Stadium, and the complete modernization of the athletic facility at Custer Stadium. The financing vehicle for the capital lease was lease revenue bonds, designated as Qualified School Construction Bonds (QSCB), issued through the Redevelopment Authority of the City of Milwaukee (RACM). Of note, under current law, the interest on the \$38.0 million of capital leases is partially reimbursed to the District by the federal government.

In fiscal year 2017 (December 1, 2016 and June 29, 2017) the District entered into \$56,185,000 of new capital lease obligations to fund Energy Efficiency improvements, Culinary Academies, and Art Academies at various school facilities. The financing vehicle for the capital lease was lease revenue bonds issued through the Redevelopment Authority of the City of Milwaukee (RACM). \$1,470,000 of the new leases were designated as Qualified Zone Academy Bonds (QZAB), tax credit bonds with interest on the debt paid by the IRS via tax credits to the lender, \$6,275,000 of the new leases were designated as Qualified Energy Conservation Bonds (QECCB), with interest partially reimbursed to the District by the federal government under current law.

On December 28, 2017, the District entered into \$34,933,000 of new capital lease obligations to fund major modifications/improvements at various school facilities. The financing vehicle for the capital leases were two tranches of lease revenue bonds issued through the Redevelopment Authority of the City of Milwaukee (RACM). One tranche was \$10,000,000 of the new leases that were designated Qualified School Construction Bonds (QSCB), tax credit bonds with interest on the debt paid by the IRS via tax credits to the lender. The second tranche was \$24,933,000 of the new leases that were also designated Qualified School Construction Bonds (QSCB), tax credit bonds with interest on the debt partially paid by the IRS via tax credits to the lender.

Additional information is provided in Table 5 on the previous page, and in note 7 to the District's financial statements.

FUND FINANCIAL STATEMENTS

Milwaukee Public Schools has three major funds reported on the governmental fund statements. The major funds are the General Fund, School Nutrition Services Fund, and the Capital Projects Construction Fund.

- The year-end General fund balance decreased \$1,057,908 from the prior year. The decrease in the General fund balance is due primarily to the timing of revenue recognition in the nonmajor governmental funds.
- The \$16,274,561 decrease in the Construction fund balance is the result of project construction costs.
- The \$6,987,592 decrease in the School Nutrition fund balance is primarily attributable to decrease in federal meal reimbursements due to the closure of District schools and suspension of in-person meal service due to the COVID-19 pandemic. The District continued to provide food and meal distribution during this time; however the number of meals served declined significantly.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

NOTES TO BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements supplement the basic financial statements by providing detailed descriptions of the District's significant accounting policies and presenting data that identifies changes that occurred throughout the year.

BUDGETARY HIGHLIGHTS

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the general, construction, and other non-major governmental funds. Annual unencumbered appropriations lapse at fiscal year-end.

In May 2019, the MPS Board of School Directors (the Board) adopted the District's fiscal 2020 budget (July 1, 2019 – June 30, 2020). By necessity, the adopted budget used a *projection* of the fiscal 2020 student enrollment. In October 2019, the Board amended the budget to take into account the *actual* student enrollment as measured on the third Friday in September 2019, as required by Wisconsin State Statute. The October amendment process is important to MPS in that its two principal revenue sources, state general aids and property taxes, are predicated on actual MPS enrollment.

The October adjustment process also incorporates all other changes in revenue and expenditure projections that result from having current information. The adopted budget, as amended, becomes the District's final budget.

In October 2019, the Board approved a revised fiscal year 2020 (FY20) General Fund expenditure budget in the amount of \$1,195,544,444. This amount included prior year encumbrances and carryover authority.

Actual General Fund expenditures for fiscal year 2020 were 90.7% of the year's revised General Fund budget.

Current Economic Facts and Next Year's Budget

In October 2020, the MPS Board approved a revised FY21 General Fund budget of \$1,351,508,357. The FY21 budget includes prior year encumbrances and carryover appropriation authority and is up 13.0% from the FY20 General Fund Budget.

The District's revenue limit for FY21 is \$856,487,395, a \$55.9 million or 7.0% increase over FY20. The FY21 revenue limit is based on prior year revenues, three-year enrollment trends and other factors determined by the biennial state budget process. The increase is due primarily to a new multi-year operational referendum passed on April 7, 2020, with an impact to the FY21 operating budget of \$57 million.

State general aids, primarily equalization aid, increased 2.9% to \$567,950,085. Equalization aid is based on the following: (1) expenditures and enrollment of the prior year, (2) district property values, which the State considers to be a measure of community wealth. The MPS aid required for Milwaukee Parental Choice Program (MPCP) in FY21 is \$30.0 million.

The MPS District-Wide FY21 Amended Adopted Budget totals \$1,343,360,782 This is 10.4% more than the FY20 Amended Adopted Budget of \$1,216,222,704. This increase is due primarily to the new operating referendum passed in April 2020.

MILWAUKEE PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Approximately 91 cents of every dollar budgeted in the School Operations Fund has been allocated for educating the City of Milwaukee children. Education is provided through MPS traditional and charter schools, open enrollment or with MPS contracted schools. Four cents of every dollar budgeted has been allocated for non-school-based staff and services. The remaining four cents of every dollar are for costs that are necessary to run schools such as utilities, insurance, technology licenses and debt repayment.

District total enrollment, based on Third Friday September 2020 counts, is 77,325. This is down 3.8% from FY19. Enrollment in the District's Traditional, Charter, and Non-Instrumentality Charter Schools enrollment is down 3.8% from FY20 to FY21.

The 2020-21 Budget reflects the district's ongoing commitment to fiscal responsibility and an emphasis on student achievement. Resources have been allocated to minimize the impact of reductions that would negatively impact instruction and support in the classroom. The district is expanding summer school as well as city-wide programs to serve youth in non-school hours.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of MPS' finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, you can contact:

**Milwaukee Public Schools
Office of Finance
5225 West Vliet Street
Milwaukee, WI 53208
Or visit our website at: www.milwaukee.k12.wi.us**

**BASIC FINANCIAL
STATEMENTS**

MILWAUKEE PUBLIC SCHOOLS

Statement of Net Position (Deficit)

As of June 30, 2020

	Governmental Activities
Assets and Deferred Outflows of Resources	
Current Assets:	
Cash and investments (note 2)	\$ 80,286,599
Accounts receivable, net (note 3)	11,262,878
Due from other governments (note 3)	60,467,499
Inventory and other assets (note 1(g))	1,458,761
Prepaid items (note 1(g))	566,482
Total current assets	154,042,219
Noncurrent assets:	
Restricted cash and investments (note 1(d), note 2)	44,610,999
Deposits for self-insurance (note 1(l))	3,113,403
Capital assets not being depreciated (note 5)	33,143,984
Capital assets being depreciated, net (note 5)	630,337,820
Intangible assets not being amortized (note 5A)	421,631
Intangible assets being amortized, net (note 5A)	3,224,805
Restricted net pension assets WRS (note 9)	76,455,593
Total noncurrent assets	791,308,235
Deferred outflows of resources:	
Deferred loss on refunding	296,968
Deferred cash flow hedges - unrealized loss on derivatives (note 7)	72,604,000
Related to pension - WRS (note 9)	165,191,310
Related to pension - ERS (note 9)	48,270,862
Related to pension - ASC & Teachers Supplementals (note 9)	3,716,713
Related to OPEB (note 10)	29,556,793
Total assets and deferred outflows of resources	1,264,987,100
Liabilities and Deferred Inflows of Resources	
Current liabilities:	
Accounts payable and other current liabilities	81,312,563
Accrued interest payable on long-term liabilities	515,760
Current portion of long-term obligations (note 7)	27,513,850
Total current liabilities	109,342,173
Noncurrent liabilities:	
Noncurrent portion of long-term obligations (note 7)	1,116,629,856
Net Pension Liability - ERS (note 9)	111,623,000
Net Pension Liability - ASC & Teachers Supplementals (note 9)	75,634,004
Total noncurrent liabilities	1,303,886,860
Deferred inflows of resources:	
Deferred gain on refunding	75,630
Deferred revenue	4,807,215
Derivative instruments liability (note 7)	72,604,000
Related to pension - WRS (note 9)	230,045,283
Related to pension - ERS (note 9)	33,244,000
Related to pension - ASC & Teachers Supplementals (note 9)	1,676,274
Related to OPEB (note 10)	84,633,951
Total liabilities and deferred inflows of resources	1,840,315,386
Net Position (Deficit)	
Net investment in capital assets (note 1(p))	514,612,123
Restricted for debt service	1,504,629
Restricted for pensions	76,455,593
Restricted for self-insurance deposits	3,113,403
Restricted for long term capital investment fund	8,854,422
Restricted for school nutrition services	1,103,267
Unrestricted (Deficit)	(1,180,971,723)
Total net position (deficit)	\$ (575,328,286)

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2020

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Capital grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		
Governmental activities:					
Instruction	\$ 697,882,053	18,626,600	242,886,473	10,409,910	(425,959,070)
Support services:					
Community services	31,999,076	3,510,396	9,257,771	—	(19,230,909)
Pupil and staff services	166,272,237	—	20,024,242	—	(146,247,995)
General, administration, and central services	121,069,716	—	—	—	(121,069,716)
Business services	179,205,970	6,870,391	7,569,890	—	(164,765,689)
School nutrition services	53,890,721	545,040	43,451,940	—	(9,893,741)
Interest on long-term debt	17,947,044	—	—	—	(17,947,044)
Total support services	<u>570,384,764</u>	<u>10,925,827</u>	<u>80,303,843</u>	<u>—</u>	<u>(479,155,094)</u>
Total school district	\$ <u>1,268,266,817</u>	<u>29,552,427</u>	<u>323,190,316</u>	<u>10,409,910</u>	<u>(905,114,164)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					226,471,228
Property taxes levied for construction					1,511,274
Property taxes levied for debt service					9,680,142
Property taxes levied for community services					25,225,000
Other taxes					51,495
Federal and state aid not restricted to a specific purpose:					
General (equalization aid)					520,297,205
Other					58,483,121
Miscellaneous					2,417,557
Interest and investment earnings					883,444
Total general revenues					<u>845,020,466</u>
Change in net position					(60,093,698)
Net position—Beginning of Year (deficit)					<u>(515,234,588)</u>
Net position—Ending of Year (deficit)					\$ <u>(575,328,286)</u>

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
As of June 30, 2020

Assets	General	Capital Projects Construction	Special Revenue School Nutrition Services	Nonmajor governmental funds	Total governmental funds
Deposits with the City of Milwaukee and other cash (note 2)	\$ 80,286,599	—	-	—	80,286,599
Receivables, net:					
Accounts (note 3)	11,062,854	200,024	-	—	11,262,878
Due from other governmental units (note 3)	57,046,420	—	1,002,639	2,418,440	60,467,499
Due from other funds (note 4)	827,956	6,249,907	10,623,503	1,547,049	19,248,415
Total receivables	68,937,230	6,449,931	11,626,142	3,965,489	90,978,792
Restricted cash and investments (note 1(d))	2,020,389	42,590,610	-	—	44,610,999
Inventories and other assets (note 1(g))	1,458,761	—	-	—	1,458,761
Prepaid items (note 1(g))	566,482	—	-	—	566,482
Deposits for self-insurance (note 1(l))	3,113,403	—	-	—	3,113,403
Total assets	\$ 156,382,864	49,040,541	11,626,142	3,965,489	221,015,036
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 56,621,070	2,491,032	815,473	393,293	60,320,868
Accrued salaries and wages	3,385,923	—	-	—	3,385,923
Accrued claims for self-insurance (note 8)	15,393,150	—	-	—	15,393,150
Accrued pension payable (note 9)	2,205,043	—	-	—	2,205,043
Other accrued expenditures	7,579	—	-	—	7,579
Due to other funds (note 4)	16,393,951	827,956	-	2,026,508	19,248,415
Total liabilities	94,006,716	3,318,988	815,473	2,419,801	100,560,978
Deferred inflows of resources (note 1(o))					
Unavailable revenue	19,768,562	—	-	1,545,688	21,314,250
Deferred revenue	4,606,959	200,000	256	—	4,807,215
Total deferred inflow of resources	24,375,521	200,000	256	1,545,688	26,121,465
Fund balances:					
Non-Spendable:					
Noncurrent Receivable	327,053	—	-	—	327,053
Inventories and other assets	1,458,761	—	-	—	1,458,761
Prepaid items	566,482	—	-	—	566,482
Restricted:					
Self-insurance deposits	3,113,403	—	-	—	3,113,403
Debt service	2,020,389	—	-	—	2,020,389
Restricted for capital projects	—	33,736,218	-	—	33,736,218
School Nutrition Services	—	—	1,103,267	—	1,103,267
Long Term Capital Investment Fund	—	8,854,422	-	—	8,854,422
Committed:					
Construction	—	2,930,913	-	—	2,930,913
Assigned for 2021 budget appropriation	5,483,590	—	9,707,146	—	15,190,736
Unassigned	25,030,949	—	-	—	25,030,949
Total fund balances	38,000,627	45,521,553	10,810,413	—	94,332,593
Total liabilities, deferred inflows of resources and fund balances	\$ 156,382,864	49,040,541	11,626,142	3,965,489	221,015,036

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position (Deficit)
As of June 30, 2020

Total fund balances—governmental funds	\$	94,332,593
Amounts reported for governmental activities in the statement of net position are different because:		
Refunding of debt (gains)/loss are capitalized at the government-wide level and amortized over the shorter of the remaining life of the old debt or life of the new debt		221,338
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 1,313,237,366	
Accumulated depreciation	<u>(649,755,562)</u>	
Net capital assets		663,481,804
Intangible assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Cost of intangible assets	\$ 50,728,317	
Accumulated amortization	<u>(47,081,881)</u>	
Net intangible assets		3,646,436
Net Pension assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		76,455,593
Deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, are not reported in the funds		217,178,885
Deferred outflows of resources related to OPEB do not relate to current financial resources and, therefore, are not reported in the funds		29,556,793
Net Pension Liabilities used in the governmental activities are not financial uses and, therefore, are not reported as liabilities in the governmental funds		(187,257,004)
Grant and other receivables that are not collected within 90 days after year-end are not considered to be available to pay for the current period's expenditures and, therefore, are unearned in the funds		21,314,250
Amounts related to derivatives do not relate to current financial resources and, therefore are not reported in the funds		
Deferred inflows - cash flow hedges: unrealized loss on derivatives	72,604,000	
Deferred outflows - derivative instruments liability	<u>(72,604,000)</u>	—
Deferred inflows of resources related to pensions do not relate to current financial resources and, therefore, are not reported in the funds		(264,965,557)
Deferred inflows of resources related to OPEB do not relate to current financial resources and, therefore, are not reported in the funds		(84,633,951)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	(312,599,248)	
Bonds premium and discounts	(3,484,317)	
Discount on capital appreciation bonds	67,880,675	
Capital leases payable	(117,760,309)	
Accrued interest payable	(515,760)	
Compensated absences payable (vacation and sick leave)	(13,336,800)	
Net OPEB liability	(762,277,112)	
Workers' compensation claims payable	(1,480,714)	
Self-insurance claims payable	(300,830)	
Life insurance benefits and other long-term liabilities	<u>(785,051)</u>	
Total long-term debt liabilities		<u>(1,144,659,466)</u>
Total net position—government activities (deficit)	\$	<u><u>(575,328,286)</u></u>

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund
Balances—Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Capital Projects Construction</u>	<u>Special Revenue School Nutrition Services</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
Revenues:					
Property tax levy	\$ 251,696,228	1,511,274	-	9,680,142	262,887,644
Other taxes	114,076	246	-	—	114,322
Lunchroom sales	—	—	545,040	—	545,040
Other local sources	34,612,516	1,057,040	250	—	35,669,806
State aid:					
Equalization aid	520,297,205	—	-	—	520,297,205
Special classes	45,536,402	—	-	—	45,536,402
Integration	30,302,079	—	-	—	30,302,079
Other state aid	113,365,019	224	926,081	—	114,291,324
Federal aid:					
Education Consolidation and Improvement Act	63,361,014	—	-	—	63,361,014
School nutrition services	—	—	41,301,576	—	41,301,576
Erate refunds	6,108,522	—	-	—	6,108,522
Other federal aid	40,022,997	—	1,224,033	20,296,237	61,543,267
Miscellaneous	506,353	287,605	39,242	—	833,200
Interest and investment earnings	4,564,359	277,691	-	—	4,842,050
Total revenues	<u>1,110,486,770</u>	<u>3,134,080</u>	<u>44,036,222</u>	<u>29,976,379</u>	<u>1,187,633,451</u>
Expenditures:					
Current:					
Instructional services:					
Undifferentiated curriculum	348,494,552	—	-	—	348,494,552
Regular and other curriculum	132,375,585	—	-	—	132,375,585
Special curriculum	157,051,588	—	-	5,437,953	162,489,541
Total instructional services	<u>637,921,725</u>	<u>—</u>	<u>-</u>	<u>5,437,953</u>	<u>643,359,678</u>
Community services	29,186,475	—	-	—	29,186,475
Pupil and staff services	134,861,344	—	-	16,405,333	151,266,677
General and school building administration	108,716,268	—	-	—	108,716,268
Business services	164,460,358	1,694,289	-	—	166,154,647
School nutrition services	—	—	50,838,777	—	50,838,777
Capital Outlay	8,834,295	18,065,671	185,037	—	27,085,003
Debt Service:					
Principal	—	—	-	18,693,152	18,693,152
Interest	—	—	-	18,404,243	18,404,243
Bond administrative fees	—	—	-	19,323	19,323
Total expenditures	<u>1,083,980,465</u>	<u>19,759,960</u>	<u>51,023,814</u>	<u>58,960,004</u>	<u>1,213,724,243</u>
Excess of revenues over (under) expenditures	<u>26,506,305</u>	<u>(16,625,880)</u>	<u>(6,987,592)</u>	<u>(28,983,625)</u>	<u>(26,090,792)</u>
Other financing sources (uses):					
Transfers In (Out)	(28,983,625)	—	-	28,983,625	—
Insurance proceeds	1,419,412	351,319	-	—	1,770,731
Total other financing sources (uses)	<u>(27,564,213)</u>	<u>351,319</u>	<u>-</u>	<u>28,983,625</u>	<u>1,770,731</u>
Net change in fund balances	<u>(1,057,908)</u>	<u>(16,274,561)</u>	<u>(6,987,592)</u>	<u>—</u>	<u>(24,320,061)</u>
Fund balances:					
Beginning of year	39,058,535	61,796,114	17,798,005	—	118,652,654
End of year	<u>\$ 38,000,627</u>	<u>45,521,553</u>	<u>10,810,413</u>	<u>—</u>	<u>94,332,593</u>

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures, and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2020

Net change in fund balances—total governmental funds		\$ (24,320,061)
Amounts reported for governmental activities in the statement of activities are different because:		
Costs of issuance associated with refunding bonds are capitalized and amortized over the life of the bonds in the statement of net assets		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlay reported in governmental fund statements	\$ 27,099,983	
Depreciation and amortization expense reported in the statement of activities	<u>(28,516,102)</u>	
Amount by which capital outlays are less than depreciation and amortization in the current period		(1,416,119)
Refunding of debt (gains)/loss amortized in the current period		(126,051)
Some revenues will not be collected for several months after the District's fiscal year-end, they are not considered "available" revenues and are deferred in the governmental funds		18,753,956
Some expenses reported in the statement of activities require the use of current financial uses and, therefore, are reported as expenditures in the government funds.		
Net pension assets		76,455,593
Net pension liabilities		134,717,118
Deferred outflows of resources related to pensions		(117,992,732)
Deferred inflows of resources related to pensions		(125,727,506)
Deferred outflows of resources related to OPEB		11,792,214
Deferred inflows of resources related to OPEB		<u>(22,406,519)</u>
Bond, note, and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Repayments:		
Bonds, notes and capital leases		21,601,829
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 than as it accrues.		
Net decrease in accrued interest payable	21,877	
Accretion of interest on capital appreciation bonds	(3,674,231)	
Amortization of bond premium, discount and refunding deferred	1,326,928	
Net increase in compensated absences payable (vacation and sick pay)	(3,246,647)	
Net decrease in workers' compensation claims payable	526,830	
Net increase in OPEB liability	<u>(26,380,177)</u>	
Net adjustment		<u>(31,425,420)</u>
Change in net position of governmental activities		\$ <u><u>(60,093,698)</u></u>

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Statement of Fiduciary Net Position

As of June 30, 2020

Assets	Pension trusts	Other Post Employment Benefits trust	Private purpose trust	Agency
Deposits with City of Milwaukee and other cash (note 2)	\$ —	—	—	6,033,380
Investments (note 2)				
Money market accounts	3,610,267	9,915,995	1,675,660	—
Fixed Income	—	64,304,165	—	—
Equity Funds	—	87,904,339	—	—
Mortgage-backed securities	53	—	—	—
Nongovernment obligations	10,315,374	—	—	—
Investment with the State of Wisconsin	198,215,149	—	—	—
Receivables-interest and contributions	16,961	24,779,428	—	—
Total assets	<u>212,157,804</u>	<u>186,903,927</u>	<u>1,675,660</u>	<u>6,033,380</u>
Liabilities				
Accounts payable and accrued expenses	3,458,939	3,005,254	—	—
Due to student organizations	—	—	—	6,033,380
Total liabilities	<u>3,458,939</u>	<u>3,005,254</u>	<u>—</u>	<u>6,033,380</u>
Net Position				
Net Position restricted for:				
Pensions and other post employment benefits trust	208,698,865	183,898,673	—	—
Endowments	—	—	1,675,660	—
Total net position	<u>\$ 208,698,865</u>	<u>183,898,673</u>	<u>1,675,660</u>	<u>—</u>

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Pension trusts	Other Post Employment Benefits trust	Private purpose trust
Additions:			
Employer contributions	\$ 10,943,540	76,674,000	—
Participants contributions	—	4,080,161	—
Private donations	—	—	231,591
Interest income	—	—	19,446
Investment income:			
Net investment from the State of Wisconsin:			
Core Retirement Investment Trust Fund	8,510,230	—	—
Variable Retirement Trust Fund	560,132	—	—
Unrealized Gains/(Loss) on Investments, net	—	(1,586,576)	—
Net investment income from other investments	416,526	9,586,461	—
Total investment income:	9,486,888	7,999,885	—
Investment expenses	(20,458)	—	—
Net investment income	9,466,430	7,999,885	—
Total additions	20,409,970	88,754,046	251,037
Deductions:			
Benefits paid to participant's or beneficiaries	21,703,718	50,230,562	—
Distribution of participant contribution accounts	36,146	—	—
Administrative expenses	204,257	158,999	—
Scholarships and awards	—	—	216,603
Total deductions	21,944,121	50,389,561	216,603
Changes in net position	(1,534,151)	38,364,485	34,434
Net position—beginning of year	210,233,016	145,534,188	1,641,226
Net position—end of year	\$ 208,698,865	183,898,673	1,675,660

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(1) Summary of Significant Accounting Policies

The financial statements of the Milwaukee Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies used by the District are described below.

(a) Reporting Entity

The District was established on February 3, 1846, and operates under Chapter 119 of the Wisconsin State Statutes. The District is the largest school district in Wisconsin. The District, governed by a nine-member elected school board, provides elementary, secondary, vocational, and special education services through grade 12 to residents of the City of Milwaukee, Wisconsin (the City).

The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities.

The reporting entity for the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*. Under this pronouncement, the financial reporting entity consists of (a) the primary government, which is controlled by a separately elected governing body that is legally separate and is fiscally independent, and (b) organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

The financial statements of the District are excluded from the City's financial statements because the District operates with a separate governing board that is not under the control of the City. The City, however, performs the following services for the District, as prescribed under Wisconsin State Statutes:

- Administers the property tax levy adopted by the school board and collects and remits the property taxes to the District
- Acts as the treasurer for the major portion of the District's cash
- Issues debt for the benefit of the District for the purchase of sites and buildings

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods: discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. This report does not contain any component units.

(b) Basis of Presentation

Government-wide Statements—The statement of net position and the statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Interfund services provided and used are not eliminated.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, equalized aid, and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than program revenues.

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

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The District reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the District. It is comprised of two taxing entities that were established by Wisconsin State Statutes and is used to account for all financial revenues and expenditures of the District except those required to be accounted for in other funds or taxing entities.

Capital Project-Construction Fund: The construction fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of capital facilities and the additions to and remodeling of existing buildings. The District has only one activity unit within the construction fund for which property taxes are levied to finance various capital expenditures.

Special Revenue-School Nutrition Services Fund: This fund is used to account for the breakfast and lunch programs operated by the District for students. Revenues are provided through federal and state aids, as well as sales at schools.

The District reports the following nonmajor governmental funds:

Special Revenue Fund: used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specified purposes.

Categorically Aided Programs

Debt Service Fund: used to account and report financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs.

Additionally, the District reports the following fund types:

Pension Trust Funds: The pension trust funds account for the accumulation of resources for pension benefit payments under two early retirement plans maintained by the District for qualified teachers and administrators.

Other Postemployment Employee Benefits Funds (OPEB): The OPEB trust fund account may hold or be used to account for assets used to pay post-employment benefits or fund accrued liability associated with such benefits.

Private-Purpose Trust Funds: The private-purpose trust funds are:

- 1) Donations that are received pursuant to a trust agreement that restricts the use of the donations to the extent of the interest or other earnings of the fund. These trusts are maintained by the District for the purpose of scholarships for students.
- 2) Donations that are received pursuant to a trust agreement that restricts the use of the donation to a specified purpose but allows for the principal and interest to be expended. These trusts are maintained by the District to include scholarships, donations toward specified activities within schools, and trusts to support extracurricular programs.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Agency Fund: The agency fund accounts for the accumulation and expenditure of individual school activity funds. The sources of these funds include sales of supplies to students, residuals from fund-raising activities, and funds raised by the schools to support field trips or school-related activities. The principal at each school is responsible for accounting for all school activity funds and individual schools are required to maintain uniform accounting records.

(c) *Measurement Focus and Basis of Accounting*

The government-wide and fiduciary fund statements (excluding agency funds) 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 transaction takes place. For the pension trust funds, plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year except for property taxes, which must be collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants, and charges for services. Other revenue is recorded when received. Expenditures are recorded when the fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences that are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical funds, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant and categorical resources to such programs, followed by general revenues.

Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

(d) *Restricted Assets*

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. The excess of restricted assets over current liabilities payable from restricted assets will be used to finance project costs or the retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(e) *Receivables*

General accounts receivable have been adjusted for all known uncollectible accounts. An allowance for uncollectible accounts is reported at year-end for \$949,154.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

(f) *Investments*

The District has adopted an investment policy. Provisions of the policy are discussed in Note (2).

Investments, including investments of the pension trust funds, are reported at fair value based on quoted market prices. Short-term investments are reported at cost, which approximates fair value. Investments principally consist of money market mutual funds, fixed income funds, equity funds, and investments in the State of Wisconsin Fixed Retirement Investment Trust Fund (Trust Fund). The fair value of investments in the Trust Fund is the same as the value of the pooled shares. Although not subject to direct regulators’ oversight, the Trust Fund is administered in accordance with the provisions of Section 25.50 of the Wisconsin State Statutes. Purchases and sales of securities are recorded on a trade-date basis. Net investment income in the Trust Fund consists of realized and unrealized gains and losses and investment income.

(g) *Inventories, Other Assets and Prepaid Items*

Inventories are valued at average cost. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and expenditures in school nutrition services at the fair value when originally donated by the USDA.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(h) Capital Assets and Intangible Assets

Capital and intangible assets are reported at actual cost or estimated costs. Donated assets are reported at the estimated acquisition value at the time received. Capital and intangible assets are depreciated and amortized using the straight-line method over their estimated lives. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital and intangible assets reported in the government-wide statements are as follows:

	Capitalization threshold	Estimated useful life
Buildings	\$ 5,000	50 years
Furniture and equipment	5,000	5 – 20 years
Vehicles	5,000	5 – 15 years
Computers and related equipment	5,000	5 years
Major computer	50,000	7 years
Intangible assets	50,000	7 years

(i) Property Taxes

The aggregate amount of property taxes to be levied for school purposes is determined according to provisions of Chapter 120 of the Wisconsin State Statutes. Property taxes for the District are adopted by the Board by early November and are certified to the City for levy and collection.

The District’s property taxes are levied annually prior to December 31, are administered by the City for the District based on the assessed (taxable) values as of January 1 of that calendar year, and are recognized as District revenue in the fiscal year they are levied. The levy becomes a lien against property on January 1. The taxes are due January 31, but may be paid in 10 monthly installments to the City from January through October. All unpaid taxes as of June 30 are purchased by the City.

(j) Deferred Outflows of Resources

A deferred outflow of resources 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 future time.

The accumulated decrease in fair value of hedging derivatives represents the change in value of derivative instruments that are deemed to be effective hedge.

Gain/Loss on Refundings of Debt

In the government-wide financial statements, gains and losses from 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. The unamortized amount is reported as a deferred outflow of resources or deferred inflow of resources in the government-wide statements, depending on whether it is a gain or loss on the refunding.

(k) Compensated Absences

District employees are granted vacation, compensatory time, and sick leave benefits in varying amounts in accordance with the provisions of union contracts and District policies. In the event of retirement, death, or resignation of an employee, the District is obligated to pay for all unused vacation days. All vacation pay is accrued when incurred in the government-wide financial statements. A

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are available for subsequent use and, in certain situations, a portion vests upon retirement. A liability for sick pay has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments upon retirement and other employees who are expected to become eligible in the future to receive such payments are included.

(l) Insurance Deposits

The District has recorded deposits in the general fund for self-funded health insurance and current life insurance obligations and a restriction of fund balance aggregating \$3,113,403 at June 30, 2020 to provide for payment of future claims.

(m) Bond Premiums and Discounts

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Discounts for capital appreciation bonds and notes (i.e., zero coupon debt) are netted against the face amount of the debt.

(n) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred.

(o) Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The deferred balances consist mainly of unavailable grant revenues of \$19.8 million in the General Fund and \$1.5 million in the special revenue funds, available grants of \$4.6 million in all funds, and a long-term receivable of \$200,000 in the Construction Fund.

(p) Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in capital assets—This consists of capital assets including restricted capital assets, intangible assets, net of accumulated depreciation or amortization, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus unspent proceeds.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Net investment in capital assets reported on the government wide Statement of Net Position on June 30, 2020 includes the following:

	Governmental Activities
Net investment in capital assets	
Land	\$ 30,449,885
Construction and work in progress	3,115,730
Other capital assets, net of accumulated depreciation/amortization	633,562,625
Less: unamortized debt premium/discount	(3,484,317)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(145,435,543)
Less: other related liabilities	(3,817,595)
Add: unamortized loss/gain on refunding	221,338
Total net investment in capital assets	\$ 514,612,123

Restricted—This consists of net position with constraints placed on their use by 1) external groups such as creditors, grantors, contributors, or 2) law through constitutional provisions or enabling legislation.

Unrestricted—This consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

(q) Fund Balance

Governmental fund balances are displayed as follows:

- **Nonspendable fund balance**—Amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.
- **Restricted fund balance**—Amounts for which external restrictions have been imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- **Committed fund balance**—Amounts that can only be used for specific purposes because of a formal action (resolution) by the government’s highest level of decision-making authority. Fund balance amounts are committed through a formal action of the District. The formal action must occur prior to the end of the reporting period, but the amount of commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- **Assigned fund balance**—Amounts that are constrained by MPS’ intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom that authority has been given. The District by resolution has given authority to the District’s Chief Financial Officer. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

- Unassigned fund balance—This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Fiduciary fund equity is classified as held in trust for employee benefits.

(r) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses/expenditures for the reporting period. Actual results could differ from those estimates.

(s) Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS), Employees' Retirement System (ERS), Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan, and the Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds on employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(t) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's OPEB Plan's fiduciary net position have been determined on the same basis as reported by the District. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(2) Deposits and Investments

District's Deposits and Investments, Exclusive of Pension Trusts

	Carrying Value	Bank Balance
Cash at the City	\$ 81,425,973	\$ 70,712,282
Demand Deposits	8,669,667	8,662,057
Commercial Paper	3,900,000	9,976,621
Money Market Funds	48,526,994	49,537,923
Fixed Income Funds	60,469,554	60,469,554
Equity Funds	87,904,338	87,904,338
Bond Funds	3,834,611	3,834,611
Total Cash and Investments	\$ 294,731,137	\$ 291,097,386
Reconciliation to financial statements		
Per statement of net position		
Unrestricted cash and investments	\$ 80,286,599	
Restricted cash and investments	44,610,999	
Per statement of net position – Fiduciary Funds		
Private purpose trust	1,675,660	
Other post employment benefits trust	162,124,499	
Agency	6,033,380	
Total Cash and Investments	\$ 294,731,137	

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit credit risk, MPS restricts the commitment of funds to only those investments authorized by Wisconsin State Statute 66.0603 and Chapter 881 including the following:

- Time deposits with maturities of not more than 3 years.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
- The state of Wisconsin local government pooled investment fund.
- Bonds or securities of any county, city, drainage district, vocational or technical college, village, town or school district in Wisconsin, local exposition district, local professional baseball park district, local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, local cultural arts district, or Wisconsin Aerospace Authority.
- Fully collateralized repurchase agreements.
- Any security that matures within 7 years and has a credit rating which is the highest or second highest rating assigned by Standard & Poor's corporation, Moody's investor service, or other similar nationally recognized rating agencies.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

- No-load securities of open-end, registered, management investment companies or investment trusts investing in bonds and securities issued by or guaranteed by the federal government or a commission, board or other instrumentality of the federal government.

The District has funds invested in commercial paper, money market funds, fixed income mutual funds and equity mutual funds. As of June 30, 2020, the District's investment in commercial paper was rated P-1 by Moody's Investor's Service, A-1+ by Standard & Poors, and F1+ by Fitch Ratings. The money market funds are rated from Aaa to AA- (Moody's, Standard & Poors, and Fitch). The pooled fixed income and equity mutual funds are not rated.

Interest rate risk is defined as the probability that changes in interest rates will adversely affect the fair value of an investment. Milwaukee Public Schools uses weighted average maturity as a method for monitoring interest rate risk. The District does not have a formal investment policy limiting investment maturities as a means of managing its exposure to fair value losses resulting from rising interest rates.

As of June 30, 2020, the District had the following investments, shown with their maturities.

<u>Investment Type</u>	<u>Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>
Commercial Paper	\$ 9,976,621	\$ 9,976,621
Pooled Fixed Income Funds	60,469,554	60,469,554
Pooled Equity Funds	87,904,338	87,904,338
Pooled Bond Funds	3,834,611	3,834,611
	<u>\$162,185,124</u>	<u>\$ 162,185,124</u>

Custodial credit risk for *deposits and investments* is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The District does have a collateralization policy concerning this risk, and the policy requires collateralization of all uninsured deposits.

At year-end the District's demand deposit balance (exclusive of funds held and controlled by the treasurer of the City) was \$8,662,057. Of the \$8,662,057 bank balance, \$1,016,607 was covered by the Federal Depository Insurance Corporation (FDIC) and the state of Wisconsin Public Deposit Guarantee Fund, and \$7,645,450 was uninsured. The District is a beneficiary of an irrevocable, unconditional and nontransferable letter of credit (LC) with the Federal Home Loan Bank of Cincinnati (FHLB). The Letter of Credit for \$25,000,000 is intended to collateralize deposit accounts that the District has established at US Bank, defined as Public Unit Deposits under applicable laws and regulations of the State of Wisconsin. However, the collateral and posted securities are not held in the Districts' name but are allocated to the District. As such, the deposits are considered uncollateralized. Therefore, \$7,645,450 is uninsured and collateralized by securities held by a third party not in the District's name.

The District has \$9,976,621 invested in overnight commercial paper that is uninsured and uncollateralized.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The money market funds total \$49,537,923 of which \$46,483,525 is uninsured and uncollateralized and \$2,854,398 is uninsured and collateralized by securities held by a third party not in the District's name.

The remaining investments of fixed income mutual funds and equity mutual funds are also uninsured and uncollateralized.

Funds held and controlled by the treasurer of the City are insured by the FDIC and the Wisconsin Public Deposit Guarantee Fund. Per Common Council, the City Treasurer shall require collateralization of certificates of time deposit (excluding interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of \$650,000. Milwaukee Public Schools' deposits with the City Treasurer for investments are all insured or collateralized on June 30, 2020.

Fair Value Measurements. The Milwaukee Public Schools categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Inputs other than quoted prices that are observable for securities, either directly or indirectly.

Investment Type	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Commercial Paper	\$ 9,976,621	\$ -	\$ -	\$ 9,976,621
Pooled Fixed Income Funds	60,469,554	-	-	60,469,554
Pooled Equity Funds	87,904,338	-	-	87,904,338
Pooled Bond Funds	3,834,611	-	-	3,834,611
	<u>\$ 162,185,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,185,124</u>

Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan

The Trustees of the Plan have adopted a Statement of Investment Policy (the "Policy"). It articulates asset allocation targets, guidelines for interest rate risk, credit risk, and concentration of credit risk for separately managed portfolios, and performance benchmarks. Under Wisconsin statutes, equities, other than investments in the State of Wisconsin Employee Trust Funds ("SWIB funds"), are subject to the statutory limitation that they may not exceed 50% of the market value of the plan assets. The Plan has no equity investments other than those in the SWIB funds. The Policy targets equities in the SWIB Variable Fund to equal 150% of the amount in Fixed Income securities at BMO, with the remainder of the portfolio allocated to the SWIB Core Fund. The Policy target for Fixed Income is the sum of six months benefit payments plus six months administrative expense. The portfolio is rebalanced toward the Policy targets quarterly. On June 30, 2020, the SWIB Core Fund strategic targets were 48.9% to Global Stocks, 40.6% to Fixed Income, 7.5% to Real Estate, and 13.0% to Alternative Investments. The Strategic target allocations total 110% reflecting the possibility of

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

introducing leverage into the portfolio. On June 30, 2020, the SWIB Variable Fund strategic targets were 70% to U.S. Stocks and 30% to International Stocks.

Under the SWIB Investment Policy, the Core and Variable Fund asset allocations will be reviewed monthly for potential rebalancing. For the SWIB funds, when a major liquid asset class (i.e., Total Public Equities, Total Public Fixed Income) exceeds plus or minus 4% of its target allocation, a rebalancing exercise will be initiated. The Plan's investment portfolio (the Fund) has two investment managers: the State of Wisconsin Investment Board (SWIB) and BMO. Each investment manager is responsible for managing the portion of the Fund assets under its control in accordance with its policy and guidelines. BMO is also responsible for managing its Plan portfolios in accordance with the guidelines adopted by the Trustees. Milwaukee Public Schools completes a comprehensive review of the Fund relative to the Policy on an annual basis.

A. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Milwaukee Public Schools uses both duration and weighted average maturity as methods of monitoring interest rate risk. SWIB data is expressed in terms of modified duration and option adjusted duration. Modified duration, which is stated in years, is the measure of price sensitivity of a fixed income security to an interest rate change of 100 basis points. The calculation is based on the weighted average of the present value of all cash flows. Some pooled investments are analyzed using an option adjusted duration calculation which is similar to the modified duration method. Option adjusted duration incorporates the duration shortening effect of any embedded call provisions in securities.

The following schedule summarizes the duration and fair value of the investments at BMO as of June 30, 2020 and the fair value at SWIB as of June 30, 2020:

<u>Investment</u>	<u>Duration (Years)</u>	<u>Fair Value</u>
SWIB Core and Variable Funds	Details on the SWIB fixed income investments as of 12/31/19 are included below.	\$ 44,844,429
Money market accounts (at BMO)	0.08	\$ 716,738
Mutual Funds (at BMO)	4.10	\$ 2,331,664
Mortgage Backed Securities	N/A	\$ 53

SWIB information provided within the accompanying financial statements is as of December 31, 2019. There has been no significant change in SWIB's investment strategies, asset allocations and investment pricing methods from December 31, 2019 to June 30, 2020. Based on SWIB information, the District feels the information presented for SWIB Investments as of December 31, 2019 is a fair representation for June 30, 2020.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The following schedule displays the duration or weighted average maturity of the investments by type of investment at SWIB as of December 31, 2019.

SWIB Investments	Duration (Years)	Fair Value
Asset Backed Securities	1.9	\$ 387 Million
Commercial Paper	22 days	\$ 251 Million
Corporate Bonds and Private Placements	6.4	\$ 10,789 Million
Foreign Gov't/Agency Bonds	6.9	\$ 1,890 Million
Municipal Bonds	11.4	\$ 195 Million
Repurchase Agreements	2 days	\$ 412 Million
U.S. Government Agencies	3.2	\$ 287 Million
U.S. TIPS	7.4	\$ 16,849 Million
U.S. Treasury Securities	8.4	\$ 5,343 Million
Commingled Funds	20 days to 5.9	\$ 4,835 Million

Note: On June 30, 2020, SWIB's Core Fund and Variable Fund had \$107.8 billion and \$8.7 billion in assets, respectively. As of June 30, 2020, the Plan's assets were invested 84% in the SWIB Core Fund, 10% in the SWIB Variable Fund, and 6% in portfolios managed by BMO. For SWIB, the duration of each U.S. Fixed Income portfolio shall remain within 15% of the assigned benchmark's duration. For the bond portfolio for the payment of benefits and expenses, the duration will be within a range of 50% to 150% of the duration of the benchmark index.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule displays the credit quality percentage distributions of the fixed income investments in the SWIB Core and Variable Funds on December 31, 2019 and in the separate accounts managed by BMO on June 30, 2020. For SWIB, the schedule displays the lowest credit rating assigned by several nationally recognized statistical rating organizations.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

<u>Ratings*</u>	<u>SWIB</u>	<u>BMO</u>
	<u>12/31/2019</u>	<u>6/30/2020</u>
P-1 or A-1	N/A	N/A
P-2 or A-2	0.6%	N/A
UST and AGY	N/A**	N/A
AAA/Aaa	1.2%	24%
AA/Aa	56.5%	N/A
A	6.3%	N/A
BBB/Baa	11.8%	N/A
BB/Ba	4.6%	N/A
B	3.1%	N/A
CCC/Caa	0.6%	N/A
D	N/A	N/A
Commingled Funds		
& Mutual Funds***	11.7%	76%
Not-Rated	3.6%	0%

*As defined by Moody's Bond Ratings or Standard and Poor's

**As of December 31, 2013 and June 30, 2013 SWIB's holdings of UST and AGY are included in the "AA" category.

***Additional Information on the Fixed Income Commingled Funds in the SWIB portfolio is in the table labeled "Investments Measured at Net Asset Value". The weighted average quality of the mutual funds in the BMO Portfolio was A (excluding BMO's money market fund which was rated AAA).

SWIB's Core Fund's Government/Credit Portfolio shall maintain an average quality rating of A or better. Non-Investment Grade securities shall not exceed 15% of the portfolio's market value. For SWIB's Global Bond Portfolio, overall portfolio quality must be maintained at an average rating of A or better. Corporate securities may not exceed 20% of the portfolio's market value and must be rated at least "B-" and above. Corporate securities rated "BB+" but no lower than "B-" may not exceed 5% of the portfolio's market value. Emerging market sovereign debt is limited to (a) securities that are rated "B-" or above and (b) debt of countries in the J.P. Morgan Emerging Market Bond Index Global Diversified; Emerging market corporate debt is limited to (a) securities that are rated "B-" or above and (b) issuers in the Bloomberg Barclays US Credit Index. Relative emerging market debt shall not exceed 10% of the portfolio's market value.

C. Custodial Credit Risk

The Plan does not have a deposit or investment policy specifically related to custodial credit risk. The Plan's assets are restricted to investments in the SWIB Core and Variable Funds and in portfolios at BMO.

Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the fund will not be able to recover deposits that are in the possession of an outside party. SWIB had uninsured and uncollateralized deposits totaling \$258.4 million on December 31,

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

2019. In addition, SWIB held certificates of deposit which were covered by depository insurance with a fair value of \$47.4 million on December 31, 2019. In total, these deposits represented 0.26% of the combined assets of the SWIB Core and Variable Funds, on December 31, 2019.

Investments - Custodial credit risk for investments is the risk that, in the event of the failure of counterparty to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. The repurchase agreements held by the fund were 5 agreements totaling \$411.5 million as of December 31, 2019. All of these repurchase agreements were tri-party agreements held in short-term cash management portfolios managed by SWIB's custodian. The underlying securities for these repurchase agreements were held by the tri-party's agent, not in SWIB's name. These agreements represented 0.35% of the combined assets of the SWIB Core and Variable Funds on December 31, 2019.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a fund's investment in a single issuer. SWIB limits concentrations of credit risk by establishing investment guidelines for individual portfolios or groups of portfolios (excluding U.S. Government and Agency Securities) that generally restrict issuer concentrations in any one company to less than 5% and under Rule 144A Securities to less than 20% of the portfolio's market value. For the other separately managed portfolios, the policy guidelines specify that individual securities (excluding U.S. Government and Agency securities) in a separate portfolio should not exceed 7% of the value of that portfolio. None of the securities in these portfolios represented more than 5% of the market value of the Fund.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2019, \$19.7 billion of the SWIB Core and Variable Funds currency exposure was denominated in foreign currency. For the BMO managed portfolios, there was no foreign currency exposure. The risk definitions noted above are from the Governmental Accounting Standards Board (GASB). The data, risk descriptions, and guidelines for the SWIB Funds were provided by SWIB and the data and risk information for the other investment types were provided by BMO.

F. Derivative Investments

The Plan holds investments in SWIB Funds, which may enter into a variety of financial contracts, including futures and options, primarily to enhance performance, reduce volatility of the portfolio, and aid in cash flow management. SWIB also enters into foreign exchange positions, such as forward and spot contracts, to obtain or hedge foreign currency exposure. The financial contracts are included in SWIB Variable and Core Investments on the Statement of Net Investment Position. At June 30, 2020, the Plan's interest in the SWIB Core Trust was approximately 0.037% and the Plan's interest in the plan net position of the Variable Trust was approximately 0.053%. The SWIB Funds are exposed to credit risk in the event of non-performance by counterparties to financial instruments. Exposure to market risk, the risk that future changes in market conditions may make an instrument less valuable, is managed in accordance with risk limits through buying or selling instruments or entering into offsetting positions.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

A financial futures contract is an exchange traded agreement to buy or sell a financial instrument at an agreed upon price and time in the future. Futures contracts are marked to market daily, based upon the closing market price of the contract at the board of trade or exchange on which they are traded. The resulting gain or loss is typically received or paid the following day until the contract expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin. Losses may arise from future changes in the value of the underlying instrument. Substantially all future contracts have a maturity date of less than one year.

Option contracts give the purchaser of the contract the right to buy (call) or sell (put) the security or index underlying the contract at an agreed upon price on or before the expiration of the option contract. The fair value of option contracts is based upon the closing market price of the contract. The seller of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid to enter into the contract.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Spot and forward contracts entered into by SWIB are over-the-counter contracts, entered into with various counterparties. These contracts are valued daily, and guidelines have been established which provide minimum credit ratings for counterparties. Losses may arise from future changes in value of the underlying currency, or if the counterparties do not perform under the terms of the contract.

The following table summarizes the aggregate notional or contractual amounts for SWIB's derivative financial instruments at December 31, 2019 (in thousands):

	<u>12/31/2019</u>
Future contracts (Notional)	\$ 8,623,289
Foreign currency spot and forward contracts – Receivable (Fair Value)	4,403,986
Foreign currency spot and forward contracts – Payable (Fair Value)	(4,395,670)
OTC Derivative Investments subject to	
Counterparty Credit Risk-Receivable (Fair Value)	4,987,456
Options – puts (Notional)	(244,597)
Options – calls (Notional)	(244,803)

Fair Value Measurements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the plan has the ability to access.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended June 30, 2020.

Money market accounts: Valued at the quoted net asset value (NAV) of shares held by the Plan at year end.

Mutual funds: Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The plan sponsor is responsible for the determination of fair value. The plan sponsor has not historically adjusted the prices obtained from pricing services. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The following tables set forth by level, within the fair value hierarchy, the Plan's investments held at BMO at fair value as of June 30, 2020.

<u>Investment Type</u>	June 30, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ -	\$ 716,738	\$ -	\$ 716,738
Mortgage-back securities	-	53	-	53
Mutual Funds:				
Short-Term Investment				
Grade Bond Funds	1,227,192	-	-	1,227,192
Intermediate-Term				
Investment Grade Bond Funds	1,104,472	-	-	1,104,472
Investments at Fair Value	\$ 2,331,664	\$ 716,791	\$ -	\$ 3,048,455

Short-Term Investment Grade Bond Funds include funds with a duration of less than three years and Intermediate-Term Investment Grade Bond Funds include funds with a duration greater than three years.

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

The Trustees of the Plan have adopted a Statement of Investment Policy (the "Policy"). It articulates asset allocation targets, guidelines for interest rate risk, credit risk, and concentration of credit risk for separately managed portfolios, and performance benchmarks. Under Wisconsin statutes, equities, other than investments in the State of Wisconsin Employee Trust Funds ("SWIB funds"), are subject to the statutory limitation that they may not exceed 50% of the market value of the plan assets. The Plan has no equity investments other than those in the SWIB funds. The Policy targets equities in the SWIB Variable Fund to equal 150% of the amount in Fixed Income securities at BMO, with the remainder of the portfolio allocated to the SWIB Core Fund. The Policy target for Fixed Income is the sum of six months benefit payments plus six months administrative expense. The portfolio is rebalanced toward the Policy targets quarterly. On June 30, 2020, the SWIB Core Fund strategic targets were 48.9% Global Stocks, 40.6% to Fixed Income, 7.5% to Real Estate, and 13.0% to Alternative Investments. The strategic target allocations total 110% reflecting the possibility of introducing leverage into the portfolio. On June 30, 2020, the SWIB Variable Fund strategic targets were 70% to U.S. Stocks and 30% to International Stocks.

Under the SWIB Investment Policy, the Core and Variable Fund asset allocations will be reviewed monthly for potential rebalancing. For the SWIB funds, when a major liquid asset class (i.e., Total Public Equities, Total Public Fixed Income) exceeds plus or minus 4% of its target allocation, a rebalancing exercise will be initiated. The Plan's investment portfolio (the Fund) has two investment managers: the State of Wisconsin Investment Board (SWIB) and BMO. Each investment manager is responsible for managing the portion of the Fund assets under its control in accordance with its policy and guidelines. BMO is also responsible for managing its Plan portfolios in accordance with the guidelines adopted by the Trustees. Milwaukee Public Schools completes a comprehensive review of the Fund relative to the Policy on an annual basis.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

A. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Milwaukee Public Schools uses both duration and weighted average maturity as methods of monitoring interest rate risk. SWIB data is expressed in terms of modified duration and option adjusted duration. Modified duration, which is stated in years, is the measure of price sensitivity of a fixed income security to an interest rate change of 100 basis points. The calculation is based on the weighted average of the present value of all cash flows. Some pooled investments are analyzed using an option adjusted duration calculation which is similar to the modified duration method. Option adjusted duration incorporates the duration shortening effect of any embedded call provisions in securities.

The following schedule summarizes the duration and fair value of the investments at BMO as of June 30, 2020 and at the fair value at SWIB as of June 30, 2020.

<u>Investment</u>	<u>Duration (Years)</u>	<u>Fair Value</u>
SWIB Core and Variable Funds	Details on the SWIB fixed income investments are as of 12/31/19 are included below.	\$ 153,370,720
Money market accounts and cash equivalents (at BMO)	0.08	\$ 2,893,529
Mutual Funds (at BMO)	4.10	\$ 7,973,710

SWIB information provided within the accompanying financial statements is as of December 31, 2019. There has been no significant change in SWIB's Investment strategies, asset allocations and Investment pricing methods from December 31, 2019 to June 30, 2020. Based on the SWIB information, the District feels the information presented for SWIB Investments as of December 31, 2019 is a fair representation for June 30, 2020.

The following schedule displays the duration or weighted average maturity of the investments by type of investment at SWIB as of December 31, 2019.

<u>SWIB Investments</u>	<u>Duration (Years)</u>	<u>Fair Value</u>
Asset Backed Securities	1.9	\$ 387 Million
Commercial Paper	22 days	\$ 251 Million
Corporate Bonds and Private Placements	6.4	\$ 10,789 Million
Foreign Gov't/Agency Bonds	6.9	\$ 1,890 Million
Municipal Bonds	11.4	\$ 195 Million
Repurchase Agreements	2 days	\$ 412 Million
U.S. Government Agencies	3.2	\$ 287 Million
U.S. TIPS	7.4	\$ 16,849 Million
U.S. Treasury Securities	8.4	\$ 5,343 Million
Commingled Funds	20 days to 5.9	\$ 4,835 Million

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Note: On June 30, 2020, SWIB's Core Fund and Variable Fund had \$107.8 billion and \$8.7 billion in assets, respectively. As of June 30, 2020, the Plan's assets were invested 84% in the SWIB Core Fund, 10% in the SWIB Variable Fund, and 6% in portfolios managed by BMO. For SWIB, the duration of each U.S. Fixed Income portfolio shall remain within 15% of the assigned benchmark's duration. For the bond portfolio for the payment of benefits and expenses, the duration will be within a range of 50% to 150% of the duration of the benchmark index.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule displays the credit quality percentage distributions of the fixed income investments in the SWIB Core and Variable Funds as of December 31, 2019 and in the separate accounts managed by BMO on June 30, 2020. For SWIB, the schedule displays the lowest credit rating assigned by several nationally recognized statistical rating organizations.

<u>Ratings*</u>	<u>SWIB</u> <u>12/31/2019</u>	<u>BMO</u> <u>6/30/2020</u>
P-1 or A-1	N/A	N/A
P-2 or A-2	0.6%	N/A
UST and AGY	N/A**	N/A
AAA/Aaa	1.2%	27%
AA/Aa	56.5%	N/A
A	6.3%	N/A
BBB/Baa	11.8%	N/A
BB/Ba	4.6%	N/A
B	3.1%	N/A
CCC/Caa or below	0.6%	N/A
Commingled Funds & Mutual Funds***	11.7%	73%
Not-Rated	3.6%	0%

*As defined by Moody's Bond Ratings or Standard and Poor's

**As of December 31, 2013 and June 30, 2013, SWIB's holdings of UST and AGY are included in the "AA" category

***Additional information on the Fixed Income Fund Commingled funds in the SWIB portfolio is in the table labeled "Investments Measured at Net Asset Value". The weighted average quality of the mutual funds in the BMO portfolio was A (excluding BMO's money market fund which was rated AAA).

SWIB's Core Fund's Government/Credit Portfolio shall maintain an average quality rating of A or better. Non-Investment Grade securities shall not exceed 15% of the portfolio's market value. For SWIB's Global Bond Portfolio, overall portfolio quality must be maintained at an average rating of A or better. Corporate securities may not exceed 20% of the portfolio's market value and must be rated at least "B-" and above. Corporate securities rated "BB+" or lower but no lower than "B-" may not exceed 5% of the portfolio's market value. Emerging market sovereign debt is limited to (a) securities that are rated "B-" or above and (b) debt of countries in the J.P. Morgan Emerging Market Bond Index

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Global Diversified: Emerging market corporate debt is limited to (a) securities that are rated “B-“ or above and (b) issuers in the Bloomberg Barclays US Credit Index. Relative emerging market debt shall not exceed 10% of the portfolio’s market value.

C. Custodial Credit Risk

The Plan does not have a deposit or investment policy specifically related to custodial credit risk. The Plan’s assets are restricted to investments in the SWIB Core and Variable Funds and in portfolios at BMO.

Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the fund will not be able to recover deposits that are in the possession of an outside party. SWIB had uninsured and uncollateralized deposits totaling \$258.4 million on December 31, 2019. In addition, SWIB held certificate of deposit which were covered by depository insurance with a fair value of \$47.4 million on December 31, 2019. In total, these deposits represented 0.26% of the combined assets of the SWIB Core and Variable Funds on December 31, 2019.

Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a counter party to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. The repurchase agreements held by the fund were 5 agreements totaling \$411.5 million as of December 31, 2019. All of these repurchase agreements were tri-party agreements held in short-term cash management portfolios managed by SWIB’s custodian. The underlying securities for these repurchase agreements were held by the tri-party’s agent, not in SWIB’s name. These agreements represented 0.35% of the combined assets of the SWIB Core and Variable Funds on December 31, 2019.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a fund’s investment in a single issuer. SWIB limits concentrations of credit risk by establishing investment guidelines for individual portfolios or groups of portfolios (excluding U.S. Government and Agency Securities) that generally restrict issuer concentrations in any one company or Rule 144A securities to less than 5% of the portfolio’s market value. For the other separately managed portfolios, the policy guidelines specify that individual securities (excluding U.S. Government and Agency securities) in a separate portfolio should not exceed 7% of the value of that portfolio. None of the securities in these portfolios represented more than 5% of the market value of the Fund.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2019, \$19.7 billion of the SWIB Core and Variable Funds’ was denominated in foreign currency. For the BMO managed portfolios, there was no foreign currency exposure.

The risk definitions noted above are from the Governmental Accounting Standards Board (GASB). The data, risk descriptions, and guidelines for the SWIB Funds were provided by SWIB and the data and risk information for the other investment types were provided by BMO.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

F. Derivative Investments

The Plan holds investments in SWIB Funds, which may enter into a variety of financial contracts, including futures and options, primarily to enhance performance, reduce volatility of the portfolio, and aid in cash flow management. SWIB also enters into foreign exchange positions, such as forward and spot contracts, to obtain or hedge foreign currency exposure. The financial contracts are included in SWIB Variable and Core Investments on the Statement of Net Investment Position. At June 30, 2020, the Plan's interest in the plan net position of the SWIB Core Trust was approximately 0.128% and the Plan's interest in the plan net position of the Variable Trust was approximately 0.182%. The SWIB Funds are exposed to credit risk in the event of non-performance by counterparties to financial instruments. Exposure to market risk, the risk that future changes in market conditions may make an instrument less valuable, is managed in accordance with risk limits through buying or selling instruments or entering into offsetting positions.

A financial futures contract is an exchange traded agreement to buy or sell a financial instrument at an agreed upon price and time in the future. Futures contracts are marked to market daily, based upon the closing market price of the contract at the board of trade or exchange on which they are traded. The resulting gain or loss is typically received or paid the following day until the contract expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin. Losses may arise from future changes in the value of the underlying instrument. Substantially all future contracts have a maturity date of less than one year.

Option contracts give the purchaser of the contract the right to buy (call) or sell (put) the security or index underlying the contract at an agreed upon price on or before the expiration of the option contract. The fair value of option contracts is based upon the closing market price of the contract. The seller of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid to enter into the contract.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Spot and forward contracts entered into by SWIB are over-the-counter contracts, entered into with various counterparties. These contracts are valued daily, and guidelines have been established which provide minimum credit ratings for counterparties. Losses may arise from future changes in value of the underlying currency, or if the counterparties do not perform under the terms of the contract.

The following table summarizes the aggregate notional or contractual amounts for SWIB's derivative financial instruments at December 31, 2019 (in thousands):

	<u>12/31/2019</u>
Future contracts (Notional)	\$ 8,623,289
Foreign currency spot and forward contracts – Receivable (Fair Value)	4,403,986
Foreign currency spot and forward contracts – Payable (Fair Value)	(4,395,670)

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

OTC Derivative Investment subject to Counterparty Credit Risk-Receiveable (Fair Value)	4,987,456
Options – puts (Notional)	(244,597)
Options – calls (Notional)	(244,803)

Fair Value Measurements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the plan has the ability to access.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended June 30, 2020.

Money market accounts: Valued at the quoted net asset value (NAV) of shares held by the Plan at year end.

Mutual funds: Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The plan sponsor is responsible for the determination of fair value. The plan sponsor has not historically adjusted the prices obtained from pricing services. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments held at BMO at fair value as of June 30, 2020.

<u>Investment Type</u>	<u>June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market accounts	\$ -	\$ 2,893,529	\$ -	\$ 2,893,529
Mutual Funds:				
Short-Term Investment				
Grade Bond Funds	4,201,953	-	-	4,201,953
Intermediate-Term				
Investment Grade Bond Funds	3,781,757	-	-	3,781,757
Investments at Fair Value	<u>\$ 7,983,710</u>	<u>\$ 2,893,529</u>	<u>\$ -</u>	<u>\$ 10,877,239</u>

Short-Term Investment Grade Bond Funds include funds with a duration of less than three years and Intermediate-Term Investment Grade Bond Funds include funds with a duration greater than three years.

(3) Receivables

Receivables as of June 30, 2020 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Construction Fund</u>	<u>School Nutrition Services Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 12,012,008	200,024	—	—	\$ 12,212,032
Intergovernmental-federal	37,725,699	—	1,002,639	2,418,440	41,146,778
Intergovernmental-state	19,320,721	—	—	—	19,320,721
Gross receivables	<u>69,058,428</u>	<u>200,024</u>	<u>1,002,639</u>	<u>2,418,440</u>	<u>72,679,531</u>
Less allowance for uncollectibles	<u>(949,154)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(949,154)</u>
Total receivables, net	<u>\$ 68,109,274</u>	<u>200,024</u>	<u>1,002,639</u>	<u>2,418,440</u>	<u>\$ 71,730,377</u>

The District expects to collect all receivables within one year except for \$527,053.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(4) Interfund Transactions

Interfund borrowings are reflected as “due from/to other funds” on the accompanying financial statements.

The following balances as of June 30, 2020 represent due to/from balances among all funds:

	Due from other funds				Total
	General Fund	Construction Fund	School Nutrition Services Fund	Nonmajor Fund	
Due to other funds:					
General Fund	\$ —	4,223,399	10,623,503	1,547,049	\$ 16,393,951
Construction fund	827,956	—	—	—	827,956
Nonmajor funds	—	2,026,508	—	—	2,026,508
Total	<u>\$ 827,956</u>	<u>6,249,907</u>	<u>10,623,503</u>	<u>1,547,049</u>	<u>\$ 19,248,415</u>

Balances resulted from the timing difference between the dates that interfund goods and services are provided or reimbursable expenditures occur.

The following balances as of June 30, 2020 represent transfer in/out balances among all funds:

Fund Transferred To	Fund Transferred From	Amount	Reason
Nonmajor Funds	General Fund		
Debt Service		\$27,436,576	To fund current year debt service
Categorically Aided Programs		1,547,049	To fund current year expenditures

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(5) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,449,885	—	—	30,449,885
Construction in progress	6,843,124	22,908,497	27,057,522	2,694,099
Total capital assets, not being depreciated	<u>37,293,009</u>	<u>22,908,497</u>	<u>27,057,522</u>	<u>33,143,984</u>
Capital assets, being depreciated:				
Buildings	1,180,285,982	27,057,522	—	1,207,343,504
Leasehold improvements	12,219,204	—	—	12,219,204
Furniture and equipment	56,863,041	3,755,018	87,385	60,530,674
Total capital assets, being depreciated	<u>1,249,368,227</u>	<u>30,812,540</u>	<u>87,385</u>	<u>1,280,093,382</u>
Less accumulated depreciation for:				
Buildings	(565,879,535)	(24,095,758)	—	(589,975,293)
Leasehold improvements	(6,980,720)	(540,942)	—	(7,521,662)
Furniture and equipment	(50,698,846)	(1,647,146)	(87,385)	(52,258,607)
Total accumulated depreciation	<u>(623,559,101)</u>	<u>(26,283,846)</u>	<u>(87,385)</u>	<u>(649,755,562)</u>
Total capital assets, being depreciated, net	<u>625,809,126</u>	<u>4,528,694</u>	<u>-</u>	<u>630,337,820</u>
Capital assets, net	<u>\$ 663,102,135</u>	<u>27,437,191</u>	<u>27,057,522</u>	<u>663,481,804</u>

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Depreciation expense for governmental activities for the year ended June 30, 2020 was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 14,713,637
Community services	667,495
Pupil and staff services	3,453,733
General, administration and central services	2,486,341
Business services	3,799,957
School nutrition	<u>1,162,683</u>
Total depreciation	\$ <u>26,283,846</u>

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(5A) Intangible Assets

Intangible assets activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Intangible assets, not being amortized:				
Work in progress	\$ 151,359	436,468	166,196	421,631
Total intangible assets, not being amortized	151,359	436,468	166,196	421,631
Intangible assets, being amortized:				
Software	\$ 50,140,490	166,196	—	50,306,686
Total intangible assets, being amortized	50,140,490	166,196	—	50,306,686
Less accumulated amortization for:				
Software	(44,849,625)	(2,232,256)	—	(47,081,881)
Total accumulated amortization	(44,849,625)	(2,232,256)	—	(47,081,881)
Total intangible assets being amortized	5,290,865	(2,066,060)	—	3,224,805
Intangible assets, net	\$ 5,442,224	(1,629,592)	166,196	3,646,436

Amortization expense for governmental activities for the year ended June 30, 2020 was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 1,249,612
Community services	56,690
Pupil and staff services	293,321
General, administration and central services	211,162
Business services	322,726
School nutrition	98,745
Total amortization	\$ 2,232,256

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(6) Short-term Borrowings

To finance on an interim basis Milwaukee Public Schools general operating expenses pending receipt of state school aid payments, \$50,000,000 was drawn on a line of credit by the City of Milwaukee on August 21, 2019, \$24,000,000 was drawn on September 5, 2019 and \$55,000,000 was drawn on October 3, 2019 and \$74,000,000 was paid on October 18, 2019 and \$55,000,000 was paid December 6, 2019. \$180,000,000 of Revenue Anticipation Notes (RANs), Series 2019 M7, were issued on October 17, 2019. The RANs mature on September 30, 2020. Interest is paid at maturity. The debt was repaid from the District's equalization aid allocations received from the state government prior to June 30, 2020.

(7) Long-term Obligations

The City school bonds, notes and capital lease obligations outstanding at June 30, 2020 totaled \$366,594,819. Of this total, \$631,620 represents school bonds and notes that will be repaid by the City using the City's property tax levy. As the District does not have an obligation to repay these bonds and notes from its own property tax levy, the debt is not reflected in the District's long-term obligations. The remaining balance of \$365,963,199 represents bonds, promissory notes and capital leases, the debt service of which is being reimbursed by the District to the City from the District's property tax levy. Since the District does have an obligation to repay this debt under intergovernmental cooperation agreements with the City, this debt is reflected in the District's long-term obligations.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	<u>Original amount</u>	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Amount due in one year</u>
General Obligation Bonds:						
5.0%, due in installments to May 2021	\$ 4,095,000	1,300,000	—	635,000	665,000	665,000
Plus: Premium on issuance	787,801	175,068	—	87,534	87,534	—
4.0%, due in installments to March 2025	3,175,000	3,175,000	—	—	3,175,000	—
Plus: Premium on Issuance	387,059	160,434	—	45,324	115,110	—
5.0%, due in installments to April 2024	1,236,560	1,236,560	—	247,312	989,248	247,312
2.0-4.0%, due in installments to to March 2020	3,732,791	702,979	—	702,979	—	—
Qualified School Construction Bonds:						
1.18%, due in annual installments to December 2025	12,000,000	5,550,000	—	925,000	4,625,000	925,000
Less: Discount on issuance	(450,000)	(168,750)	—	(28,125)	(140,625)	—
5.25%, due in annual installments August 15th 2014 to February 2027	37,300,000	22,600,000	—	2,450,000	20,150,000	2,450,000
Neighborhood Schools Initiative Bonds (NSI), 3.5% – 4.875%, due in annual installments to June 2023						
	218,570,000	35,545,000	—	8,400,000	27,145,000	8,140,000
Plus: Premium on issuance	1,357,121	—	—	—	—	—
Less: Discount on 2007A issuance	(338,503)	—	—	—	—	—
Plus: Premium on 2013A issuance	6,627,903	2,761,846	—	552,767	2,209,079	—
Plus: Premium on 2017 issuance	3,221,503	1,882,647	—	669,428	1,213,219	—
Pension debt refinancing:						
Capital appreciation note, due in annual installments beginning April 1, 2005 through April 1, 2023	46,715,000	19,060,000	—	4,585,000	14,475,000	4,205,000
Less: Discount	(25,232,986)	(2,531,376)	—	(995,388)	(1,535,988)	—
Capital appreciation bonds, due in annual installments beginning April 1, 2026 through April 1, 2041	110,525,000	110,525,000	—	—	110,525,000	—
Less: Discount	(94,805,878)	(69,023,530)	—	(2,678,843)	(66,344,687)	—
Pension bonds, variable interest rate “index-linked”, interest due in semi- annual installment, principal due at maturity on October 1, 2043	130,850,000	130,850,000	—	—	130,850,000	—
Capital lease - RACM 2015 - 2017 QSCB, QZAB, QECB, Energy Efficiency	129,118,000	121,416,847	—	3,656,538	117,760,309	3,781,538
Total intergovernmental cooperation agreement debt		\$ 385,217,725	—	19,254,526	365,963,199	20,413,850

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2020</u>	<u>Amount due in one year</u>
Intergovernmental cooperation agreements with the City of Milwaukee (from previous page)	\$ 385,217,725	—	19,254,526	365,963,199	20,413,850
Accrued compensated absences	10,090,153	8,463,953	5,217,306	13,336,800	5,200,000
Net OPEB Liability	735,896,935	171,132,657	144,752,480	762,277,112	—
Net Pension Liability	321,974,122	—	134,717,118	187,257,004	—
Workers' compensation claims	2,007,544	4,522,204	5,049,034	1,480,714	1,400,000
General insurance claims	300,830	—	—	300,830	—
Life insurance benefits	500,000	—	—	500,000	500,000
Liability for other long-term benefits	285,051	—	—	285,051	—
	<u>\$ 1,456,272,360</u>	<u>184,118,814</u>	<u>308,990,464</u>	<u>1,331,400,710</u>	<u>27,513,850</u>
Total long-term obligations					

Estimated payments of compensated absences, other post-employment benefits, net pension liability and insurance claims are not included in the debt service requirement schedules. The compensated absences, OPEB, net pension liability and insurance claims liabilities attributable to governmental activities will be liquidated primarily by the general fund.

The total liability for workers' compensation claims was approximately \$1.4 million.

Aggregate scheduled debt service requirements for the retirement of the intergovernmental cooperation agreement debt (excluding capital lease obligations) as of June 30, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2021	\$ 16,632,312	10,567,190	27,199,502
2022	18,777,312	10,161,849	28,939,161
2023	19,277,312	9,738,683	29,015,995
2024	10,682,312	9,350,024	20,032,336
2025	10,530,000	8,958,663	19,488,663
2026 – 2030	53,640,000	31,876,794	85,516,794
2031 – 2035	66,990,000	20,173,794	87,163,794
2036 – 2040	90,145,000	11,429,674	101,574,674
2041 – 2044	25,925,000	2,711,617	28,636,617
	<u>\$ 312,599,248</u>	<u>114,968,288</u>	<u>427,567,536</u>
Total			

Interest on the \$130,850,000 variable rate pension debt (index-linked bonds), included in the schedule of future payments above, is based upon the one-month LIBOR rate (the London Interbank Offered Rate) plus 25 basis points (.25%) and is adjusted monthly. The LIBOR interest rate was 0.16225% as of June 30, 2020.

Starting in 2015, the District entered into seven series of capital leases in the aggregate principal amount of \$129,118,000 to fund certain remodeling, renovation and equipping projects at MPS schools. The financing vehicles for the capital leases were lease revenue bonds Series 2015A, 2016A, 2016B, 2016C, 2017, 2017B, and 2017C issued through the Redevelopment Authority of the City of Milwaukee (RACM).

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The District is also holding approximately \$32.1 million of restricted cash and investments under this capital lease arrangement.

Future maximum lease payments under these capital leases at June 30, 2020 are as follows:

Fiscal year ended June 30:	
2021	\$ 8,190,701
2022	8,206,526
2023	8,198,426
2024	9,669,801
2025	17,815,426
2026 – 2030	54,815,830
2031 – 2035	47,240,001
2036 – 2040	25,424,453
2041	<u>3,423,479</u>
Total remaining maximum lease payments	<u>182,984,643</u>
Less amount representing interest	<u>65,224,334</u>
Present value of maximum lease payments	<u><u>\$ 117,760,309</u></u>

The maximum allowable amount of City debt (including school debt) outstanding at any time shall not be greater than 5% of the total equalized taxable property in the City (Wisconsin State Statute Chapter 67.03). Wisconsin State Statute Chapter 119.49 further authorizes referendum-approved bonding in an additional amount equivalent to 2% of the equalized taxable property for school capital purposes. The total equalized taxable property in the City for calendar year 2020 was \$31,475,102,300 and the 5% debt limit was \$1,573,755,115. No referendum-approved debt is outstanding at June 30, 2020.

The District has pledged future Intradistrict Aid revenues to repay \$27,145,000 in Neighborhood School Initiative Bonds due between the fiscal years ending June 30, 2021 and June 30, 2023. The bonds are payable solely from pledged revenues and are payable to bondholders through August 1, 2023. Annual principal and interest payments on the bonds are expected to require 34.2% of net revenues at the point of the highest bondholder debt service payment, due August 1, 2023. The total principal and interest remaining to be paid on the bonds as of June 30, 2020 is \$28,861,450. Principal and interest paid for the year ended June 30, 2020 was \$9,702,800 while the Intradistrict Aid revenues were \$29,552,215.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Revenue debt payable at June 30, 2020 consists of the following:

Neighborhood Schools Initiative Bonds

Amounts Outstanding

	Principal	Interest	Total
Fiscal year ended:			
2021	\$ 8,140,000	939,750	9,079,750
2022	9,090,000	578,400	9,668,400
2023	9,915,000	198,300	10,113,300
	<u>\$ 27,145,000</u>	<u>1,716,450</u>	<u>28,861,450</u>

Derivative Instruments - Interest Rate Swap Agreements

In December 2003, the District entered into contracts to hedge its exposure to fluctuating interest rates associated with the variable rate bonds that it issued to fund an unfunded actuarial accrued liability for pensions. These contracts are evaluated pursuant to GASB Statement No. 53, Accounting and Financial reporting for Derivative Instruments, to determine whether they effectively hedge the expected cash flows associated with interest rate exposures.

The District applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow hedge on the statement of net position. For the reporting period, all of the District's derivatives meet the effectiveness test.

The following is a summary of the fair values and notional amounts of derivative instruments outstanding as of June 30, 2020 and the changes in fair value of such derivative instruments for the year then ended as reported in the 2020 financial statements are as follows (amounts in thousands; gains shown as positive amounts, losses as negative):

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

	2020 Change in Fair Value		Fair Value, End of 2020		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental activities					
Interest Rate Derivatives:					
Pay-fixed interest rate swaps	Deferred outflow	\$19,675	Derivative	(\$72,604)	\$130,850

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the District's hedging derivative instruments outstanding at June 30, 2020, along with the credit rating of the associated counterparty (amounts in thousands).

<u>Item</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
A	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	\$21,255	09/23/2011	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	(\$11,782)	A+/A2/A
B	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	\$49,595	09/23/2011	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	(\$27,492)	AA-/Aa2/A+
C	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	\$60,000	12/23/2003	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	(\$33,330)	A/A1/A+
Total Fair Value							(\$72,604)	

Objective. As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance in December 2003, the District entered into three interest rate swap agreements in connection with the \$130,850,000 Taxable Pension Funding Bonds, 2003 Series D (originally variable auction rate securities,

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

converted to index-linked bonds on July 7, 2005). The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 5.56%. The conversion to index-linked bonds eliminated liquidity and basis risk, and maintained the swap agreements, but with a fixed rate cost to MPS of 5.61%.

Terms. The bonds and the related swap agreements mature on October 1, 2043 and the swaps' aggregate notional amount of \$130,850,000 matches the \$130,850,000 par amount of the variable-rate bonds. The swaps were entered into at the same time the bonds were issued in December 2003, and continue to remain in effect after the conversion to index-linked bonds on July 7, 2005. Starting in fiscal year 2024, the notional value of the swap and the principal amount of the bonds decline until the debt is completely retired. Under the swap agreements, the District pays the counterparty a fixed payment of 5.56% and receives a variable payment computed as the 1-month London Interbank Offered rate (LIBOR) plus 20 basis points (.20%). Conversely, the District pays the bond's index linked coupon rate of LIBOR plus 25 basis points (0.25%). The District is monitoring the scheduled discontinuation of LIBOR in 2021, and anticipates amending the financing documents by 2021 to change to the new index.

Fair Value. The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Risks of Derivative Instruments

Credit risk – Credit risk is the risk of loss due to a counterparty defaulting on its obligations. The District seeks to minimize credit risk by requiring counterparty collateral posting provisions in its hedging derivative instruments. These terms require full collateralization should the counterparties credit ratings fall below certain levels.

As of June 30, 2020, the District was not exposed to credit risk because the swaps had negative fair value. There are three swap counterparties with whom the District has a total of three swap agreements. The credit ratings of the counterparties are provided in the prior table. To mitigate the potential for credit risk, if the credit quality is below Aa3 by Moody's Investor's Service, AA- by Standard & Poor's, and AA- by Fitch Ratings, the fair value of the swap will be fully collateralized by the counterparty. Collateral is posted with the trustee of the bonds.

Interest rate risk – The District is exposed to interest rate risk on its interest rate swap. On its pay-variable, received-fixed interest rate swap, as LIBOR increases, the District's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as LIBOR or the SIFMA swap index decreases, the District's net payment on the swap increases.

Basis risk – Basis risk is the risk that arises when a hedged item and a derivative that is attempting to hedge that item are based on different indices. As a result of the District's conversion to index-linked bonds from auction rate securities, the basis risk exposure to the District from its swap agreements was eliminated.

Termination risk – Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default and mergers in which the successor entity does not meet credit criteria. The District or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. The swaps may be terminated by the District

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

at any time. A swap may be terminated by a counterparty if the District’s credit quality rating falls below “BBB-” as issued by Standard & Poor’s or “Baa3” by Moody’s Investors Service. If a swap is terminated, the variable-rate bonds will no longer carry a synthetic interest rate and the District would be subject to interest costs reflective of the variable interest rates. Also, if at the time of termination the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap’s fair value. At June 30, 2020 the swap’s currently have a cumulative negative fair value of \$72.604 million.

Rollover risk – Rollover risk occurs when the hedging derivative instrument does not extend to the maturity of the hedgeable item. When the hedging derivative instrument terminates, the hedgeable item will no longer have the benefit of the hedging derivative instrument. Because the District’s swap agreements extend to the maturity of the hedged debt, the District is not exposed to rollover risk.

Swap payments and associated debt – Using rates as of June 30, 2020, debt service requirements of the variable-rate index-linked bonds and net swap payments, assuming current interest rates remain the same for their term, were as follows (as rates vary, variable rate interest payments and net swap payments will vary):

	<u>Variable-rate bonds</u>		<u>Interest rate swaps, net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
Fiscal year ended June 30:				
2021	\$ —	\$ 212,304	\$ 7,128,381	\$ 7,340,685
2022	—	212,304	7,128,381	7,340,685
2023	—	212,304	7,128,381	7,340,685
2024	6,250,000	208,079	6,986,512	13,444,591
2025	6,325,000	197,888	6,644,326	13,167,214
2026 - 2030	31,250,000	836,973	28,102,445	60,189,418
2031 - 2035	31,250,000	583,458	19,590,336	51,423,794
2036 - 2040	31,050,000	330,564	11,099,110	42,479,674
2041 - 2044	24,725,000	78,424	2,633,193	27,436,617
Totals	<u>\$ 130,850,000</u>	<u>\$ 2,872,298</u>	<u>\$ 96,441,065</u>	<u>\$ 230,163,363</u>

(8) Risk Management

The District is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risks of loss associated with providing health, dental, and life insurance benefits to employees and retirees.

The District purchases commercial property insurance, auto liability insurance, errors and omissions insurance, fiduciary liability and excess liability insurance. The District assumes a \$250,000 self-insured retention for any one loss or occurrence under its self-insured general liability program. The District purchases excess liability insurance for its general liability that provides per-occurrence and general aggregate protection. The District is fully self-insured for environmental-related liabilities and purchases no excess environmental liability insurance. Settled claims have not exceeded the commercial coverage in any of the past three years. The annual aggregate limit for general liability was reduced from \$5,000,000 to \$3,000,000 for excess general liability incidents and from \$4,000,000 to \$3,000,000 for automobile liability incidents for the 2020 policy year.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The reduction in abuse and molestation liability limits effective July 1, 2013 remain in place. The coverage provided under the General liability policy is a limit of \$1 million each incident with a \$2,000,000 annual aggregate, subject to a \$250,000 self-insured retention per incident.

The District provides health insurance benefits to employees and retirees through a self-insured PPO/Indemnity plan, self-insured exclusive provider organization (“EPO”) plan, and a self-insured high deductible health plan (“HDHP”) with a health savings account (“HSA”) option. The District purchases stop-loss insurance for all three of the above medical and corresponding prescription drug (“Rx”) plans. The Rx benefits are self-funded and offered in concert with the medical plan. Should an employee elect to forego health insurance, there is a \$500 annual opt-out program.

Effective January 1, 2015 the District approved providing post-Medicare benefits to eligible retirees through a fully-insured Medicare Advantage plan. This fully-insured Medicare Advantage plan provides comparable benefits to the current self-insured PPO/Indemnity and EPO plans, however 2020 premium rates are 72% lower than the monthly premium for the EPO plan, 71% lower than the monthly premium for the PPO/Indemnity Plan, and 70% lower than the HDHP plan.

Life insurance benefits are provided for active and retired employees through a variable funding life insurance program. Life insurance costs that exceed certain rates are funded by MPS. All benefit eligible employees receive life insurance valued at one times their annual base salary. Effective July 1, 2018, MPS discontinued offering to pay long-term disability, and now provides a voluntary (employee paid) supplemental life, short-term disability, and long-term disability insurance programs.

The District provides dental insurance benefits through a fully insured dental maintenance organization (DMO) and through a self-insured indemnity plan. The District does not purchase stop-loss insurance for its self-insured dental indemnity plan.

Additionally, the District provides a fully insured vision plan and medical and dependent care flexible spending programs.

The District is fully self-insured for worker’s compensation benefits and does not purchase stop-loss insurance.

A liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claim liabilities also include estimated costs for claim administration fees and outside legal and medical assistance costs. The liability for claims and judgments is reported in the general fund.

Changes in the balance of claim liabilities during the past two years are as follows:

	Year ended June 30	
	2020	2019
Beginning of year liability	\$ 20,944,753	20,085,673
Current year claims and changes in estimate	158,457,251	141,561,273
Claim payments	(161,376,108)	(140,702,193)
End of year liability	<u>\$ 18,025,896</u>	<u>20,944,753</u>

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

The District has recognized the liability for health and dental benefits, which totaled \$15,393,150 and \$17,555,818 as of June 30, 2020 and 2019, respectively, in the general fund. The District has also recognized a liability of \$66,151 and \$295,510 as of June 30, 2020 and 2019, respectively, in the general fund for workers' compensation claims that were due as of the respective year-end. All other claims liabilities are considered to be long-term liabilities and are recognized in the government-wide financial statements.

(9) Retirement Plans

Wisconsin Retirement System

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees and 62 for elected officials and executive service retirement plan participants, if hired before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$23,341,718 in contributions from the District.

Contribution rates for the plan year ended as reported on June 30, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.55%	6.55%

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

At June 30, 2020, the District reported an asset of \$76,455,593 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions of benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 2.37111563% which was a decrease of .12948334% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$28,228,896.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 145,130,194	\$ 72,627,949
Changes in assumptions	5,957,921	-
Net differences between projected and actual earnings on pension plan investments	-	156,302,414
Changes in proportion and differences between employer contributions and proportionate share of contributions	380,398	1,114,920
Employer contributions subsequent to the measurement date	<u>13,722,797</u>	<u>-</u>
Total	<u>\$ 165,191,310</u>	<u>\$ 230,045,283</u>

\$13,722,797 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (23,154,821)
2022	(17,503,879)
2023	2,471,775
2024	(40,389,845)

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1%-5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Core Fund Asset Class	Asset Allocation %	Long-Term	Long-Term
		Expected Nominal Rate of Return %	Expected Real Rate of Return %
Global Equities	49.0 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0	7.5	4.6
<u>Variable Fund Asset Class</u>			
US Equities	70.0	7.5	4.6
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the district's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the district's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	<u>\$ 196,886,814</u>	<u>\$ (76,455,593)</u>	<u>\$ (280,810,477)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At June 30, 2020, the District reported a payable to the pension plan of \$1,278,048, which represents contractually required contributions outstanding as of the end of the year.

Employees' Retirement System of the City of Milwaukee

Plan Description – The District makes contributions to the Employees' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined 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 Employees' Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202.

Funding Policy – General employees participating prior to January 1, 2014 are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5% of their annual pensionable income; general employees participating on or after January 1, 2014 are required to contribute 4% of their annual pensionable income. 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 5.5% of their earnable compensation for pension benefits. The District's contributions to the System for the years ended December 31, 2019, 2018, and 2017, were \$9,575,948, \$9,323,012, and \$8,235,547, respectively, equal to the required contributions on behalf of the plan members for each year.

At June 30, 2020 the District reported a liability of \$111,623,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to December 31, 2019. No material changes in assumptions of benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019 the District's proportion was 11.2345344% which was a decrease of .02500840% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$40,265,795.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 11,766,000	\$ 5,196,000
Changes in assumptions	33,305,000	-
Net differences between projected and actual earnings on pension plan investments	-	25,712,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,000	2,336,000
Employer contributions subsequent to the measurement date	<u>3,192,862</u>	<u>-</u>
Total	<u>\$ 48,270,862</u>	<u>\$ 33,244,000</u>

\$3,192,862 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ 12,436,669
2022	5,575,722
2023	3,819,815
2024	(9,998,206)

Actuarial assumptions. The last actuarial valuation was performed as of January 1, 2019, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2019, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial valuation date	January 1, 2019
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial cost method	Entry age normal-Level Percentage of Pay
Amortization method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Actuarial Assumptions:

Investment rate of return and discount rate	7.5% per annum, compounded annually
Projected Salary increases	General City 2.5% - 5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption	2.50%
Cost of living Adjustments	Vary by Employee Group and decrement type as explained in summary of plan provisions
Mortality Table	Pre-retirement mortality rates were based on the RP-2014 Healthy Non-Annuitant Mortality Table, projected generationally with Scale MP-2016. Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, using 111% of rates for males and 110% of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates were based on RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally using Scale MP-2016.
Experience Study	The actuarial assumptions used in December 31, 2019 valuation were based on the results of the most recent experience study covering the five-year period ending December 31, 2016. The long-term rate of return is based on analysis performed by Cavanaugh Macdonald and presented to the Board in March 2019.

Long-term expected rate of return-The long-term expected rate of return on pension plan investments was reviewed as part of the regular experience study, prepared for the System in October 2017. Additional analysis was performed in early 2019 which resulted in a decrease in the long-term rate of return to 7.5%. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations, as developed by the System's investment consultant, for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. This assumption is intended to be a long-term assumption (30 to 50 years) and is not generally expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Best estimated of arithmetic real rates of return (net of inflation) for each major asset class included in the Retirement System's target asset allocation as of December 31, 2019, are listed in the table below:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	47.00%	7.30%
Fixed Income & Cash	25.00%	3.10%
Real Estate	7.70%	5.60%
Real Assets	3.30%	4.50%
Private Equity	8.00%	10.60%
Absolute Return	9.00%	2.90%
	100.00%	

**Rates provided by Cavanaugh Macdonald, arithmetic mean, net of expenses*

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions 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 7.50 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 District's proportionate share of the net pension liability/(asset) to changes in the discount rate - The following presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1 - percentage-point higher (8.50 percent) than the current rate (in thousands):

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
District proportionate share of the net pension liability	\$ 199,189,980	\$ 111,623,000	\$ 38,744,876

Additional Financial Information for the ERS- For additional information regarding ERS's financial statements and audit report, please visit the ERS web site at <http://www.cmers.com/About-Us/Reports.htm>.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Supplemental Retirement Plans

(a) Plan Descriptions and Funding Policies

Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan

The plan is a single-employer defined benefit pension plan established to provide benefits after early retirement which will supplement the pension benefits provided by the WRS and the System. Separately issued financial statements on the plan may be obtained by contacting the Pension Office, Department of Pensions and Data Systems, Milwaukee Public Schools, 5225 W. Vliet Street, Room 124, Milwaukee, WI 53208.

A participant must be an administrative, supervisory, or professional staff employee of the District who is in the collective bargaining unit represented by the Administrators and Supervisors Council, Inc (the "ASC"), be an exempt employee excluded by the ASC bargaining contract, or any other employee who is identified as a covered employee by the Milwaukee Board of School Directors (MBSD) through an employment contract between such employee and the MBSD. Such employees shall become participants in the plan on the later of the effective date of the plan or the date they become a participant in the WRS. Certain classified participants represented by the ASC or any exempt employee excluded by the ASC bargaining contract and covered by the System, and certain psychologists who elected to remain in the plan after June 30, 1980 are also eligible for participation.

The Plan is classified as a "governmental plan" and is, therefore, exempt from provisions of the Employee Retirement Security Act of 1974 (ERISA).

Participants are eligible for retirement benefits provided they have made three years of participant contributions and have eight or more years of vesting service. For Plan years, effective July 1, 2003, vesting under the Plan is modified to be three years of service as a covered employee and eight or more years of vesting service. The plan provides for unreduced benefits on or after age 60 and for reduced benefits between ages 55 and 60. For participants who retire between ages 60 and 65 under the System or under the WRS, a special supplemental benefit, as defined, shall be paid until the retiree attains age 65. Benefits are paid in the form of monthly payments based on years of service and average monthly compensation for the three highest fiscal years of earnings preceding the date of retirement to a maximum benefit, for this plan and either the System or WRS, of 70% of average monthly compensation. The benefit paid under this plan for participants whose benefit is related to the WRS shall be reduced by the amount of the WRS benefit paid. Wisconsin Act 11 directly affects the plan by decreasing the benefits paid and increasing the funded status of the plan.

In consideration of the reduced benefits to be paid by the plan as a result of Wisconsin Act 11, the District signed an agreement with the ASC to amend the plan effective July 1, 2003 as follows:

- Transfer the benefit formula under the teachers plan to the plan for those individuals who have prior MPS teaching service after July 1, 1982 and are eligible to receive a benefit from the teachers plan. Such individuals will have the option of electing either the teachers or ASC plan benefit formula.
- Eliminate employee contributions to the plan.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

- Close the plan to anyone who is not a covered employee as of June 30, 2003 and previous employees that are rehired after June 30, 2003.
- Eliminate the suspension of benefits provision in the plan and replace it with a new provision that suspends benefits paid from the plan if the retired annuitant is rehired as a covered employee and elects to participate as an active employee under the WRS.

In fiscal year 2004, the District received more than the required 95% of signed waivers and consents from covered employee to implement the negotiated change to the Plan. Subsequently the MBSD adopted the restated Plan at its June 2004 regular meeting.

The amendments to the plan were included in the July 1, 2003 actuarial valuation. These amendments resulted in an increase to the actuarial accrued liability of \$4,973,000 as of July 1, 2003.

In fiscal year 2005, the definition of “Year of Benefit Service” of the Plan was amended to provide for the addition of the following at the end of such definition:

For a covered employee who was an active participant in the Plan on or after July 1, 2004 and who:

- Became a covered employee on or after July 1, 1982; and
- Was covered under the MTEA-teacher collective bargaining unit and under the WRS on or after July 1, 1982; and
- Is vested under the Teachers Plan; and
- Has consented in writing to the amendment of the Plan as provided in a Negotiating Note between the Board and the ASC dated June 24, 2003.

A covered employee shall continue to be credited with the Years of Benefit Service without giving effect to Years of Benefit Service provisions of the Teachers Plan, for the periods beginning on and after July 1, 2004, except for the purpose of computing the Alternate Benefit for certain Teachers Plan participants as a result of Wisconsin Act 11 discussed above.

The plan also provides for disability benefits to vested participants if employment is terminated between ages 55 and 65 by reason of total and permanent disability as approved by the WRS. Upon the death of an active participant who is not eligible for any other form of benefit under the plan, a lump-sum death benefit of the value of the participant’s employee contribution account is provided to the participant’s beneficiary.

The Plan does not provide for any postretirement increases.

The District maintains a separate “member contribution account” for each participant. Annually, as of June 30, the portion of investment income of the fund attributable to the participants’ contribution is credited to the respective member contribution accounts. If a participant leaves covered employment or dies, accumulated employee contributions, plus related investment earnings, are refunded to the employee or designated beneficiary based on their election. Classified employees are not required to make member contributions under the plan.

Effective July 1, 2003, participants are no longer required to make contributions to the Plan and the employer shall pay 100% of required plan contributions.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Accrued plan liabilities are reduced by the amount attributed to employer contributions for employees who are not vested for benefits and who terminate participation in the Plan for reasons that include termination of employment. These employer contributions are applied to reduce the cost of the Plan and not to increase benefits otherwise payable to eligible participants.

At June 30, 2020, the district reported a net pension liability of \$4,744,910 for the Plan. The net pension liability was measured as of June 30, 2020.

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

The plan is a single-employer defined benefit pension plan established to provide benefits after early retirement, which will supplement the pension benefits provided by the WRS. Separately issued financial statements on the plan may be obtained by contacting the Pension Office, Department of Pensions and Data Systems, Milwaukee Public Schools, 5225 W. Vliet Street, Room 124, Milwaukee, WI 53208.

To be eligible for participation, an employee must be a teacher of the District who is in the collective bargaining unit represented by the Milwaukee Teachers' Education Association ("MTEA") and who is participating as an active employee in the WRS. Such employees shall become participants in the plan on the later of the effective date of the Plan or the date they become a participant in the WRS. Employees who first became participants before July 1, 1998, are vested upon participation. Employees who first became participants on or after July 1, 1998, are vested after being employed by the District for at least 15 years after July 1, 1998, in a position that is covered under the MBSD/MTEA teacher contract and that counts as creditable service under the WRS (but excluding periods of military service) and terminates employment with the District on or after the employee's 55th birthday.

Effective July 1, 2013, the District made following changes to the Plan provisions:

- Enrollment in the Plan was closed to any employees hired or rehired or transferred or demoted to the teacher unit covered under the Plan on or after July 1, 2013; and
- Average monthly compensation was frozen as of July 1, 2013; and
- Creditable service was frozen for all Plan participants as of July 1, 2013; and
- Vesting service was frozen for employees hired and rehired or transferred or demoted to the teacher unit on or after July 1, 2013; and
- Participants in the Plan as of July 1, 2013 and who do not subsequently separate from service prior to eligibility for retirement shall continue to accrue vesting services under the Plan.

The plan is classified as a "governmental plan" and is, therefore, exempt from the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan provides for early reduced retirement benefits to participants who are eligible and commence their WRS benefits after age 55 and prior to age 62 and provides early retirement benefits if they commence WRS benefits after age 62 but prior to age 65. Benefits are paid in the form of monthly payments based on compensation, years of service, and a defined maximum of average monthly compensation for the three fiscal years of highest earnings preceding the date of retirement. The Plan does not provide for any postretirement increases.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Accrued plan liabilities are reduced by the amount attributed to employer contributions for employees who are not vested for benefits and who terminate participation under the Plan for reasons that include termination of employment. These employer contributions are applied to reduce the cost of the Plan and not to increase benefits otherwise payable to eligible participants.

At June 30, 2020, the district reported a net pension liability of \$70,889,094 for the Plan. The net pension liability was measured as of June 30, 2020.

Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan

For the year ended June 30, 2020, the district recognized pension expense of \$396,623.

At June 30, 2020, the district reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ 445,148	\$ -

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (194,653)
2022	181,241
2023	234,985
2024	223,575

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Changes in the Net Pension Liability at June 30, 2020:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 6/30/19	\$ 53,510,190	\$ 48,663,871	\$ 4,846,319
Changes for the year:			
Service cost	123,418	-	123,418
Interest	3,549,850	-	3,549,850
Difference between expected and actual experience	(732,998)	-	(732,998)
Contributions employer	-	1,153,934	(1,153,934)
Net investment income	-	2,200,589	(2,200,589)
Benefit payments, including refunds	(4,851,914)	(4,851,914)	-
Administrative expense	-	(53,629)	53,629
Assumption changes	259,215	-	259,215
Net changes	\$ (1,652,429)	\$ (1,551,020)	\$ (101,409)
Balance at 6/30/20	\$ 51,857,761	\$ 47,112,851	\$ 4,744,910

Milwaukee Board of School Directors Early Retirement Supplemental Early Retirement Plan for Teachers

For the year ended June 30, 2020, the district recognized pension expense of \$7,517,597.

At June 30, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,353,518
Changes in assumptions	3,271,565	-
Net differences between projected and actual earnings on pension plan investments	-	322,756
Total	\$ 3,271,565	\$ 1,676,274

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (83,244)
2022	(52,110)
2023	902,041
2024	828,604

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Changes in the Net Pension Liability at June 30, 2020:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fidiciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/19	\$ 238,982,475	\$ 161,569,145	\$ 77,413,330
Changes for the year:			
Interest	15,836,643	-	15,836,643
Difference between expected and actual experience	(6,441,233)	-	(6,441,233)
Contributions employer	-	9,789,606	(9,789,606)
Net investment income	-	7,265,841	(7,265,841)
Benefit payments, including refunds	(16,887,950)	(16,887,950)	-
Administrative expense	-	(150,628)	150,628
Assumption changes	985,173	-	985,173
Net changes	<u>\$ (6,507,367)</u>	<u>\$ 16,869</u>	<u>\$ (6,524,236)</u>
Balance at 6/30/20	<u>\$ 232,475,108</u>	<u>\$ 161,586,014</u>	<u>\$ 70,889,094</u>

Actuarial Assumptions

In March 2019, the Plan actuary performed an experience study based on actuarial valuations for the period July 1, 2012 to July 1, 2017. Based on this study the following assumptions were implemented effective for the July 1, 2019 actuarial valuation. The total pension liability was determined by an actuarial valuation as of July 1, 2019 and data rolled forward to June 30, 2020, using the following actuarial methods and assumptions:

	Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers
Actuarial valuation date	July 1, 2019	July 1, 2019
Measurement date of Net Pension Liability	June 30, 2020	June 30, 2020
Actuarial cost method	Entry Age Normal	Entry age normal
Asset Valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	7.0% net of investment expenses	7.0% net of investment expenses
Inflation	2.8% per year	0.0%

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

	Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers
Salary increases	Certificated participants: In addition to price inflation, service-based increases of up to 3.7% per year. Classified Participants: 4.0% to 5.0% per year.	No longer required as the plan is frozen at July 1, 2013. Pay increases received after that date are not pensionable under the Plan.
Mortality rate	Based on RP-2014 White Collar Healthy Annuitant Mortality Table, the scaling factors are 98% for men and 96% for women with generational mortality improvement using MP-2018 2- dimensional mortality improvement scales.	Based on RP-2014 White Collar Healthy Annuitant Mortality Table, the scaling factors are 98% for men and 96% for women with generational mortality improvement using MP-2018 2- dimensional mortality improvement scales.

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class as of December 31, 2019 are as follows:

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan

Asset Class

<u>SWIB Core Fund</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	49.00%	5.10%
Fixed Income	24.50%	2.10%
Inflation Sensitive Assets	15.50%	1.20%
Real Estate	8.00%	3.50%
Private Equity/Debt	9.00%	7.60%
Multi-Asset	4.00%	4.00%
Cash	(10.00)%	0.00%
Portfolio Target Allocation	85.00%	

Asset Class

<u>SWIB Variable Fund</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	70.00%	4.60%
International Equity	30.00%	5.30%
Portfolio Target Allocation	9.00%	

BMO Fund

Intermediate Fixed Income	100.00%	1.66%
Portfolio Target Allocation	5.00%	

Long-Term Inflation Assumption 2.50%

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

Asset Class

<u>SWIB Core Fund</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	49.00%	5.10%
Fixed Income	24.50%	2.10%
Inflation Sensitive Assets	15.50%	1.20%
Real Estate	8.00%	3.50%
Private Equity/Debt	9.00%	7.60%
Multi-Asset	4.00%	4.00%
Cash	(10.00)%	0.00%
Portfolio Target Allocation	85.00%	
<u>SWIB Variable Fund</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	70.00%	4.60%
International Equity	30.00%	5.30%
Portfolio Target Allocation	10.00%	
<u>BMO Fund</u>		
Intermediate Fixed Income	100.00%	1.61%
Portfolio Target Allocation	5.00%	
Long-Term Inflation Assumption		2.50%

Single Discount Rate

The Plan is closed to future members, and the funding policy is projected to fully finance plan liabilities in the future. Actuarially determined contributions will be adjusted in the future, as experience emerges, to ensure that retiree benefits are paid.

A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The projection of cash flows used to determine this single discount rate assumed that the plan sponsor would make the actuarially determined contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) for the year ending June 30, 2020:

Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan

	1% Decrease <u>6.0%</u>	Current Discount <u>7.0%</u>	1% Increase <u>8.0%</u>
Net Pension Liability	\$9,344,740	\$4,744,910	\$790,378

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

	1% Decrease <u>6.0%</u>	Current Discount <u>7.5%</u>	1% Increase <u>8.0%</u>
Net Pension Liability	\$93,251,711	\$70,889,094	\$51,864,489

Total Pension Expense

The total pension expense for all plans recognized by the District for the year ended June 30, 2020 was \$76,408,911.

(10) Post-Employment Benefits Other Than Pensions (OPEB)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The District administers the Retiree Plan - a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the District.

Management of the Retiree Plan is vested to the Milwaukee Board of School Directors (“Governing Body”) and its administrative staff (“Staff”). The Staff delegates certain functions to an investment advisor (“Advisor”). The Retiree Plan does not issue a publicly available financial report. Financial statements of the OPEB Trust are included on pages 22 and 23.

Benefits provided. The Retiree Plan provides healthcare and life insurance benefits for eligible retirees and their eligible dependents. Benefits are provided through a third-party insurer for Medicare Eligible retirees and dependents. The District is self-funded for all eligible pre-Medicare retirees and dependents. The District provides a subsidy towards the cost of benefits covered by the plan or depending on prior collective bargaining, for some retirees the full cost of benefits are covered. The authority to establish and amend the benefit terms to the Retiree Plan is established through Board policy of the District’s Governing Body. The District’s Governing Body passed an Early Retirement Window whereby effective with dates of retirement on July 1, 2017 through June 30, 2020, eligible employees and their eligible dependents may qualify for retiree plan benefits.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Plan membership. At June 30, 2020, the Retiree Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	6,768
Active plan members	<u>5,008</u>
	<u>11,776</u>

The Retiree Plan was closed to employees hired or rehired on or after July 1, 2013.

Contributions. The authority to establish and amend the contribution requirements of the Retiree Plan is established through Board policy of the District's Governing Body. The District establishes rates based on an actuarially determined rate. For the year ended June 30, 2020, the District's average contribution rate was 25.58 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

NET OPEB LIABILITY OF THE DISTRICT

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019, projected to a measurement date of June 30, 2020.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Wage Inflation	2.5 percent
Salary increases	Depends on age, service and employer group. Rate ranges from 6.70% at less than 1 year of service to 2.50% at 30 or more years of service. Salary increase includes wage inflation assumption.
Investment rate of return	Short-term account earns 2.75% per year. Long-term account earns 7.00% per year.
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2020, trend starts at 8.00% and gradually decreases to an ultimate trend of 4.25%. Additional trend of 1.98% is added to Medicare trend from 2021 to 2035 to approximate the assumed wear-away of MAPD plan design savings.
Mortality	For retirees and survivor: Based on RP-2014

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

White Collar Annuitant Mortality Table with scaling factors of: 98% for males and 96% for females in Teachers group, and 99% for males and 96% for females in the ASC group. For active members: Based on RP-2014 White Collar Employee Mortality Table with scaling factors of 97% for males and 99% for females in Teachers group. All tables reflect future mortality improvements using MP-2018 2-dimensional mortality improvement scales.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a phase in of the short-term assumed rate of 2.75% and the long-term rate of 7.00% over the period that the plan is projected to be fully funded. This methodology results in a 17 year period to full funding.

Investment policy. The Retiree Plan's policy in regard to the allocation of invested assets is established and may be amended by Board policy of the District's Governing Body. It is the policy of the District's Governing Body to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Retiree Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Asset Allocation	
	Range	Target
<u>Growth Assets</u>		
Domestic Equity	19% - 59%	39%
International Equity	1% - 41%	21%
Other	0% - 20%	0%
<u>Income Assets</u>		
Fixed Income	20% - 60%	40%
Other	0% - 20%	0%
<u>Real Return Assets</u>		
<u>Cash Equivalents</u>		
Total	100%	<u>100%</u>

On August 25, 2016, the Governing Body approved a policy change in the OPEB investment policy from a

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

100% short and intermediate fixed income portfolio asset allocation target to the allocation targets as reflected above. This change was made to diversify the portfolio asset allocation with a long-term investment perspective invested in a similar time horizon as the liabilities.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability was 5.33 percent. The projection of cash flows used to determine the discount rate assumed that the District will contribute the pay-as-you-go contributions, plus an additional pre-funding contribution equal to 5% of expected employer paid claim costs. On average three months of pay-as-you go costs are held in a short-term account and all other assets are held in a long-term account. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHANGES IN THE NET OPEB LIABILITY

Changes in the Net OPEB Liability at June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 6/30/19	\$ 881,431,123	\$ 145,534,188	\$ 735,896,935
Changes for the year:			
Service Cost	5,337,504	-	5,337,504
Interest	42,693,860	-	42,693,860
Benefit terms	101,807,196	-	101,807,196
Difference between expected and actual experience	21,294,097	-	21,294,097
Changes assumptions	(59,720,979)	-	(59,720,979)
Employer Contributions	-	77,190,616	(77,190,616)
Net investment income	-	7,840,885	(7,840,885)
Benefit payments, including refunds	(46,667,016)	(46,667,016)	-
Net changes	<u>\$ 64,744,662</u>	<u>\$ 38,364,485</u>	<u>\$ 26,380,177</u>
Balance at 6/30/20	<u>\$ 946,175,785</u>	<u>\$ 183,898,673</u>	<u>\$ 762,277,112</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.33 percent) or 1-percentage-point higher (6.33 percent) than the current discount rate:

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

	<u>1% Decrease (4.33%)</u>	<u>Discount Rate (5.33%)</u>	<u>1% Increase (6.33%)</u>
Net OPEB liability	\$ 873,693,067	\$ 762,277,112	\$ 668,558,704

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.25 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.25 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (7.0% Decreasing to 3.25%)</u>	<u>Healthcare Cost Trend Rates (8.0% Decreasing to 4.25%)</u>	<u>1% Increase (9.0% Decreasing to 5.25%)</u>
Net OPEB liability	\$ 685,747,803	\$ 762,277,112	\$ 845,364,471

OPEB plan fiduciary net position. Effective July 1, 2010 the District established an IRC Section 115 trust for the purpose of holding assets and funding for the District's postemployment health and life insurance benefits. The trust is reported as a fiduciary fund in the District's financial statement. For fiscal year ending June 30, 2020, the District contributed \$86,036,250 (including pre-funding contributions) to the Retiree Plan. For fiscal year ending June 30, 2020, total member contributions to the Retiree Plan were \$3,647,328.

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2020, the district recognized OPEB expense of \$114,185,097. At June 30, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,211,670	\$ 4,439,339
Changes in assumptions	-	80,194,612
Net differences between projected and actual earnings on OPEB plan investments	2,345,123	-
Total	<u>\$ 29,556,793</u>	<u>\$ 84,633,951</u>

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (24,906,971)
2022	(21,260,447)
2023	(9,490,863)
2024	581,123

(11) Limitation on District Revenues

Wisconsin State Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

For the fiscal year ended June 30, 2020, the District met its revenue limitation.

(12) Excess Expenditures Over Appropriations

The following funds and departments had an excess of actual expenditures over appropriations for the year ended June 30, 2020:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Charter Schools	\$ 4,206,033
Grant Transitional	87,727
School Nurses	772,111
Substitute Costs	2,425,580
School Office Staff & Support	132,771
Allied Health	871,036
School Special Funds	1,275,386
Office of Academics	668,592
Bldg Ops-Sites	952,143
Special & Contingent Funds	8,100,949

The General Fund's total expenditures were less than total budget appropriations.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(13) Commitments and Contingencies

(a) Grants

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant program are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of District management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

(b) Contractual Commitments

The District has \$114.3 million of encumbrances outstanding as of June 30, 2020 of which \$87.5 million are contractual commitments. The encumbrances and contract commitments by major and non-major funds are as follows:

	Encumbrance totals at 6/30/2020	Contract Commitments at 6/30/2020
Major Funds		
General Fund	\$ 101,567,966	\$ 76,222,868
Construction Fund	11,198,358	10,135,744
Nutrition Fund	<u>1,397,967</u>	<u>1,039,568</u>
Total Major Funds	\$ 114,164,291	\$ 87,398,180
Non-Major Funds	<u>129,412</u>	<u>109,780</u>
Total Encumbrances and Contract Commitments	<u>\$ 114,293,703</u>	<u>\$ 87,507,960</u>

(c) Litigation

The board is the defendant in assorted litigations involving discrimination, personal injury, employee grievances, and a variety of other matters, each of which are being contested by the board. The board and management of the District believe that resolution of these contingencies will not have a material effect on the District's financial position.

(d) FCC Channels

The District has for a number of years held a license issued by the Federal Communications Commission (FCC) for Educational Broadband Service (ESB) station KHF80 on 4 channels in the Milwaukee area. The District must renew the FCC license every 10 years, with the next renewal scheduled to take place in 2028. The FCC permits excess capacity of these stations to be leased, and MPS entered into a long-term lease of the station in 2008. MPS received \$4,166,667 upfront in March 2008, and \$55,000 per month initially, with monthly payment increases 3% each March during the contract period.

MILWAUKEE PUBLIC SCHOOLS

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(14) Subsequent Events

To finance on an interim basis MPS' general operating expenses pending receipt of state school aid payments, \$50,000,000 was drawn on a line of credit by the City of Milwaukee on September 3, 2020, and \$22,000,000 was drawn on September 17, 2020. \$72,000,000 was repaid on October 16, 2020. \$180,000,000 of Revenue Anticipation Notes (RANs), Series 2020 M8, was issued on October 15, 2020. The RANs mature on July 1, 2021. Interest is payable at maturity.

(15) Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

This page intentionally left blank.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2020

	Budgeted amounts		Actual (GAAP basis)	Variance with
	Adopted	Revised		Revised Budget
REVENUES:				
Property Tax Levy	\$ 242,377,846	\$ 251,696,228.00	\$ 251,696,228	\$ -
Equalization & Integration Aids	574,595,619	564,422,664	564,422,664	(0)
Other State Aids	108,287,528	116,470,104	116,987,139	517,035
Federal Aids	9,832,421	9,750,095	17,435,400	7,685,305
Other Local Revenues	21,993,254	19,198,294	27,964,150	8,765,856
Applied Surplus	5,483,590	5,483,590	-	(5,483,590)
SCHOOL OPERATIONS & EXTENSION	962,570,258	967,020,975	978,505,580	11,484,605
CAMP	-	17,547,732	7,559,374	(9,988,358)
GRANTS	152,596,881	162,745,603	124,421,815	(38,323,788)
Total Revenues	1,115,167,139	1,147,314,310	1,110,486,770	(36,827,540)
EXPENDITURES:				
<i>Schools</i>				
High Schools	53,595,986	53,740,026	51,862,161	1,877,865
Middle Schools	13,367,688	13,093,854	12,900,535	193,319
K-8 Schools	99,991,460	100,523,287	97,373,116	3,150,171
Multilevel Schools	17,055,445	16,265,360	16,066,240	199,120
Elementary Schools	60,740,792	60,778,223	58,036,473	2,741,750
Charter Schools	80,087,480	79,040,414	83,246,447	(4,206,033)
MPS Alternative Schools/Programs	4,417,403	4,462,107	3,450,390	1,011,717
Partnership Alternative Schools/Programs	8,633,712	8,667,240	7,921,901	745,339
<i>School Accounts</i>				
Supplemental School Support	2,079,240	2,351,705	1,688,639	663,066
ADA	100,000	100,388	76,099	24,289
Advanced Studies	975,820	1,583,076	735,145	847,931
Advanced Academic Studies (AP, IB)	712,745	752,417	495,609	256,808
Allied Health	4,456,530	4,557,612	5,428,648	(871,036)
Assessment	1,675,600	2,701,301	1,378,649	1,322,652
Bldg Ops-Sites	29,735,130	31,698,385	32,650,528	(952,143)
Equity Access Inclusion	393,069	399,113	345,173	53,940
Art, Music, Physical Education, Library	24,156,056	24,591,100	23,071,270	1,519,830
Central Guidance Positions	9,611,689	9,686,405	8,827,238	859,167
School Office Staff & Support	50,865,573	50,709,618	50,842,389	(132,771)
College Access Centers	850,657	911,641	819,648	91,993
Common School Fund	2,805,080	5,123,553	4,600,771	522,782
Credit Recovery	1,831,685	1,888,848	1,823,354	65,494
Educational Maintenance	396,686	707,115	49,445	657,670
Grant Transitional	821,096	-	87,727	(87,727)
Interscholastic Athletics & Academics	4,912,562	5,039,254	3,590,067	1,449,187
Intervention Resources	286,125	287,538	55,276	232,262
Milwaukee County Collaborative	407,000	408,581	405,164	3,417
MPS Drive	649,090	740,434	406,158	334,276
Newcomer Center	691,476	694,161	678,353	15,808
Non-MPS Costs (3-year-old screening)	570,045	572,259	372,089	200,170
Positive Behavior Intervent. & Support	34,330	34,463	30,280	4,183
School Improvement Performance	-	2,998,686	2,016,451	982,235
School Nurses	3,093,913	3,326,782	4,098,893	(772,111)
School Safety Operations	14,542,653	15,021,113	13,858,648	1,162,465
School Special Funds (Open Enrollment & SSF)	43,540,488	50,186,845	51,462,231	(1,275,386)
Special Services	179,701,772	181,021,805	176,128,146	4,893,659
Substitute Costs	10,864,736	10,907,262	13,332,842	(2,425,580)
Summer School	4,684,619	5,274,091	2,071,314	3,202,777
Textbook Adoption	2,015,679	2,360,334	2,127,551	232,783
Tech-Licenses & Equip	11,474,266	14,579,815	9,355,048	5,224,767
Transportation Operations	63,299,324	63,994,008	62,226,847	1,767,161
World Languages	7,448,977	7,524,641	5,628,905	1,895,736
TOTAL - PROGRAM ACCOUNTS	\$ 817,573,677	\$ 839,304,860	\$ 811,621,858	\$ 27,683,002

MILWAUKEE PUBLIC SCHOOLS
 Required Supplementary Information
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2020

	<u>Budgeted amounts</u>		<u>Actual (GAAP basis)</u>	<u>Variance with Revised Budget</u>
	<u>Adopted</u>	<u>Revised</u>		
INDIRECT & SUPPORT SERVICES				
Board/Office of Board Governance	\$ 3,203,850	\$ 4,054,253	\$ 3,290,605	\$ 763,648
Office of Superintendent	2,012,113	2,025,717	1,867,670	158,047
Office of School Administration	7,565,596	8,523,336	8,077,768	445,568
Office of Academics	8,689,930	9,228,121	9,896,713	(668,592)
Office of Finance	4,611,212	4,767,604	4,635,625	131,979
Office of Communication & School Performance	13,541,448	13,862,139	12,551,174	1,310,965
Dept. of Facilities & Maintenance	22,638,419	27,937,999	26,821,722	1,116,277
Office of Human Resources	5,438,819	5,603,849	5,258,805	345,044
TOTAL - INDIRECT & SUPPORT	<u>67,701,387</u>	<u>76,003,018</u>	<u>72,400,082</u>	<u>3,602,936</u>
OTHER ACCOUNTS				
Tenant Costs, Utilities	26,709,011	27,104,898	22,182,029	4,922,869
Regional Development Plan	-	50,015	7,766	42,249
District Insurance & Judgements	8,937,399	10,874,499	7,645,439	3,229,060
Special & Contingent Funds	(4,769,446)	(7,759,215)	341,734	(8,100,949)
Technology Licenses & Equipment	2,090,133	10,105,644	5,772,863	4,332,781
TOTAL - OTHER ACCOUNTS	<u>32,967,097</u>	<u>40,375,841</u>	<u>35,949,831</u>	<u>4,426,010</u>
DIVISION OF RECREATION AND COMMUNITY SERVICES				
Playgrounds & Recreation Centers	20,569,298	28,387,073	16,842,814	11,544,259
Summer School Wrap-around	5,708,288	7,990,013	3,062,023	4,927,990
Educational Programs	751,792	937,840	432,842	504,998
Partnership for the Arts/Humanities	2,088,023	3,131,835	1,418,678	1,713,157
Facilities	2,072,852	2,469,887	1,617,997	851,890
Insurance and Utilities	590,406	590,406	449,450	140,956
TOTAL DIVISION OF RECREATION AND COMMUNITY SERVICES	<u>31,780,659</u>	<u>43,507,054</u>	<u>23,823,804</u>	<u>19,683,250</u>
OFFSET FOR CHARGES TO SCHOOLS AND OTHER ADJUSTMENTS TOTAL - CHARGES				
	<u>(10,518,736)</u>	<u>(10,589,728)</u>	<u>(5,477,136)</u>	<u>(5,112,592)</u>
SCHOOL OPERATIONS & EXT. FUND	<u>907,723,425</u>	<u>945,093,991</u>	<u>914,494,635</u>	<u>30,599,356</u>
CAMP	<u>-</u>	<u>17,547,732</u>	<u>6,058,940</u>	<u>11,488,792</u>
GRANTS	<u>147,046,066</u>	<u>189,395,667</u>	<u>139,603,086</u>	<u>49,792,581</u>
Total Expenditures	<u>1,086,550,150</u>	<u>1,195,544,444</u>	<u>1,083,980,465</u>	<u>111,563,979</u>
Excess of revenues over (under) expenditures	28,616,989	(48,230,134)	26,506,305	74,736,438
Transfer In (Out)	(26,435,077)	(27,257,640)	(28,983,625)	(1,725,985)
Insurance Proceeds	<u>-</u>	<u>-</u>	<u>1,419,412</u>	<u>(1,419,412)</u>
Change in Fund Balance	<u>\$ 2,181,912</u>	<u>\$ (75,487,774)</u>	<u>(1,057,908)</u>	<u>\$ 74,429,865</u>
Fund balance-beginning of year			<u>39,058,535</u>	
Fund balance-end of year			<u>\$ 38,000,627</u>	

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

Budgetary Comparison Schedule for the School Nutrition Services Fund

For the Year Ended June 30, 2020

	<u>Budgeted amounts</u>		<u>Actual (GAAP basis)</u>	<u>Variance with Revised Budget</u>
	<u>Adopted</u>	<u>Revised</u>		
Revenues:				
Lunchroom sales	\$ 650,000	\$ 650,000	\$ 545,040	\$ (104,960)
Other local sources	—	250	250	—
State aid:				
School nutrition aid	980,000	980,000	926,081	(53,919)
Federal aid:				
School nutrition aid	49,626,000	49,626,000	41,301,576	(8,324,424)
Other federal aid	1,208,750	1,372,652	1,224,033	(148,619)
Miscellaneous	—	—	39,242	39,242
Applied Surplus	3,673,900	3,673,900	—	(3,673,900)
Total revenues	<u>56,138,650</u>	<u>56,302,802</u>	<u>44,036,222</u>	<u>(12,266,580)</u>
Expenditures:				
Current operating:				
School Nutrition Services	55,973,650	56,647,008	50,838,777	5,808,231
Capital Outlay	165,000	222,354	185,037	37,317
Total expenditures	<u>56,138,650</u>	<u>56,869,362</u>	<u>51,023,814</u>	<u>5,845,548</u>
Excess of revenues over(under)				
expenditures	—	(566,560)	(6,987,592)	(6,421,032)
Net change in fund balances	\$ <u>—</u>	\$ <u>(566,560)</u>	(6,987,592)	\$ <u>(6,421,032)</u>
Fund balance—beginning of year			<u>17,798,005</u>	
Fund balance—end of year			<u>\$ 10,810,413</u>	

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
 Required Supplementary Information
 For the Year Ended June 30, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)

Wisconsin Retirement System

<u>Plan Year end date</u>	<u>Proportion of the Net Pension Liability/(Asset)</u>	<u>Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2019	2.37111563%	\$ (76,455,593)	\$ 356,237,425	21.46%	102.96%
12/31/2018	2.50059897	88,963,473	361,540,334	24.61	96.45
12/31/2017	2.61711819	(77,705,344)	377,568,441	20.58	102.93
12/31/2016	2.65129650	21,852,710	374,885,669	5.83	99.12
12/31/2015	2.69497853	43,792,878	382,623,535	11.45	98.20
12/31/2014	2.73277092	(67,124,330)	369,586,810	18.16	102.74

Employees' Retirement System

<u>Plan Year end date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2019	11.2345344000%	\$ 111,623,000	\$ 65,347,130	170.82%	84.83%
12/31/2018	11.2595428000	150,751,000	64,674,138	233.09	78.71
12/31/2017	12.6474151000	45,852,000	72,802,070	62.98	93.70
12/31/2016	13.1496289000	56,030,000	76,787,258	72.97	91.98
12/31/2015	12.7771027471	53,735,000	68,459,972	79.30	91.87
12/31/2014	12.3564611222	14,021,000	65,481,707	20.92	102.74

**Milwaukee Board of School Directors Early Retirement
Supplement and Benefit Improvement Plan**

<u>Plan Year end date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2020	100%	\$ 4,744,910	\$ 9,935,480	47.76%	90.85%
6/30/2019	100	4,846,319	12,167,822	39.83	90.94
6/30/2018	100	3,252,869	13,574,881	23.96	93.58
6/30/2017	100	3,807,895	14,255,879	26.71	92.58
6/30/2016	100	6,562,190	15,674,128	41.87	87.54
6/30/2015	100	4,502,572	17,917,354	25.13	91.66
6/30/2014	100	2,144,312	18,483,299	11.60	96.06

**Milwaukee Board of School Directors Supplemental Early
Retirement Plan for Teachers**

<u>Plan Year end date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2020	100%	\$ 70,889,094	\$ 180,168,964	39.35%	69.51%
6/30/2019	100	77,413,330	199,988,240	38.71	67.61
6/30/2018	100	72,069,547	221,227,773	32.57	68.33
6/30/2017	100	79,576,751	236,655,777	33.62	65.45
6/30/2016	100	91,636,673	250,768,000	36.54	60.70
6/30/2015	100	87,715,155	262,424,327	33.42	62.70
6/30/2014	100	85,447,415	288,512,864	29.62	64.12

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Required Supplementary Information
For the Year Ended June 30, 2020
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Wisconsin Retirement System

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 24,284,073	\$ 24,284,073	\$ -	\$ 356,237,425	6.82%
6/30/2019	23,700,168	23,700,168	-	358,455,572	6.61
6/30/2018	24,823,615	24,823,615	-	367,925,012	6.75
6/30/2017	24,975,348	24,975,348	-	377,535,204	6.62
6/30/2016	26,030,471	26,030,471	-	369,669,464	7.04
6/30/2015	25,878,102	25,878,102	-	369,580,747	7.00

Employees' Retirement System

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 8,586,101	\$ 8,586,101	\$ -	\$ 65,347,130	13.14%
6/30/2019	9,392,260	\$ 9,392,260	-	64,674,138	14.52
6/30/2018	10,261,027	10,261,027	-	72,802,070	14.09
6/30/2017	9,199,639	9,199,639	-	76,787,258	11.98
6/30/2016	9,574,716	9,574,716	-	68,459,972	13.99
6/30/2015	9,719,624	9,719,624	-	65,481,707	14.84

**Milwaukee Board of School Directors Early Retirement
Supplement and Benefit Improvement Plan**

Plan Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 1,608,219	\$ 1,153,934	\$ 454,285	\$ 9,935,480	16.20%
6/30/2019	1,930,542	2,868,167	(937,625)	12,167,822	15.90
6/30/2018	1,274,784	1,115,710	159,074	13,574,881	9.40
6/30/2017	1,477,690	1,209,134	268,556	14,255,879	10.40
6/30/2016	1,618,641	1,498,910	119,731	15,674,128	10.30
6/30/2015	2,346,545	1,710,809	635,736	17,917,354	13.10
6/30/2014	3,214,623	2,451,003	763,620	18,483,299	17.40
6/30/2013	3,519,437	3,073,400	446,037	23,710,188	14.80
6/30/2012	4,210,948	3,829,233	381,715	25,014,230	16.80
6/30/2011	3,595,479	7,209,843	(3,614,364)	33,781,612	10.60

**Milwaukee Board of School Directors Supplemental Early
Retirement Plan for Teachers**

Plan Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 10,245,574	\$ 9,789,606	\$ 455,968	\$ 180,168,964	5.7%
6/30/2019	10,390,406	11,911,441	(1,521,035)	199,988,240	5.2
6/30/2018	9,385,392	8,906,670	478,722	221,227,773	4.2
6/30/2017	9,791,544	9,456,955	334,589	236,665,777	4.1
6/30/2016	9,897,438	9,888,196	9,242	250,768,000	3.9
6/30/2015	10,329,340	9,540,139	789,201	262,424,327	3.9
6/30/2014	11,168,472	10,954,526	213,946	288,512,864	3.9
6/30/2013	14,365,412	13,998,622	366,790	323,922,137	4.4
6/30/2012	15,797,043	15,126,448	670,595	333,480,915	4.2
6/30/2011	15,645,398	27,419,691	(11,774,293)	342,784,884	4.6

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Early Retirement Supplement and Benefit Improvement Plan
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
As of June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 123,418	\$ 154,532	\$ 187,143	\$ 226,072	\$ 283,894	\$ 276,863	\$ 267,144
Interest on the total pension liability	3,549,850	3,661,182	3,703,571	3,753,201	3,855,014	3,949,902	3,988,475
Differences between expected and actual experience	(732,998)	(524,750)	341,949	(352,172)	(297,565)	383,007	-
Changes of assumptions	259,215	4,400,130	-	-	-	200,199	-
Benefit payments, including refunds	(4,851,914)	(4,825,569)	(4,879,716)	(5,008,339)	(5,164,498)	(5,238,295)	(5,487,407)
Net Change in Total Pension Liability	(1,652,429)	2,865,525	(647,053)	(1,381,238)	(1,323,155)	(428,324)	(1,231,788)
Total Pension Liability - Beginning	53,510,190	50,644,665	51,291,718	52,672,956	53,996,111	54,424,435	55,656,223
Total Pension Liability - Ending (a)	<u>\$ 51,857,761</u>	<u>\$ 53,510,190</u>	<u>\$ 50,644,665</u>	<u>\$ 51,291,718</u>	<u>\$ 52,672,956</u>	<u>\$ 53,996,111</u>	<u>\$ 54,424,435</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 1,153,934	\$ 2,868,167	\$ 1,115,710	\$ 1,209,134	\$ 1,498,910	\$ 1,710,809	\$ 2,451,003
Net investment income	2,200,589	3,292,912	3,728,578	5,238,182	345,326	799,276	7,589,400
Benefit payments, including refunds	(4,851,914)	(4,825,569)	(4,879,716)	(5,008,339)	(5,164,498)	(5,238,295)	(5,487,407)
Administrative expense	(53,629)	(63,435)	(56,599)	(65,920)	(62,511)	(58,374)	(56,590)
Net Change in Plan Fiduciary Net Position	(1,551,020)	1,272,075	(92,027)	1,373,057	(3,382,773)	(2,786,584)	4,496,406
Plan Fiduciary Net Position - Beginning	48,663,871	47,391,796	47,483,823	46,110,766	49,493,539	52,280,123	47,783,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,112,851</u>	<u>\$ 48,663,871</u>	<u>\$ 47,391,796</u>	<u>\$ 47,483,823</u>	<u>\$ 46,110,766</u>	<u>\$ 49,493,539</u>	<u>\$ 52,280,123</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,744,910</u>	<u>\$ 4,846,319</u>	<u>\$ 3,252,869</u>	<u>\$ 3,807,895</u>	<u>\$ 6,562,190</u>	<u>\$ 4,502,572</u>	<u>\$ 2,144,312</u>
Plan fiduciary net position as a percentage of the total Pension liability	90.85%	90.94%	93.58%	92.58%	87.50%	91.70%	96.10%
Covered payroll	\$ 9,935,480	\$ 12,167,822	\$ 13,574,881	\$ 14,255,879	\$ 15,674,128	\$ 17,917,354	\$ 18,483,299
Net Pension liability as a percentage of covered payroll	47.76%	39.83%	23.96%	26.71%	41.87%	25.13%	11.60%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information that complies with GASB 67 prior to fiscal year 2014 is not available.

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Supplemental Early Retirement Plan for Teachers
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
As of June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the total pension liability	15,836,643	16,182,472	16,436,072	16,635,125	16,846,685	17,001,811	17,203,578
Differences between expected and actual experience	(6,441,233)	(695,436)	(3,160,017)	(3,241,431)	(2,247,617)	(2,929,293)	-
Assumption changes	985,173	12,396,147	-	-	-	-	-
Benefit payments, including refunds	(16,887,950)	(16,477,649)	(16,013,508)	(16,244,782)	(16,607,340)	(17,037,741)	(16,891,272)
Net Change in Total Pension Liability	(6,507,367)	11,405,534	(2,737,453)	(2,851,088)	(2,008,272)	(2,965,223)	312,306
Total Pension Liability - Beginning	<u>238,982,475</u>	<u>227,576,941</u>	<u>230,314,394</u>	<u>233,165,482</u>	<u>235,173,754</u>	<u>238,138,977</u>	<u>237,826,671</u>
Total Pension Liability - Ending (a)	<u>\$ 232,475,108</u>	<u>\$ 238,982,475</u>	<u>\$ 227,576,941</u>	<u>\$ 230,314,394</u>	<u>\$ 233,165,482</u>	<u>\$ 235,173,754</u>	<u>\$ 238,138,977</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 9,789,606	\$ 11,911,441	\$ 8,906,670	\$ 9,456,955	\$ 9,888,196	\$ 9,540,139	\$ 10,954,526
Net investment income	7,265,841	10,779,925	12,028,603	16,153,487	964,012	2,410,365	21,504,411
Benefit payments	(16,887,950)	(16,477,649)	(16,013,508)	(16,244,782)	(16,607,340)	(17,037,741)	(16,891,272)
Administrative expense	(150,628)	(151,966)	(152,014)	(156,826)	(174,658)	(145,726)	(176,226)
Net Change in Plan Fiduciary Net Position	16,869	6,061,751	4,769,751	9,208,834	(5,929,790)	(5,232,963)	15,391,439
Plan Fiduciary Net Position - Beginning	<u>161,569,145</u>	<u>155,507,394</u>	<u>150,737,643</u>	<u>141,528,809</u>	<u>147,458,599</u>	<u>152,691,562</u>	<u>137,300,123</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 161,586,014</u>	<u>\$ 161,569,145</u>	<u>\$ 155,507,394</u>	<u>\$ 150,737,643</u>	<u>\$ 141,528,809</u>	<u>\$ 147,458,599</u>	<u>\$ 152,691,562</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 70,889,094</u>	<u>\$ 77,413,330</u>	<u>\$ 72,069,547</u>	<u>\$ 79,576,751</u>	<u>\$ 91,636,673</u>	<u>\$ 87,715,155</u>	<u>\$ 85,447,415</u>
Plan fiduciary net position as a percentage of the total Pension liability	69.51%	67.61%	68.33%	65.45%	60.70%	62.70%	64.12%
Covered payroll	\$ 180,168,964	\$ 199,988,240	\$ 221,227,773	\$ 236,655,777	\$ 250,768,000	\$ 262,424,327	\$ 288,512,864
Net Pension liability as a percentage of covered payroll	39.35%	38.71%	32.57%	33.62%	36.54%	33.42%	29.62%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information that complies with GASB 67 prior to fiscal year 2014 is not available.

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Required Supplementary Information
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
As of June 30, 2020

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 5,337,504	\$ 3,214,967	\$ 3,415,121	\$ 4,101,247
Interest on the total OPEB liability	42,693,859	42,385,765	42,630,800	45,599,496
Changes of benefit terms	101,807,197	-	-	-
Differences between expected and actual experience	21,294,097	(8,091,913)	30,739,181	2,563,048
Changes of assumptions	(59,720,979)	-	(96,779,146)	-
Benefit payments	<u>(46,667,016)</u>	<u>(44,135,647)</u>	<u>(47,544,292)</u>	<u>(52,906,009)</u>
Net Change in Total OPEB Liability	64,744,662	(6,626,828)	(67,538,336)	(642,218)
Total OPEB Liability - Beginning	<u>881,431,123</u>	<u>888,057,951</u>	<u>955,596,287</u>	<u>956,238,505</u>
Total OPEB Liability - Ending (a)	<u>\$ 946,175,785</u>	<u>\$ 881,431,123</u>	<u>\$ 888,057,951</u>	<u>\$ 955,596,287</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 77,190,615	\$ 58,235,819	\$ 53,242,638	\$ 33,755,421
Net investment income	7,840,886	8,355,586	8,512,126	3,910,328
Benefit payments	<u>(46,667,016)</u>	<u>(44,135,647)</u>	<u>(47,544,292)</u>	<u>(52,906,009)</u>
Net Change in Plan Fiduciary Net Position	38,364,485	22,455,758	14,210,472	(15,240,260)
Plan Fiduciary Net Position - Beginning	<u>145,534,188</u>	<u>123,078,430</u>	<u>108,867,958</u>	<u>124,108,219</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 183,898,673</u>	<u>\$ 145,534,188</u>	<u>\$ 123,078,430</u>	<u>\$ 108,867,959</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 762,277,112</u>	<u>\$ 735,896,935</u>	<u>\$ 764,979,521</u>	<u>\$ 846,728,328</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.44%	16.51%	13.86%	11.39%
Covered payroll (1)	\$ 301,739,000	\$ 323,210,126	\$ 355,843,000	\$ 387,681,000
Net OPEB liability as a percentage of covered payroll	252.63%	227.68%	214.98%	218.41%

Notes to Schedule:

The District implemented GASB Statement No. 74 in fiscal year 2017 and GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2017 is not available.

(1) Estimated payroll for fiscal year end 2017 and 2018, based on prior fiscal year end payroll adjusted by wage inflation assumption of 3.00 percent. For fiscal year end 2019, estimate based on expected payroll using the results of the Actuarial Valuation as of July 1, 2017.

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Post-Employment Life and Healthcare Insurance Benefits
Required Supplementary Information
SCHEDULE OF EMPLOYER CONTRIBUTIONS
As of June 30, 2020

	2020	2019	2018	2017
Actuarially contractual determined contribution	\$ 94,430,221	\$ 90,020,711	\$ 88,022,745	\$ N/A
Contributions in relation to the actuarially determined contribution	<u>\$ 77,190,616</u>	<u>\$ 58,235,819</u>	<u>\$ 53,242,638</u>	<u>\$ 33,755,421</u>
Contribution deficiency (excess)	<u>\$ 17,239,605</u>	<u>\$ 31,784,892</u>	<u>\$ 34,780,107</u>	<u>\$ N/A</u>
Covered payroll	\$ 301,739,000	\$ 323,210,100	\$ 355,843,000	\$ 387,681,000
Contributions as a percentage of covered payroll	25.58%	18.02%	14.96%	8.71%

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2020
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine actuarial liability and contributions:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Wage Inflation	2.5%
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2020, trend starts at 8.00% and gradually decreases to an ultimate trend of 4.25%. Additional trend of 1.98% is added to Medicare cost from 2021 to 2035 to approximate the assumed wear-away of MAPD plan design savings.
Salary increases	Depends on age, service and employer group. Rate ranges from 6.70% at less than 1 year of service to 2.50% at 30 or more years of service. Salary increase includes wage inflation assumption.
Investment rate of return	Short-term account earns 2.75% per year. Long-term account earn 7.00% per year.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For retirees and survivor: Based on RP-2014 White Collar Annuitant Mortality Table with scaling factors of: 98% for males and 96 for females in Teachers group, and 99% for males and 96% for females in the ASC group. For active members: Based on RP-2014 White Collar Employee Mortality Table with scaling factors of 97% for males and 99% for females in Teachers group. All tables reflect future mortality improvements using MP-2018 2-dimensional mortality improvement scales.

Other information:

The District implemented GASB Statement No. 74 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS
Post-Employment Life and Healthcare Insurance Benefits
Required Supplementary Information
SCHEDULE OF INVESTMENT RETURNS
As of June 30, 2020

<u>Fiscal Year Ending June 30</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expenses</u>
2017	3.30%
2018	7.55%
2019	6.46%
2020	5.23%

Notes to Schedule:

The District implemented GASB Statement No. 74 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

MILWAUKEE PUBLIC SCHOOLS

Notes to Required Supplementary Information

For the Year ended June 30, 2020

(1) Budgeting

Annual appropriated budgets are adopted for the general, special revenue and debt service funds by June 30th each year. Budgets are adopted for the construction fund on a project-length basis. Budgets are adopted on a modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America, except for the treatment of encumbrances (see below) and property tax revenues. Property tax revenues are budgeted based on the amount levied.

In accordance with the Wisconsin Department of Public Instruction's reporting requirements, the Board exercises control over budgeted amounts at the responsibility center level within the general, special revenue, and debt service funds. The capital projects fund is controlled at the project level. During the year, budgets can be amended by approval of a majority of the members of the board.

As a management practice, the superintendent, or his or her designee, may transfer funds between functions at the department, school, or program level subject to the following criteria:

- The transaction does not exceed \$100,000
- Is not initiated by a Board member
- Will not effectuate a change in policy
- Will not create a new area of activity for the District
- Does not increase authorized staffing levels
- Does not move monies between statutory funds

Board policy requires that all annual appropriations lapse at fiscal year-end except for the following: excess budgetary authority for capital project funds lapse when a specific project is completed; deficits incurred automatically reduce the subsequent year's budget appropriations; and, with school board approval, schools are allowed to carry over appropriations into the following year up to a maximum of 1.0% of the total revised school budget each year and appropriations for special projects or planned purchases may be carried into the subsequent year.

(2) Wisconsin Retirement System (WRS) Pension

The amounts presented in relation to the schedule of employer's proportionate share of the net pension (asset)/liability and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to the District as a whole.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

See Independent Auditor's report.

MILWAUKEE PUBLIC SCHOOLS

Notes to Required Supplementary Information

For the Year ended June 30, 2020

(3) Employees' Retirement System (ERS)

The amounts presented in relation to the schedule of employer's proportionate share of the net pension (asset)/liability and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with data provided by the ERS in relation to the District as a whole.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in ERS.

Changes of assumptions. There were no changes in the assumptions

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

Covered payroll reported is as of December 31 for each year presented. Data as of June 30 is not available.

(4) Supplemental Retirement Plans

The amounts presented in relation to the schedule of employer's proportionate share of the net pension (asset)/liability and the schedule of employer contributions represents the specific data of the District. The information was derived using the employer's contribution data.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. The scaling factor for determining the mortality rate for men was changed from 98% to 99% in the Early Retirement Supplement and Benefit Improvement Plan.

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

(5) Other Postemployment Benefits (OPEB)

The amounts presented in relation to the schedule of employer's net OPEB (asset)/liability and the schedule of employer contributions represents the specific data of the District. The information was derived using the employer's contribution data.

Changes of benefit terms. Eligibility requirements for employees hired prior to July 1, 2013 were permanently changed as of July 1, 2020. To be eligible for retiree health and life insurance coverage, upon retirement, members must be age 55 or older, have 20 or more years of eligible MPS service and have accumulated at least 70% of the maximum sick leave balance.

Changes of assumptions. A bi-annual actuarial valuation is performed for the plan. An updated actuarial valuation as of June 30, 2019, was performed using census, healthcare-related assumptions, pension-related assumptions and plan provisions as of June 30, 2019. See Note 11 for more information on the specific assumptions for the plan. The following assumptions were changed the last valuation as of July 1, 2017:

- The wage inflation was changed from 2.8% to 2.5%.
- The assumed future salary increases were changed from 7.00% at less than one year of service to 2.80% at 34 or more years of service, to 6.70% at less than one year of service to 2.50% at 30 or more years of service.

MILWAUKEE PUBLIC SCHOOLS

Notes to Required Supplementary Information

For the Year ended June 30, 2020

- The investment rate of return for the short-term account was changed from 3.00% per year to 2.75% per year and for the long-term account from 7.25% per year to 7.00% per year.
- The healthcare cost trend rate was changed from 8.00% with a gradual decrease to 4.50% with an additional trend rate of .45% added on to non-Medicare costs on and after 2024 to 8.00% with a gradual decrease to 4.25%.
- The table used for determining mortality rates was changed from RP-2000 projected to RP-2009 with a six-year set back and mortality improvements based on Project Scale AA to RP-2014 with mortality improvements based on MP-2018-2 dimensional mortality improvement scales. The following scaling factors are now applied: 98% for males and 96% for females in the Retired Teachers group, 99% for males and 96% for females in the Retired ASC group and 97% for males and 99% for females in the active Teachers group.
- The discount rate was changed from 4.93% to 5.33%.

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

See Independent Auditor's report.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

This page intentionally left blank

MILWAUKEE PUBLIC SCHOOLS

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used and report the proceeds of specific revenue sources other than debt service or capital projects that are restricted or committed to expenditure for particular purposes. These funds include the following:

Categorically Aided Programs Fund—This fund is used to account for proceeds from federal grants that provide emphasis on social and curriculum needs of special populations within the District.

Debt Service Fund

Debt Service Fund—This fund is used to account and report financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs.

MILWAUKEE PUBLIC SCHOOLS
Combining Balance Sheet—Nonmajor Governmental Funds
As of June 30, 2020

	Assets	<u>Special Revenue</u>		
		<u>Categorically Aided Programs</u>	<u>Debt Service</u>	<u>Total</u>
Receivables due from other governmental units	\$	2,418,440	—	2,418,440
Due from other funds		1,547,049	—	1,547,049
Total assets	\$	<u>3,965,489</u>	<u>—</u>	<u>3,965,489</u>
Liabilities, Deferred inflow of resources and Fund Balances				
Liabilities:				
Accounts Payable	\$	393,293	—	393,293
Due to other funds		2,026,508	—	2,026,508
Total liabilities		2,419,801	—	2,419,801
Deferred inflows of Resources - unearned revenue (note 1(o))		1,545,688	—	1,545,688
Fund balances:				
Unassigned		—	—	—
Total fund balances		<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>3,965,489</u>	<u>—</u>	<u>3,965,489</u>

MILWAUKEE PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances—Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	<u>Special Revenue</u> <u>Categorically</u> <u>Aided</u> <u>Programs</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
Revenues:			
Property taxes	\$ —	9,680,142	9,680,142
Other federal aid	20,296,237	—	20,296,237
Total revenues	<u>20,296,237</u>	<u>9,680,142</u>	<u>29,976,379</u>
Expenditures:			
Instructional services— special curriculum	5,437,953	—	5,437,953
Pupil and staff services	16,405,333	—	16,405,333
Debt service:			
Principal	—	18,693,152	18,693,152
Interest	—	18,404,243	18,404,243
Bond administrative fees	—	19,323	19,323
Total expenditures	<u>21,843,286</u>	<u>37,116,718</u>	<u>58,960,004</u>
Excess of revenues over (under) expenditures	(1,547,049)	(27,436,576)	(28,983,625)
Other financing sources:			
Transfers In	1,547,049	27,436,576	28,983,625
Total other financing sources	<u>1,547,049</u>	<u>27,436,576</u>	<u>28,983,625</u>
Net changes in fund balances	—	—	—
Fund balances:			
Beginning of year	—	—	—
End of year	<u>\$ —</u>	<u>—</u>	<u>—</u>

MILWAUKEE PUBLIC SCHOOLS

Categorically Aided Programs Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual

For the Year Ended June 30, 2020

	Budgeted amounts		Actual
	Adopted	Revised	(GAAP basis)
Revenues:			
Federal aid:			
Other federal aid	\$ 25,392,464	\$ 20,296,237	\$ 20,296,237
Total revenues	<u>25,392,464</u>	<u>20,296,237</u>	<u>20,296,237</u>
Expenditures:			
Instructional services—			
Special curriculum	5,213,932	5,052,810	5,437,953
Pupil and staff services	<u>20,178,532</u>	<u>15,243,427</u>	<u>16,405,333</u>
Total expenditures	<u>25,392,464</u>	<u>20,296,237</u>	<u>21,843,286</u>
Excess of revenues over (under) expenditures	—	—	(1,547,049)
Other financing sources:			
Transfers In			1,547,049
Net change in fund balance	<u>\$ —</u>	<u>\$ —</u>	—
Fund balance—beginning of year			<u>—</u>
Fund balance—end of year			<u>\$ —</u>

MILWAUKEE PUBLIC SCHOOLS

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual

For the Year Ended June 30, 2020

	Budgeted amounts		Actual
	Adopted	Revised	(GAAP basis)
Revenues:			
Property taxes	\$ 9,680,142	9,680,142	9,680,142
Total revenues	<u>9,680,142</u>	<u>9,680,142</u>	<u>9,680,142</u>
Expenditures:			
Current operating:			
Debt service	<u>36,937,782</u>	<u>36,937,782</u>	<u>37,116,718</u>
Total expenditures	<u>36,937,782</u>	<u>36,937,782</u>	<u>37,116,718</u>
Excess of revenues over (under) expenditures	(27,257,640)	(27,257,640)	(27,436,576)
Other financing sources			
Transfers in	<u>27,257,640</u>	<u>27,257,640</u>	<u>27,436,576</u>
Total other financing sources	<u>27,257,640</u>	<u>27,257,640</u>	<u>27,436,576</u>
Net changes in fund balances	<u>\$ —</u>	<u>—</u>	<u>—</u>
Fund balance—beginning of year			<u>—</u>
Fund balance—end of year			<u>\$ —</u>

This page intentionally left blank.

MILWAUKEE PUBLIC SCHOOLS

Fiduciary Funds

Pension Trust Funds

The pension trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. These funds include the following:

Milwaukee Board of School Directors Early Retirement Supplemental and Benefit Improvement Plan—This fund is used to account for the accumulation of resources for pension benefit payments for early retirement plans maintained by the District for qualified administrators.

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers—This fund is used to account for the accumulation of resources for pension benefit payments for early retirement plans maintained by the District for qualified teachers.

Agency Fund

The agency fund collects and disburses cash and investments for student organizations and activities through district schools that act in the capacity of an agent of such funds.

MILWAUKEE PUBLIC SCHOOLS

Combining Statement of Changes in Net Position—Pension Trust Funds

For the Year Ended June 30, 2020

		Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers	Total
		<hr/>	<hr/>	<hr/>
Additions:				
Employer contributions	\$	1,153,934	9,789,606	10,943,540
Investment income:				
Net investment from the State of Wisconsin:				
Core Retirement Investment Trust Fund		1,983,608	6,526,622	8,510,230
Variable Retirement Trust Fund		125,272	434,860	560,132
Net investment income from other investments		96,253	320,273	416,526
Total investment income:		<hr/> 2,205,133	<hr/> 7,281,755	<hr/> 9,486,888
Investment expenses		<hr/> (4,544)	<hr/> (15,914)	<hr/> (20,458)
Net investment income		2,200,589	7,265,841	9,466,430
Total additions		<hr/> 3,354,523	<hr/> 17,055,447	<hr/> 20,409,970
Deductions:				
Benefits paid to participant's or beneficiaries		4,815,768	16,887,950	21,703,718
Distribution of participant contribution accounts		36,146	—	36,146
Administrative expenses		53,629	150,628	204,257
Total deductions		<hr/> 4,905,543	<hr/> 17,038,578	<hr/> 21,944,121
Changes in net position		(1,551,020)	16,869	(1,534,151)
Net Position—Beginning of Year		<hr/> 48,663,871	<hr/> 161,569,145	<hr/> 210,233,016
Net Position—Ending of Year	\$	<hr/> <hr/> 47,112,851	<hr/> <hr/> 161,586,014	<hr/> <hr/> 208,698,865

MILWAUKEE PUBLIC SCHOOLS
 Agency Fund
 Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2020

Assets	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Cash and cash equivalents	\$ 6,353,816	4,221,500	(4,541,936)	6,033,380
Total assets	<u>\$ 6,353,816</u>	<u>4,221,500</u>	<u>(4,541,936)</u>	<u>6,033,380</u>
Liabilities				
Liabilities:				
Due to student organizations	\$ 6,353,816	4,221,500	(4,541,936)	6,033,380
Total liabilities	<u>\$ 6,353,816</u>	<u>4,221,500</u>	<u>(4,541,936)</u>	<u>6,033,380</u>

MILWAUKEE PUBLIC SCHOOLS
Schedule of Charter School Authorizer Operating Costs
For the Year Ended June 30, 2020

OPERATING ACTIVITY	COST
Employee Salaries	\$ 324,336
Employee Benefits	177,736
Purchased Services	4,413
Supplies	1,765
TOTAL	\$ 508,250

This page intentionally left blank.



MILWAUKEE
PUBLIC SCHOOLS

STATISTICAL SECTION

This part of the Milwaukee Public Schools' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	112-115
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	116-121
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	122-124
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	125-129
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	130-140

This page intentionally left blank.

MILWAUKEE PUBLIC SCHOOLS
Statement of Net Position
Last Ten Fiscal Years

Governmental activities

	<u>2020</u>	<u>2019</u>	<u>2018 (a)</u>	<u>2017 (a)</u>	<u>2016</u>	<u>2015</u>	<u>2014(a)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net investment in capital assets	\$ 514,612,123	516,188,955	521,815,805	521,306,420	500,041,665	489,612,270	483,025,586	490,235,574	495,794,462	499,760,461
Restricted for debt service	1,504,629	505,000	197,549	—	14,368,921	16,570,259	9,914,758	6,866,476	13,472,018	11,247,463
Restricted for pensions	76,455,593	—	77,705,344	—	—	67,124,130	—	—	—	—
Restricted for self-insurance deposits	3,113,403	3,042,197	—	—	—	—	—	—	—	—
Restricted for long term capital investment fund	8,854,422	2,820,256	—	—	—	—	—	—	—	—
Restricted for school nutrition services	1,103,267	14,124,105	—	—	—	—	—	—	—	—
Unrestricted (Deficit)	<u>(1,180,971,723)</u>	<u>(1,051,915,101)</u>	<u>(1,023,464,185)</u>	<u>(697,052,528)</u>	<u>(593,783,813)</u>	<u>(643,922,647)</u>	<u>(641,998,220)</u>	<u>(652,162,327)</u>	<u>(641,733,484)</u>	<u>(637,144,852)</u>
Total net position	<u>\$ (575,328,286)</u>	<u>(515,234,588)</u>	<u>(423,745,487)</u>	<u>(175,746,108)</u>	<u>(79,373,227)</u>	<u>(70,615,988)</u>	<u>(149,057,876)</u>	<u>(155,060,277)</u>	<u>(132,467,004)</u>	<u>(126,136,928)</u>

(a) These numbers are reported prior to the GASB #68 and GASB #75 restatements.

MILWAUKEE PUBLIC SCHOOLS

Changes in Net Position
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Instruction	\$ 697,882,053	652,139,250	593,089,063	724,642,011	681,195,330	647,364,824	666,593,314	714,036,147	685,589,990	863,184,570
Support services:										
Community services	31,999,076	38,436,371	30,629,716	31,770,798	27,789,456	29,311,872	27,612,053	30,536,990	26,041,483	27,499,000
Pupil and staff services	166,272,237	158,679,260	149,961,599	150,132,613	128,939,561	131,798,496	127,673,917	130,189,957	135,648,452	160,715,900
General, administration, and central services	121,069,716	134,765,188	124,577,548	125,109,527	112,898,587	98,125,128	101,276,207	103,502,882	113,952,373	117,817,193
Business services	179,205,970	182,654,935	176,621,387	180,855,290	169,413,167	160,678,353	167,752,510	149,452,181	154,701,665	169,960,141
School nutrition services	53,890,721	54,838,294	49,719,699	49,625,471	50,101,295	47,234,192	43,656,550	44,945,680	44,527,282	44,205,351
Interest on long-term debt	17,947,044	18,473,894	18,743,854	22,489,948	17,660,687	16,331,690	20,088,560	16,147,608	17,790,345	17,926,945
Bond issuance costs	—	—	33,114	407,528	—	—	—	—	—	—
Loss on sale/disposal of assets	—	—	—	—	—	—	—	260,129	4,028,012	—
Total support services	\$ 570,384,764	587,847,942	550,286,917	560,391,175	506,802,753	483,479,731	488,059,797	475,035,427	496,689,612	538,124,530
Total expenses	\$ 1,268,266,817	1,239,987,192	1,143,375,980	1,285,033,186	1,187,998,083	1,130,844,555	1,154,653,111	1,189,071,574	1,182,279,602	1,401,309,100
Program revenues:										
Charges for services:										
Instruction	\$ 18,626,600	16,893,121	14,305,797	11,587,754	8,619,364	7,144,293	7,347,485	6,135,034	4,897,115	5,270,970
Community services	3,510,396	4,681,757	4,698,959	4,781,636	4,365,200	4,144,116	1,904,323	1,789,570	1,844,915	1,981,562
Business services	6,870,391	6,998,292	6,645,835	6,006,239	5,398,788	5,068,641	4,899,266	3,230,905	2,613,852	1,962,560
Nutrition services	545,040	710,211	724,006	666,619	1,164,444	802,764	3,127,925	2,933,140	3,027,221	3,233,097
Operating grants and contributions:										
Instruction	242,886,473	231,713,796	213,842,096	202,268,798	184,229,896	201,995,731	202,656,277	218,784,528	218,860,380	284,307,386
Community services	9,257,771	9,913,144	11,937,638	5,331,144	5,559,121	6,141,526	5,865,138	6,689,857	6,286,075	6,693,672
Pupil and staff services	20,024,242	18,832,411	17,714,954	17,860,161	18,367,601	22,295,180	20,743,806	17,344,944	22,257,411	16,187,840
Business services	7,569,890	7,408,731	7,861,714	7,495,159	5,580,111	7,056,988	6,747,421	6,045,771	6,758,686	7,058,695
Nutrition services	43,451,940	51,437,723	53,213,246	53,349,946	52,242,705	49,190,624	41,820,458	39,875,043	39,259,843	39,640,325
Capital grants and contributions:										
Instruction	10,409,910	10,861,018	10,360,627	16,064,716	16,348,227	849,132	3,546,175	6,491,624	3,244,501	11,532,654
Total program revenues	\$ 363,152,652	359,450,204	341,304,872	325,412,172	301,875,457	304,688,995	298,658,274	309,320,416	314,049,999	377,868,761
Net (expense)/revenue	\$ (905,114,164)	(880,536,988)	(802,071,108)	(959,621,014)	(886,122,626)	(826,155,560)	(855,994,837)	(879,751,158)	(868,229,603)	(1,023,440,339)
General revenues and other changes in net position:										
Taxes:										
Property taxes levied for general purposes	\$ 226,471,228	219,062,424	242,639,539	257,702,427	268,759,174	271,012,144	270,306,782	269,493,379	270,368,281	259,744,794
Property taxes levied for construction	1,511,274	1,511,274	3,904,580	1,100,000	10,600,000	9,600,000	9,600,000	8,619,687	5,127,012	14,729,342
Property taxes levied for debt service	9,680,142	9,816,475	5,570,269	2,366,738	4,209,121	4,600,529	2,477,582	5,426,145	5,475,630	5,698,454
Property taxes levied for community services	25,225,000	20,000,000	20,000,000	20,000,000	17,065,872	17,065,872	17,065,871	17,065,871	16,815,871	13,334,418
Other taxes	51,495	326,576	597,492	840,809	810,337	1,837,208	53,662	32,559	533,466	1,729,836
Federal and state aid not restricted to a specific purpose:										
General (equalization aid)	520,297,205	531,143,819	523,855,062	516,742,805	509,173,092	505,323,745	500,659,964	494,557,826	496,690,640	544,914,729
Other	58,483,121	57,999,368	56,105,633	62,102,128	61,046,450	58,305,357	58,682,525	58,969,122	63,378,858	73,161,388
Interest and investment earnings	883,444	789,874	1,295,467	1,321,804	4,349,251	2,913,071	2,541,815	254,662	224,216	289,979
Gain on sales of capital assets	—	75,136	—	—	332,510	—	111,363	113,881	—	—
Other	2,417,557	1,138,121	1,744,974	1,071,422	1,019,580	932,736	497,674	2,624,753	3,285,553	4,636,939
Total general revenues	\$ 845,020,466	841,863,067	855,713,016	863,248,133	877,365,387	871,590,662	861,997,238	857,157,885	861,899,527	918,239,879
Change in net position	\$ (60,093,698)	(38,673,921)	53,641,908	(96,372,881)	(8,757,239)	45,435,102	6,002,401	(22,593,273)	(6,330,076)	(105,200,460)

MILWAUKEE PUBLIC SCHOOLS
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund										
Nonspendable										
Inventories and other assets	\$ 1,458,761	1,998,722	2,073,707	1,886,572	1,643,145	1,026,248	973,880	907,073	746,342	586,777
Prepaid items	566,482	206,055	37,788	3,440,257	9,453,791	5,236,234	5,908,136	1,388,395	2,011,198	3,032,231
Noncurrent advances	—	—	—	—	—	—	2,736,923	4,973,734	3,786,936	2,251,164
Noncurrent receivables	327,053	1,535,963	1,596,592	1,482,010	923,445	573,763	671,498	—	—	—
Restricted										
Self-insurance deposits	3,113,403	3,042,197	3,890,011	3,240,153	8,069,749	7,243,936	5,550,712	4,408,669	4,454,209	3,723,449
Debt service	2,020,389	1,042,637	762,365	642,270	18,438,783	20,759,322	10,395,435	10,599,746	16,305,038	15,818,504
Flex spending	—	—	—	292,095	228,216	273,097	263,746	253,825	191,658	241,978
Committed for Construction	—	—	—	—	—	—	—	2,122	2,122	2,122
Assigned	5,483,590	5,483,590	5,483,590	2,810,155	975,383	2,732,369	2,421,323	3,104,129	4,925,111	1,123,863
Unassigned	25,030,949	25,749,371	23,595,128	28,414,710	40,566,631	41,791,865	49,871,027	53,322,696	63,927,286	64,820,786
Total general fund	\$ <u>38,000,627</u>	<u>39,058,535</u>	<u>37,439,181</u>	<u>42,208,222</u>	<u>80,299,143</u>	<u>79,636,834</u>	<u>78,792,680</u>	<u>78,960,389</u>	<u>96,349,900</u>	<u>91,600,874</u>
Other Governmental Funds										
Restricted										
Debt service	\$ —	—	1,419	—	—	—	3,657,983	941,258	940,863	—
Long term capital investment fund	8,854,422	2,820,256	2,759,067	2,752,746	2,750,127	250,000	—	—	—	—
School Nutrition Services	1,103,267	14,124,105	13,776,344	11,525,766	4,877,643	539,429	—	—	—	—
Capital projects	33,736,218	56,743,971	78,473,037	78,832,821	20,444,142	40,228,316	—	—	—	—
Committed										
Construction	2,930,913	2,231,887	6,786,798	3,737,681	21,010,508	9,207,227	18,002,317	17,075,169	27,013,589	44,604,504
Assigned	9,707,146	3,673,900	2,270,094	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	(2,736,923)	(4,973,734)	(3,786,936)	(2,251,164)
Total all other governmental funds	\$ <u>56,331,966</u>	<u>79,594,119</u>	<u>104,066,759</u>	<u>96,849,014</u>	<u>49,082,420</u>	<u>50,224,972</u>	<u>18,923,377</u>	<u>13,042,693</u>	<u>24,167,516</u>	<u>42,353,340</u>

MILWAUKEE PUBLIC SCHOOLS
 Changes in Fund Balance, Governmental Funds, and Debt Service Ratios
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:										
Property tax levy	\$ 262,887,644	250,390,173	272,114,388	281,169,165	300,634,166	302,278,545	299,450,235	300,605,082	297,786,794	293,507,008
Other taxes	114,322	326,576	597,492	840,809	810,337	72,837	79,171	75,084	104,824	108,820
Lunchroom sales	545,040	709,946	723,832	666,617	1,164,437	802,753	3,112,692	2,924,898	2,943,482	3,226,519
Other local sources	35,669,806	33,248,396	32,612,667	30,206,030	24,708,014	20,881,176	17,998,591	15,033,619	11,680,793	11,836,869
Microsoft Settlement Refunds	—	—	—	—	5,918,672	—	1,557,605	4,492,796	278,642	6,706,515
State aid:										
Equalization aid	520,297,205	531,143,819	523,855,062	516,742,805	509,173,092	505,323,745	500,659,964	494,557,826	496,690,640	544,914,729
Special classes	45,536,402	45,107,974	46,082,609	48,340,685	50,423,437	53,338,018	53,565,720	51,792,301	54,013,275	49,429,225
Integration	30,302,079	30,367,359	30,368,152	33,145,802	31,692,817	32,247,348	33,522,834	34,178,357	35,235,721	39,158,028
Other state aid	114,291,324	112,491,855	84,878,199	68,218,662	59,234,848	60,425,803	52,813,148	51,039,137	48,365,268	72,947,102
Federal aid:										
Education Consolidation Improvement Act	63,361,014	69,195,068	70,743,913	76,904,906	68,908,095	77,649,649	89,387,237	96,038,429	106,765,706	121,910,586
School nutrition services	41,301,576	49,266,457	50,927,013	51,232,829	49,598,103	46,739,199	40,115,810	38,289,523	37,629,945	38,163,553
Erate refunds	6,108,522	5,805,226	5,836,244	4,237,974	9,682,625	—	—	52,666	2,753,269	3,346,923
Other federal aid	61,543,267	65,115,483	70,864,068	64,475,049	61,369,218	69,073,018	69,125,693	70,965,810	82,063,530	102,780,085
Intergovernmental aid from the City of Milwaukee	—	—	—	—	—	—	—	—	—	—
Miscellaneous	833,200	1,062,440	2,053,402	864,375	1,284,082	1,231,850	567,085	3,190,257	3,346,721	4,533,161
Interest and investment earnings	4,842,050	5,040,299	5,302,257	5,454,864	4,349,251	2,913,071	2,541,815	218,550	224,215	289,981
Total revenues	\$ 1,187,633,451	1,199,271,071	1,196,959,298	1,182,500,572	1,178,951,194	1,172,977,012	1,164,497,600	1,163,454,335	1,179,882,825	1,292,859,104

MILWAUKEE PUBLIC SCHOOLS
 Changes in Fund Balance, Governmental Funds, and Debt Service Ratios
 Last Ten Fiscal Years
 (modified accrual basis of accounting) (continued)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:										
Instructional services:										
Undifferentiated curriculum	\$ 348,494,552	350,475,544	351,822,598	369,393,609	339,332,220	346,521,378	350,611,296	364,488,175	379,231,430	408,281,267
Regular and other curriculum	132,375,585	129,834,427	134,543,176	137,132,552	136,707,351	137,364,946	140,829,291	147,099,479	129,989,610	153,723,073
Special curriculum	<u>162,489,541</u>	<u>154,593,611</u>	<u>149,773,284</u>	<u>148,780,813</u>	<u>152,478,100</u>	<u>162,957,532</u>	<u>167,157,217</u>	<u>170,451,744</u>	<u>158,713,453</u>	<u>169,704,527</u>
Total instructional services	643,359,678	634,903,582	636,139,058	655,306,974	628,517,671	646,843,856	658,597,804	682,039,398	667,934,493	731,708,867
Community services	29,186,475	32,844,657	29,562,731	29,120,113	27,347,401	29,162,858	26,962,332	29,146,352	24,841,805	23,467,701
Pupil and staff services	151,266,677	142,493,753	144,325,673	135,823,969	126,867,497	132,154,096	126,212,196	127,419,348	132,786,434	158,034,350
General and school building administration	108,716,268	121,735,702	118,247,463	112,522,003	111,159,224	99,027,539	99,204,832	101,012,616	111,351,669	118,430,195
Business services	166,154,647	168,769,315	177,596,772	173,743,893	169,127,014	160,159,754	163,583,290	161,469,675	155,497,490	170,709,794
School nutrition services	50,838,777	50,355,390	49,365,227	46,971,470	48,841,829	46,653,985	42,699,913	43,938,860	43,525,912	43,247,754
Capital Outlay	27,085,003	36,598,463	40,412,547	41,396,795	38,460,201	39,116,285	14,690,949	21,948,535	34,504,618	21,847,799
Debt service:										
Principal	18,693,152	18,658,245	15,391,555	54,677,630	14,648,669	21,671,993	12,955,845	67,860,692	11,374,372	14,099,135
Interest	18,404,243	18,434,918	18,581,798	22,303,962	14,797,376	13,523,580	13,963,568	14,312,624	14,528,046	14,176,335
Bond issuance cost	19,323	20,950	33,114	407,528	8,762	61,999	36,434	528,668	34,769	111,525
Total expenditures	\$ <u>1,213,724,243</u>	<u>1,224,814,975</u>	<u>1,229,655,938</u>	<u>1,272,274,337</u>	<u>1,179,775,644</u>	<u>1,188,375,945</u>	<u>1,158,907,163</u>	<u>1,249,676,768</u>	<u>1,196,379,608</u>	<u>1,295,833,455</u>
Excess of revenues over (under) expenditures	\$ <u>(26,090,792)</u>	<u>(25,543,904)</u>	<u>(32,696,640)</u>	<u>(89,773,765)</u>	<u>(824,450)</u>	<u>(15,398,933)</u>	<u>5,590,437</u>	<u>(86,222,433)</u>	<u>(16,496,783)</u>	<u>(2,974,351)</u>
Other financing sources (uses) (note 7):										
Long-Term Debt Issued	\$ —	—	34,933,000	56,185,000	—	—	—	—	—	—
Proceeds from Sale of Capital Assets	—	844,183	200,000	3,747,618	120,245	1,406,273	122,538	183,585	3,059,985	38,777
Premium on debt issued	—	—	—	3,221,503	—	387,058	—	7,415,704	—	—
Proceeds from capital leases	—	—	—	—	—	38,000,000	—	—	—	—
Insurance proceeds	1,770,731	609,875	12,344	—	223,962	843,560	—	—	—	—
Refunding bond debt issued	—	1,236,560	—	29,095,000	—	6,907,791	—	50,108,810	—	—
Contribution for capital improvements	—	—	—	7,200,317	—	—	—	—	—	—
Total other financing sources (uses), net	\$ <u>1,770,731</u>	<u>2,690,618</u>	<u>35,145,344</u>	<u>99,449,438</u>	<u>344,207</u>	<u>47,544,682</u>	<u>122,538</u>	<u>57,708,099</u>	<u>3,059,985</u>	<u>38,777</u>
Net change in fund balance	\$ <u>(24,320,061)</u>	<u>(22,853,286)</u>	<u>2,448,704</u>	<u>9,675,673</u>	<u>(480,243)</u>	<u>32,145,749</u>	<u>5,712,975</u>	<u>(28,514,334)</u>	<u>(13,436,798)</u>	<u>(2,935,574)</u>
Debt service as a percentage of noncapital expenditures	3.1%	3.1%	2.9%	6.3%	2.6%	3.1%	2.4%	6.7%	2.2%	2.2%

MILWAUKEE PUBLIC SCHOOLS

Assessed and Equalized Valuation—City of Milwaukee
(in thousands)

The assessed and equalized valuations for the past 30 years are shown below.

Assessed Year	Assessed valuation	Assessed valuation increase (decrease) over prior years	Equalized valuation
1990	\$ 12,614,531	\$ 597,069	\$ 12,808,708
1991	12,701,237	86,706	13,189,084
1992	13,336,770	635,533	13,279,156
1993	13,345,968	9,198	14,047,985
1994	14,029,734	683,766	14,363,706
1995	13,976,649	(53,085)	14,821,109
1996	14,850,607	873,958	15,041,199
1997	14,914,137	63,530	15,511,857
1998	16,072,114	1,157,977	16,228,218
1999	15,773,850	(298,264)	16,701,225
2000	17,582,995	1,809,145	17,344,251
2001	17,699,784	116,789	19,453,830
2002	19,866,255	2,166,471	20,298,387
2003	21,009,517	1,143,262	21,730,754
2004	22,772,419	1,762,902	23,491,773
2005	25,222,149	2,449,730	26,256,714
2006	28,354,952	3,132,803	30,226,984
2007	29,374,373	1,019,421	31,887,192
2008	30,431,675	1,057,302	32,257,525
2009	28,944,573	(1,487,102)	31,266,329
2010	28,048,464	(896,109)	29,520,783
2011	27,917,642	(130,822)	27,954,670
2012	25,322,101	(2,595,541)	26,421,932
2013	25,034,158	(287,943)	26,089,611
2014	25,024,542	(9,616)	26,138,108
2015	25,262,963	238,421	25,980,470
2016	25,974,259	711,296	27,042,047
2017	26,937,359	963,100	26,903,885
2018	28,348,568	1,411,209	28,340,401
2019	29,489,846	1,141,278	29,746,346

(Includes property in Milwaukee, Washington and Waukesha Counties)

Source: Assessed valuation is determined by the City of Milwaukee, Assessor’s Office.
Equalized valuation is determined by the State of Wisconsin Department of Revenue. Both the assessed valuation and the equalized valuation include Tax Incremental Financing Districts.

MILWAUKEE PUBLIC SCHOOLS
Property Tax Rates—Direct and Overlapping Government
(Rate per \$1,000 of assessed value)
Last Ten Years

Budget year	Milwaukee School Board (B)		City of Milwaukee (A)		Milwaukee Area District Board of Vocational, Technical, and Adult Education		County of Milwaukee		State of Wisconsin		Milwaukee Metropolitan Sewerage District		Total (C)	
TAX RATES PER \$1,000 OF ASSESSED VALUE AND PERCENT OF TOTAL														
2010	\$9.41	36.2 %	\$8.42	32.4 %	\$2.06	8.0 %	\$4.48	17.2 %	\$0.18	0.7 %	\$1.43	5.5 %	\$25.98	100.0 %
2011	9.49	35.7	8.67	32.6	2.02	7.6	4.69	17.7	0.18	0.7	1.52	5.7	26.57	100.0
2012	9.69	36.0	8.86	32.9	1.95	7.3	4.72	17.6	0.17	0.6	1.51	5.6	26.90	100.0
2013	10.73	35.8	9.87	33.0	2.21	7.4	5.26	17.5	0.18	0.6	1.70	5.7	29.95	100.0
2014	10.86	35.5	10.23	33.4	2.22	7.2	5.35	17.5	0.18	0.6	1.78	5.8	30.62	100.0
2015	10.93	36.5	10.42	34.7	1.33	4.4	5.33	17.8	0.17	0.6	1.79	6.0	29.97	100.0
2016	10.52	35.8	10.29	35.1	1.29	4.4	5.28	18.0	0.18	0.6	1.79	6.1	29.35	100.0
2017	9.61	33.5	10.47	36.5	1.31	4.6	5.31	18.5	0.18	0.6	1.82	6.3	28.70	100.0
2018	8.34	31.0	10.57	39.2	1.26	4.7	5.05	18.7	0.00	0.0	1.72	6.4	26.94	100.0
2019	7.61	29.4	10.45	40.4	1.23	4.8	4.90	18.9	0.00	0.0	1.69	6.5	25.88	100.0

- (A) State law prohibits the City from raising property taxes more than 2% plus 60% growth of new development.
- (B) Overlapping rates are those of local and county governments that apply to property owners within the City of Milwaukee.
- (C) Tax rates were constructed considering the provision of the tax incremental district law. The application of these rates to the applicable assessed values will provide a tax yield higher than the levy.

Source: City of Milwaukee CAFR

MILWAUKEE PUBLIC SCHOOLS

Tax Rates for School Purposes
Last Ten Years
(per \$1,000 of Assessed Value)

Budget Year (a)	School Operations	Construction	Extension	Total (b)
2011	\$ 8.19	\$ 0.45	\$ 0.41	\$ 9.05
2012	8.61	0.16	0.53	9.30
2013	9.46	0.30	0.59	10.35
2014	9.57	0.34	0.60	10.51
2015	9.72	0.34	0.60	10.66
2016	9.26	0.36	0.58	10.20
2017	8.63	0.04	0.66	9.33
2018	7.77	0.12	0.63	8.52
2019	6.83	0.04	0.60	7.47
2020	7.02	0.04	0.75	7.81

Tax Levies for School Purposes
Last Ten Years

Budget Year (a)	School Operations	Construction	Extension	Total
2011	\$ 265,443,248	\$ 14,729,342	\$ 13,334,418	\$ 293,507,008
2012	275,843,911	5,127,012	16,815,871	297,786,794
2013	274,919,524	8,619,687	17,065,871	300,605,082
2014	272,784,364	9,600,000	17,065,871	299,450,235
2015	275,612,673	9,600,000	17,065,871	302,278,544
2016	272,968,295	10,600,000	17,065,871	300,634,166
2017	260,069,165	1,100,000	20,000,000	281,169,165
2018	248,209,808	3,904,580	20,000,000	272,114,388
2019	228,878,899	1,511,274	20,000,000	250,390,173
2020	236,151,371	1,511,274	25,225,000	262,887,645

(a) Corresponds to MPS fiscal year dates.

(b) Source: City Assessor's Office Tax Rates 1984 to Present Table.

MILWAUKEE PUBLIC SCHOOLS
Principal Property Taxpayers
(Thousands of Dollars)

Employer	City's Fiscal Year 2019		City's Fiscal Year 2010	
	Assessed Value	Percentage of Total Assessed	Assessed Value	Percentage of Total Assessed
Northwestern Mutual Life Insurance				
Company	\$ 515,018	1.75 %	\$ 166,879	0.94 %
Mandel Group	333,439	1.13	—	—
U.S. Bank	231,293	0.78	197,383	1.12
Irgens Katz Properties	159,283	0.54		
Katz Properties	139,528	0.47	—	—
Weidner Investments	138,158	0.47	—	—
Aurora Health	134,119	0.46	—	—
Metropolitan Associates	131,137	0.44	63,592	0.36
Forest County Potawatomi Community	128,935	0.44	—	—
Middleton Milwaukee Investors LLC	120,760	0.41	—	—
Marcus Corp./Mil. City Center/Pfister	—	—	75,214	0.43
Teachers Insurance & Annuity				
Assoc of America	—	—	103,316	0.58
Towne Realty	—	—	82,697	0.47
Great Lake, REIT LP	—	—	68,095	0.38
Miller Brewing	—	—	65,832	0.37
Allen Bradley	—	—	56,649	0.32
100 E Wisconsin Ave Joint Venture	—	—	55,166	0.31
	\$ 2,031,670	6.89 %	\$ 934,823	5.28 %

Source: City of Milwaukee CAFR

MILWAUKEE PUBLIC SCHOOLS
Property Tax Levies and Collections
Last Ten Years
(Amounts expressed in thousands)

Budget Year*	Taxes Levied for the Fiscal Year (Original Levy) (D)	Purchased and Adjustments (A)	Total Adjusted Levy	City of Milwaukee Collected for the Levy		Collections		Total Collections to Date	
				Levy Year (B)		Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
				Current Tax Collections	Percent Original Levy Collected				
2010	\$ 291,943	\$ 35,972	\$ 327,915	\$ 281,196	96.32 %	\$ 16,482	\$ 29,658	\$ 327,336	99.82 %
2011	295,967	28,089	324,056	284,691	96.19	16,049	22,756	323,496	99.83
2012	301,051	24,651	325,702	288,749	95.91	13,596	22,965	325,310	99.88
2013	304,700	24,239	328,939	293,489	96.32	16,237	18,226	327,952	99.70
2014	307,246	22,062	329,308	296,107	96.37	13,875	17,624	327,606	99.48
2015	312,216	18,452	330,668	302,084	96.76	12,471	13,634	328,189	99.25
2016	312,091	18,650	330,741	302,628	96.97	10,907	13,787	327,322	98.97
2017	318,867	24,049	342,916	309,345	97.01	15,266	13,577	338,188	98.62
2018	325,152	16,906	342,058	316,357	97.30	11,728	11,051	339,136	99.15
2019	333,909	19,979	353,888	325,692	97.54	9,938	-	335,630	94.84

Milwaukee Public Schools		
Budget Year*	Total Tax Levy	Percentage of Levy
2010	\$ 293,507	100.00 %
2011	297,787	100.00
2012	300,605	100.00
2013	299,450	100.00
2014	302,279	100.00
2015	300,634	100.00
2016	281,169	100.00
2017	272,114	100.00
2018	250,390	100.00
2019	262,888	100.00

(A) This column includes adjustments. The City purchases delinquent taxes from the other units (Milwaukee County, Metropolitan Sewage District, State, Milwaukee Area Technical College and Milwaukee Public Schools). Prior years' amounts in this column have been revised to reflect activity in CAFR 2019.

(B) Tax collections begin in December for the succeeding Budget Year. Prior years' amounts in this column have been revised to reflect activity in CAFR 2019.

(C) Collections of (A) in the year purchased. Prior years' amounts in this column have been revised to reflect activity in CAFR 2019.

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

* Budget Year corresponds to the City of Milwaukee's budget year.

Source: City of Milwaukee CAFR and MPS

MILWAUKEE PUBLIC SCHOOLS
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Years
 (Thousand of Dollars)

Budget Year*	Real Estate	Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
2010	\$ 27,961,413	\$ 983,160	\$ 28,944,573	\$ 31,266,329	\$ 8.89	92.6 %
2011	27,091,120	957,344	28,048,464	29,520,783	9.12	95.0
2012	27,007,839	909,804	27,917,643	27,954,670	9.25	99.9
2013	24,450,181	871,920	25,322,101	26,421,932	10.25	95.8
2014	24,169,993	864,165	25,034,158	26,089,611	10.58	96.0
2015	24,084,276	940,266	25,024,542	26,138,108	10.71	95.7
2016	24,412,068	850,895	25,262,963	25,980,470	10.61	97.2
2017	25,131,707	842,552	25,974,259	27,042,047	10.75	96.1
2018	26,115,350	822,009	26,937,359	26,903,885	10.76	100.0
2019	27,666,365	682,203	28,348,568	28,340,401	10.59	100.0

* Budget Year corresponds to the City of Milwaukee's budget year.

Source: City CAFR & 2019 City Assessor's Office

MILWAUKEE PUBLIC SCHOOLS
 Computation of Direct and Overlapping Governmental Activities
 December 31, 2019
 (in thousands)

<u>Name of governmental unit</u>	<u>Net debt outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with property taxes			
Direct debt:			
Milwaukee Public Schools	\$ 365,666	100 %	\$ 365,666
Overlapping debt:			
City of Milwaukee	901,358	100	901,358
Milwaukee Area Technical College District Board	101,964	35	35,687
County of Milwaukee	532,466	44	235,659
Milwaukee Metropolitan Sewerage Area	748,499	45	335,477
Total overlapping debt			<u>1,508,181</u>
Total district and overlapping debt			<u>\$ 1,873,847</u>

Sources: City of Milwaukee CAFR 2019 except Milwaukee Public Schools based on 6-30-20.

MILWAUKEE PUBLIC SCHOOLS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

General Bonded Debt

Fiscal Year	General Obligation Bonds and Notes	Less: Resources Restricted to Repaying Principal		Total	Percentage of Equalized Property Value ¹	Per Capita ²
2011	\$ 67,042,677	\$ 383,510	\$ 66,659,167	0.24%	\$112	
2012	62,607,058	349,614	62,257,444	0.24%	\$105	
2013	63,000,610	1,270,148	61,730,462	0.24%	\$103	
2014	61,880,101	4,678,301	57,201,800	0.22%	\$96	
2015	63,854,812	11,514,175	52,340,637	0.20%	\$88	
2016	61,578,241	14,606,254	46,971,987	0.17%	\$79	
2017	45,110,652	—	45,110,652	0.17%	\$76	
2018	39,974,446	420,328	39,554,118	0.14%	\$66	
2019	34,731,292	570,290	34,161,002	0.11%	\$58	
2020	29,666,267	707,804	28,958,463	0.09%	N/A	

Other Governmental Activities Debt

Fiscal Year	QZAB Revenue Bonds	Pension Debt Revenue Bonds		NSI Revenue Bonds	TEACH Loans	Capital Leases	Total Primary Government	Percentage of Personal Income ²	Per Capita
		Capital Appreciation Bonds	Variable Rate Debt						
2011	\$ 4,560,243	\$ 48,393,112	\$ 130,850,000	\$ 95,480,699	\$ 849,744	\$ 10,929,713	\$ 357,722,677	1.52%	\$601
2012	3,681,039	51,458,848	130,850,000	90,994,121	-	10,245,000	349,486,452	1.42%	\$587
2013	2,769,721	54,719,050	130,850,000	85,933,361	-	4,950,000	340,952,594	1.40%	\$572
2014	2,054,976	56,259,857	130,850,000	81,869,778	-	4,375,000	332,611,411	1.33%	\$558
2015	1,418,388	56,856,122	130,850,000	76,171,399	-	38,000,000	355,636,546	1.37%	\$597
2016	913,095	57,942,017	130,850,000	70,058,760	-	38,000,000	344,735,859	1.33%	\$580
2017	-	58,032,746	130,850,000	57,518,610	-	91,261,923	382,773,931	1.43%	\$648
2018	-	58,556,990	130,850,000	49,159,666	-	124,293,385	402,414,159	1.42%	\$676
2019	-	58,030,094	130,850,000	40,189,492	-	121,416,847	384,647,435	N/A	\$651
2020	-	57,119,325	130,850,000	30,567,298	-	117,760,309	365,255,395	N/A	N/A

(1) Equalized Value per the City of Milwaukee and Wisconsin Department of Revenue Equalization Bureau.
(2) The data measure for Personal Income is from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Dept. of Commerce. It reports the income for Milwaukee County versus the City of Milwaukee because the City makes up a substantial portion of Milwaukee County.
Source: City of Milwaukee 2018 CAFR.

MILWAUKEE PUBLIC SCHOOLS
Pledged Revenue Coverage
Last Ten Fiscal Years

Neighborhood Schools Initiative Bonds

<u>Fiscal Year</u>	<u>Intradistrict Aid</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2011	\$ 36,130,070	\$ 4,195,000	\$ 4,071,676	4.37
2012	32,120,101	4,555,000	3,919,868	3.79
2013	31,449,026	4,960,000	3,745,504	3.61
2014	31,282,469	4,430,000	3,675,067	3.86
2015	30,325,834	5,130,000	3,192,335	3.64
2016	29,913,303	5,550,000	3,004,385	3.50
2017	31,676,210	6,530,000	2,544,591	3.49
2018	29,135,965	7,120,000	2,051,300	3.18
2019	29,373,583	7,740,000	1,679,800	3.12
2020	29,552,215	8,400,000	1,302,800	3.05

MILWAUKEE PUBLIC SCHOOLS
Demographic and Economic Statistics
Last Ten Calendar Years

Year	City of Milwaukee		County of Milwaukee		City of Milwaukee		
	Population (A)		Personal Income (Thousands of Dollars) (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2010	580,500	\$	35,776,970	\$ 37,727	30.3	81,372	11.9
2011	595,525		37,568,920	39,494	30.3	80,098	10.9
2012	595,425		39,413,180	41,287	33.7	78,461	10.1
2013	596,500		38,994,026	40,724	33.7	78,502	8.7
2014	595,993		40,371,667	42,118	33.8	77,391	7.2
2015	595,787		41,639,116	43,435	34.0	75,568	6.7
2016	594,667		41,763,657	43,729	34.2	76,856	5.8
2017	591,076		43,098,050	45,338	34.3	77,215	4.6
2018	595,555		45,123,754	47,589	34.6	75,081	3.6
2019	590,547		Not available	Not available	35.1	74,633	4.5

(A) *The December 31, 2010 through 2019 city of Milwaukee populations are estimated from the Wisconsin Department of Administration. (The population 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. Prior years' amounts in this column have been revised to reflect activity in CAFR 2018.*

(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. Prior years' amounts in this column have been revised to reflect activity in CAFR 2018.*

(D) *Prior to 2012, Median age of the city of Milwaukee 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 for the city of Milwaukee is the annual average from the Wisconsin's Workforce, Wisconsin Worknet and Labor Market Information System.*

source: City of Milwaukee 2019 CAFR.

MILWAUKEE PUBLIC SCHOOLS
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2019 Estimates (1)</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Advocate Aurora Health	28,539	1	6.37 %	21,570	1	5.03 %
Froedtert and Community Health	12,647	2	2.82	6,090	9	1.42
Ascension Wisconsin	10,600	3	2.36			
Roundy's Supermarkets Inc.	8,601	4	1.92	6,800	7	1.59
Medical College of Wisconsin	6,400	5	1.43			
Childrens Hospital	5,322	6	1.19			
Northwestern Mutual Life	5,000	7	1.12			
Rockwell Automation Inc	4,000	8	0.89			
U.S. Bank NA	3,700	9	0.83			
Goodwill Industries of SE Wisconsin	3,419	10	0.76			
U.S. Government (Includes Zablocki V.A. Medical Center)				10,800	2	2.62
Milwaukee Public Schools				9,958	3	2.58
Wheaton Franciscan Healthcare				8,377	4	2.21
Wal-Mart Store				7,360	5	1.81
City of Milwaukee				7,297	6	1.73
Kohl's Corp.				6,384	8	1.61
Quad Graphics				5,600	10	1.56
	<u>88,228</u>		<u>19.69 %</u>	<u>90,236</u>		<u>22.16 %</u>

(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: City of Milwaukee CAFR

MILWAUKEE PUBLIC SCHOOLS
 Comparative per Capita Cost Statistics
 Last Ten Fiscal Years

	<u>Cost per pupil</u>
2010 – 2011	\$ 14,803 **
2011 – 2012	13,911 **
2012 – 2013	14,059
2013 – 2014	13,673
2014 – 2015	14,269
2015 – 2016	14,612
2016 – 2017	15,697
2017 – 2018	15,492
2018 – 2019	15,712
2019 – 2020	15,707

**Cost per pupil is restated from published in 2012 CAFR.

MILWAUKEE PUBLIC SCHOOLS
 Comparative Statement of Annual School Census
 Children Between 4 and 19 Years of Age
 Residing in the City of Milwaukee

<u>Fiscal year</u>	<u>Total number of children</u>	<u>Increase or (decrease) over prior year</u>	<u>Males</u>	<u>Increase or (decrease) over prior year</u>	<u>Females</u>	<u>Increase or (decrease) over prior year</u>	<u>Attending public schools</u>	<u>Attending private schools</u>	<u>Total attending schools</u>	<u>Percent attending schools</u>
1982	131,748	1,533	67,085	535	64,663	998	80,683	29,623	110,306	83.7 %
1983	134,734	2,986	68,642	1,557	66,092	1,429	83,148	31,149	114,297	84.8
1984	140,729	5,995	71,689	3,047	69,040	2,948	87,243	31,601	118,844	84.4
1985	147,347	6,618	75,066	3,377	72,281	3,241	93,406	31,464	124,870	84.7
1986	148,768	1,421	75,391	325	73,377	1,096	96,520	30,961	127,481	85.7
1987	145,593	(3,175)	73,844	(1,547)	71,749	(1,628)	94,744	30,997	125,741	86.4
1988	148,416	2,823	75,196	1,352	73,220	1,471	98,438	31,140	129,578	87.3
1989	150,714	2,298	76,520	1,324	74,194	974	99,988	29,988	129,976	86.2
1990	150,723	9	76,382	(138)	74,341	147	99,079	29,346	128,425	85.2
1991	* 128,540	(22,183)	65,230	(11,152)	63,310	(11,031)	86,407	27,012	113,419	88.2
1992	144,452	15,912	73,180	7,950	71,272	7,962	100,017	28,346	128,363	88.9
1993	145,499	1,047	73,772	592	71,727	455	100,728	27,956	128,684	88.4
1994	149,545	4,046	75,893	2,121	73,652	1,925	103,452	28,196	131,648	88.0
1995	151,541	1,996	76,471	578	75,070	1,418	106,886	27,816	134,702	88.8
1996	151,710	169	76,778	307	74,932	(138)	106,910	27,931	134,841	88.9
1997	151,027	(683)	76,429	(349)	74,598	(334)	107,121	27,455	134,576	89.1
1998	153,227	2,200	77,533	1,104	75,694	1,096	108,786	27,723	136,509	89.1
1999	154,328	1,101	78,141	608	76,187	493	111,712	27,207	138,919	90.0
2000	154,977	649	78,599	458	76,378	191	110,397	28,342	138,739	89.5
2001	150,256	(4,721)	76,048	(2,551)	74,208	(2,170)	107,905	26,479	134,384	89.4
2002	149,992	(264)	76,142	94	73,850	(358)	109,852	25,066	134,918	90.0
2003	162,011	12,019	82,187	6,045	79,824	5,974	122,631	23,760	146,391	90.4
2004	164,641	2,630	83,399	1,212	81,242	1,418	128,862	21,829	150,691	91.5
2005	165,279	638	85,193	1,794	82,596	1,354	130,664	22,879	153,543	92.9
2006	159,414	(5,865)	81,024	(4,169)	78,390	(4,206)	111,685	27,171	138,856	87.1
2007	153,233	(6,181)	77,570	(3,454)	75,663	(2,727)	107,950	26,507	134,457	87.7
2008	152,244	(989)	75,897	(1,673)	76,347	684	102,648	27,847	130,495	85.7
2009	152,323	79	75,840	(57)	76,483	136	104,316	28,010	132,326	86.9
2010	151,232	(1,091)	74,710	(1,130)	76,522	39	102,707	28,398	131,105	86.7
2011	148,293	(2,939)	74,624	(86)	73,669	(2,853)	100,101	27,395	127,496	86.0
2012	146,741	(1,552)	74,476	(148)	72,265	(1,404)	97,900	27,065	124,965	85.2
2013	144,870	(1,871)	74,017	(459)	70,853	(1,412)	95,602	26,799	122,401	84.5
2014	** 146,929	2,059	74,075	58	72,854	2,001	103,291	27,350	130,641	88.9
2015	** 146,940	11	73,852	(223)	73,088	234	103,399	31,228	134,627	91.6
2016	** 138,550	(8,390)	69,981	(3,871)	68,569	(4,519)	95,210	27,788	122,998	88.8
2017	** 144,787	6,237	73,071	3,090	71,716	3,147	98,811	27,597	126,408	87.3
2018	** 145,225	438	72,985	(86)	72,240	524	98,492	27,885	126,377	87.0
2019	** 143,370	(1,855)	72,069	(916)	71,301	(939)	97,507	27,606	125,113	87.3
2020	** 142,959	(411)	71,676	(393)	71,283	(18)	90,159	28,009	118,168	82.7

* Data collection method was not consistent with prior years and may not have produced accurate data.

** The U.S. Census Bureau methodology was used to estimate student population residing in the City of Milwaukee.

MILWAUKEE PUBLIC SCHOOLS
Annual Enumeration of Children Residing
in the City of Milwaukee
As of June 30, 2020

<u>Ages**</u>	<u>Males</u>	<u>Females</u>	<u>Total**</u>	<u>Attended public school</u>	<u>Attended parochial or private school</u>	<u>Did not attend school</u>
Under 4	16,599	16,195	32,794	6,608	1,807	24,379
4 to 9	28,982	28,308	57,290	30,496	9,696	17,098
10 to 14	20,495	20,444	40,939	31,499	9,200	240
15 to 17	12,018	12,354	24,372	18,071	4,616	1,685
18 to 19	10,181	10,177	20,358	10,093	4,497	5,768
20	5,751	5,583	11,334	5,604	2,115	3,615
Grand total	<u>94,026</u>	<u>93,061</u>	<u>187,087</u>	<u>102,371</u>	<u>31,931</u>	<u>52,785</u>

** The U.S. Census Bureau methodology was used to estimate student population residing in the City of Milwaukee.

MILWAUKEE PUBLIC SCHOOLS
Government-wide Expenses by Function
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal year	Instruction	Community services	Pupil and staff services	General administrative and central services	Business services	School Nutrition Services	Interest on long-term debt	Loss on sale/disposal of buildings/software	Total
2011	\$ 863,185	\$ 27,499	\$ 160,716	\$ 117,817	\$ 169,960	\$ 44,205	\$ 17,927	\$ -	1,401,309
2012	685,590	26,042	135,649	113,952	154,702	44,527	17,790	4,028	1,182,280
2013	714,036	30,537	130,190	103,503	149,452	44,946	16,148	260	1,189,072
2014	666,593	27,612	127,674	101,276	167,753	43,657	20,089	-	1,154,653
2015	647,365	29,312	131,799	98,125	160,678	47,234	16,332	-	1,130,845
2016	681,195	27,789	128,940	112,899	169,413	50,101	17,661	-	1,187,998
2017	724,642	31,771	150,133	125,110	180,855	49,625	22,897	-	1,285,033
2018	593,089	30,630	149,962	124,578	176,621	49,720	18,777	-	1,143,377
2019	652,139	38,437	158,679	134,765	182,655	54,838	18,474	-	1,239,987
2020	697,882	31,999	166,272	121,070	179,206	53,891	17,947	-	1,268,267

MILWAUKEE PUBLIC SCHOOLS

Government-wide Revenues

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal year	Charges for services	Operating grants and contributions	Capital grants and contributions	Property taxes	Federal and state aid not restricted to a specific purpose	Interest and investment earnings	Miscellaneous	Total
2011	\$ 12,448	\$ 353,888	\$ 11,533	\$ 295,237	\$ 618,076	\$ 290	\$ 4,637	\$ 1,296,109
2012	12,383	298,422	3,245	298,320	560,070	224	3,286	1,175,950
2013	14,089	288,740	6,492	300,637	553,527	255	2,738	1,166,478
2014	17,279	277,833	3,546	299,505	559,342	2,542	609	1,160,656
2015	17,160	286,680	849	304,116	563,629	2,913	933	1,176,280
2016	19,548	265,979	16,348	301,444	570,219	4,349	1,353	1,179,240
2017	23,042	286,305	16,065	282,010	578,845	1,322	1,071	1,188,660
2018	26,375	304,570	10,361	272,712	579,961	1,295	1,745	1,197,019
2019	29,284	319,306	10,861	250,717	589,143	1,138	864	1,201,313
2020	29,552	323,190	10,410	262,939	578,780	884	2,418	1,208,173

MILWAUKEE PUBLIC SCHOOLS
 Governmental Fund Expenditures by Function
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Fiscal year</u>	<u>Instruction</u>	<u>Community services</u>	<u>Pupil & staff services</u>	<u>General and school building administration</u>	<u>Business services</u>	<u>School Nutrition Services</u>	<u>Capital outlay</u>	<u>Debt service</u>	<u>Total</u>
2011	\$ 731,709	\$ 23,468	\$ 158,034	\$ 118,430	\$ 170,710	\$ 43,248	\$ 21,848	\$ 28,387	1,295,834
2012	667,935	24,842	132,786	111,352	155,497	43,526	34,505	25,937	1,196,380
2013	682,039	29,146	127,419	101,013	161,470	43,939	21,949	82,702	1,249,677
2014	658,598	26,962	126,212	99,205	163,583	42,700	14,691	26,956	1,158,907
2015	646,844	29,163	132,154	99,028	160,160	46,654	39,116	35,257	1,188,376
2016	628,518	27,347	126,868	111,159	169,127	48,842	38,460	29,455	1,179,776
2017	655,307	29,120	135,824	112,522	173,744	46,971	41,397	77,389	1,272,274
2018	636,139	29,563	144,326	118,247	177,597	49,365	40,413	34,006	1,229,656
2019	634,904	32,845	142,494	121,736	168,769	50,355	36,598	37,114	1,224,815
2020	643,360	29,186	151,266	108,716	166,155	50,839	27,085	37,117	1,213,724

MILWAUKEE PUBLIC SCHOOLS
 General Governmental Revenues by Source
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal year	Property tax levy	Lunchroom sales	Other local sources	State aid	Federal aid	Miscellaneous	Interest and investment earnings	Total
2011	\$ 293,507	\$ 3,227	\$ 18,652	\$ 706,449	\$ 266,201	\$ 4,533	\$ 290	1,292,859
2012	297,787	2,943	12,065	634,305	229,212	3,347	224	1,179,883
2013	300,605	2,925	19,601	631,567	205,347	3,190	219	1,163,454
2014	299,450	3,113	19,635	640,562	198,629	567	2,542	1,164,498
2015	302,279	803	20,954	651,335	193,461	1,232	2,913	1,172,977
2016	300,634	1,164	31,437	650,524	189,559	1,284	4,349	1,178,951
2017	281,169	667	31,047	666,448	196,851	864	5,455	1,182,501
2018	272,114	724	33,210	685,185	198,371	2,053	5,302	1,196,959
2019	250,390	710	33,576	719,111	189,382	1,062	5,040	1,199,271
2020	262,888	545	35,784	710,427	172,314	833	4,842	1,187,633

MILWAUKEE PUBLIC SCHOOLS
 School Accommodations
 Last Thirty-eight Years

	Instructional staff (a)	Number of school buildings (b)	Average school year daily membership	
1982 – 1983	5,019	150	82,353	(c)
1983 – 1984	5,026	144	82,667	
1984 – 1985	5,126	143	84,443	
1985 – 1986	5,380	145	86,836	
1986 – 1987	5,474	144	87,283	
1987 – 1988	5,581	145	87,949	
1988 – 1989	5,675	146	89,675	
1989 – 1990	5,791	146	90,595	
1990 – 1991	5,920	149	90,487	
1991 – 1992	6,872	154	91,071	
1992 – 1993	6,811	156	94,694	
1993 – 1994	6,817	155	96,496	
1994 – 1995	6,816	155	98,312	
1995 – 1996	6,682	154	99,278	
1996 – 1997	6,785	154	101,622	
1997 – 1998	7,005	157	102,914	
1998 – 1999	7,187	157	102,097	
1999 – 2000	7,114	157	100,682	
2000 – 2001	7,128	158	99,332	
2001 – 2002	7,154	164	99,302	
2002 – 2003	7,137	164	99,054	
2003 – 2004	7,266	168	98,323	
2004 – 2005	6,512	173	96,874	
2005 – 2006	6,420	177	94,973	
2006 – 2007	6,033	177	92,224	
2007 – 2008	6,010	178	89,110	
2008 – 2009	5,961	178	87,137	
2009 – 2010	5,853	177	85,239	
2010 – 2011	5,501	174	84,422	
2011 – 2012	5,267	173	82,982	
2012 – 2013	4,959	175	81,754	
2013 – 2014	5,385	168	81,744	
2014 – 2015	5,298	169	80,437	
2015 – 2016	5,271	168	78,173	
2016 – 2017	5,199	168	78,652	
2017 – 2018	4,974	167	77,164	
2018 – 2019	4,863	162	75,905	
2019 – 2020	5,085	161	75,384	

(a) Including principals.

(b) Includes leased sites.

(c) Kindergarten 1/2 day membership converted to full day equivalents.

MILWAUKEE PUBLIC SCHOOLS
Number and Distribution of Instructional Staff
Last Ten Fiscal Years

<u>Classifications</u>	<u>2010 – 2011</u>	<u>2011 – 2012</u>	<u>2012 – 2013</u>	<u>2013 – 2014</u>	<u>2014 – 2015</u>	<u>2015 – 2016</u>	<u>2016 – 2017</u>	<u>2017 – 2018</u>	<u>2018 – 2019</u>	<u>2019 – 2020</u>
Senior high and middle schools:										
Principals	25	22	18	20	18	23	20	23	23	24
Assistant principals	61	52	52	54	51	56	64	57	57	63
Teachers	<u>1,432</u>	<u>1,510</u>	<u>1,406</u>	<u>1,425</u>	<u>1,204</u>	<u>1,392</u>	<u>1,376</u>	<u>1,268</u>	<u>1,245</u>	<u>1,223</u>
Total	<u>1,518</u>	<u>1,584</u>	<u>1,476</u>	<u>1,499</u>	<u>1,273</u>	<u>1,471</u>	<u>1,460</u>	<u>1,348</u>	<u>1,325</u>	<u>1,310</u>
Elementary schools:										
Principals	96	96	84	92	88	92	93	93	93	90
Assistant principals	55	34	34	55	52	56	61	59	49	48
Teachers	<u>3,452</u>	<u>2,987</u>	<u>2,616</u>	<u>2,898</u>	<u>2,961</u>	<u>2,912</u>	<u>2,831</u>	<u>2,755</u>	<u>2,707</u>	<u>2,662</u>
Total	<u>3,603</u>	<u>3,117</u>	<u>2,734</u>	<u>3,045</u>	<u>3,101</u>	<u>3,060</u>	<u>2,985</u>	<u>2,907</u>	<u>2,849</u>	<u>2,800</u>
Special schools and classes:										
Principals	2	5	10	7	8	9	10	10	9	2
Assistant principals	4	6	7	8	9	11	9	9	9	9
Teachers	<u>374</u>	<u>555</u>	<u>323</u>	<u>363</u>	<u>374</u>	<u>365</u>	<u>367</u>	<u>324</u>	<u>310</u>	<u>535</u>
Total	<u>380</u>	<u>566</u>	<u>340</u>	<u>378</u>	<u>391</u>	<u>385</u>	<u>386</u>	<u>343</u>	<u>328</u>	<u>546</u>
Summary:										
Principals	123	123	112	119	114	124	123	126	125	116
Assistant principals	120	92	93	117	112	123	134	125	115	120
Teachers	<u>5,258</u>	<u>5,052</u>	<u>4,345</u>	<u>4,686</u>	<u>4,539</u>	<u>4,669</u>	<u>4,574</u>	<u>4,347</u>	<u>4,262</u>	<u>4,420</u>
Total	<u>5,501</u>	<u>5,267</u>	<u>4,550</u>	<u>4,922</u>	<u>4,765</u>	<u>4,916</u>	<u>4,831</u>	<u>4,598</u>	<u>4,502</u>	<u>4,656</u>
Superintendent, deputy and assistant superintendent, department directors and assistants, guidance and psychological counselors, librarians, and supervisors	<u>406</u>	<u>416</u>	<u>409</u>	<u>463</u>	<u>476</u>	<u>484</u>	<u>510</u>	<u>514</u>	<u>478</u>	<u>395</u>
Grand total	<u><u>5,907</u></u>	<u><u>5,683</u></u>	<u><u>4,959</u></u>	<u><u>5,385</u></u>	<u><u>5,241</u></u>	<u><u>5,400</u></u>	<u><u>5,341</u></u>	<u><u>5,112</u></u>	<u><u>4,980</u></u>	<u><u>5,051</u></u>

MILWAUKEE PUBLIC SCHOOLS

Population and Pupils
Residing in the City of Milwaukee
Last Ten Fiscal Years

	<u>2010- 2011</u>	<u>2011- 2012</u>	<u>2012- 2013</u>	<u>2013- 2014</u>	<u>2014- 2015</u>	<u>2015- 2016</u>	<u>2016- 2017</u>	<u>2017- 2018</u>	<u>2018- 2019</u>	<u>2019- 2020</u>
Total number of school age children according to city-wide child census	148,293	146,741	144,870	160,214	158,267	144,696	156,637	156,968	154,864	154,293 **
Enrollment for state aid:*										
Third Friday	87,157	85,886	84,725	84,597	83,126	80,617	80,843	79,017	77,562	76,805
Summer school	382	115	107	163	155	123	210	356	392	467
Total	<u>87,539</u>	<u>86,001</u>	<u>84,832</u>	<u>84,760</u>	<u>83,281</u>	<u>80,740</u>	<u>81,053</u>	<u>79,373</u>	<u>77,954</u>	<u>77,272</u>
Average number enrolled:										
Senior high	26,660	25,337	24,769	24,516	23,957	23,680	23,418	22,408	22,112	22,167
Junior high/middle	17,492	17,649	17,201	17,064	16,603	16,396	16,557	16,684	16,655	16,889
Elementary	45,262	44,932	44,762	45,259	44,419	43,389	43,874	42,836	42,175	41,144
Total	<u>89,414</u>	<u>87,918</u>	<u>86,732</u>	<u>86,839</u>	<u>84,979</u>	<u>83,465</u>	<u>83,849</u>	<u>81,928</u>	<u>80,942</u>	<u>80,200</u>
Average number attending:										
Senior high	23,172	21,111	21,010	20,807	20,771	20,035	19,701	18,698	18,695	18,040
Junior high/middle	15,737	16,037	15,682	15,491	15,531	15,311	15,400	15,434	15,408	15,505
Elementary	41,737	41,254	41,076	41,753	41,561	40,777	41,038	39,856	39,139	37,962
Total	<u>80,646</u>	<u>78,402</u>	<u>77,768</u>	<u>78,051</u>	<u>77,863</u>	<u>76,123</u>	<u>76,139</u>	<u>73,988</u>	<u>73,242</u>	<u>71,507</u>

* Non-resident and choice students not included.

** The U.S. Census Bureau methodology was used to estimate student population residing in the City of Milwaukee which includes 20 year olds.

MILWAUKEE PUBLIC SCHOOLS
 Operating Statistics
 Last Ten Years

Fiscal Year	Enrollment For State Aid	Operating Expenses	Cost Per Pupil	Teaching Staff	Pupil/Teacher Ratio
2020	77,272	\$1,268,266,817	\$ 16,413	5,538	13.95:1
2019	77,954	1,239,987,192	15,907	5,324	14.64:1
2018	79,373	1,143,375,980	14,405	5,390	14.73:1
2017	81,053	1,285,033,186	15,854	5,694	14.23:1
2016	80,740	1,187,998,083	14,714	5,687	14.20:1
2015	83,281	1,130,844,555	13,579	5,649	14.74:1
2014	84,760	1,154,653,111	13,623	5,545	15.29:1
2013	84,832	1,189,071,574	14,017	5,591	15.17:1
2012	86,001 (a)	1,182,279,602	13,747 (a)	5,505	15.62:1 (a)
2011	87,539 (a)	1,401,309,100	16,008 (a)	6,134	14.27:1 (a)

(a) Corrections made to prior enrollment counts for state aid previously reported.

MILWAUKEE PUBLIC SCHOOLS
 School District Employees - Full Time Staff & Part Time
 Last Ten Years

Year Ending June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Supervisory										
Officials, Admin., Mgrs.	92	91	106	103	102	96	103	93	91	79
Principals	116	125	125	123	124	117	120	114	124	122
Part time profess/Ins.	634	480	567	571	534	511	419	317	396	361
Total supervisory	<u>842</u>	<u>696</u>	<u>798</u>	<u>797</u>	<u>760</u>	<u>724</u>	<u>642</u>	<u>524</u>	<u>611</u>	<u>562</u>
Instruction										
Asst. Prin. - Teach	120	115	126	134	123	114	116	101	91	118
Elementary Clsrn. Teach	2,662	2,710	2,759	2,832	2,913	2,922	2,867	2,960	3,003	3,264
Secondary Clsrn. Teach	1,223	976	1,016	1,098	1,131	1,142	1,173	1,412	1,396	1,546
Other Clsrn. Teach	535	582	582	645	625	643	648	343	441	499
Other Prof. Staff	487	494	502	499	497	463	390	417	358	354
Teacher Aides	511	447	405	486	398	365	351	358	216	353
Total instruction	<u>5,538</u>	<u>5,324</u>	<u>5,390</u>	<u>5,694</u>	<u>5,687</u>	<u>5,649</u>	<u>5,545</u>	<u>5,591</u>	<u>5,505</u>	<u>6,134</u>
Student Services										
Guidance	117	93	94	105	97	93	94	88	76	70
Psychological	159	137	138	135	137	137	128	135	139	150
Librarian/Audiovisual	27	21	27	30	30	33	30	25	27	36
Consultants/Supervisors	161	136	149	137	118	117	72	61	97	95
Technicians	85	83	84	94	96	94	64	52	70	71
Total student services	<u>549</u>	<u>470</u>	<u>492</u>	<u>501</u>	<u>478</u>	<u>474</u>	<u>388</u>	<u>361</u>	<u>409</u>	<u>422</u>
Support and Administration										
Clerical/Secretarial	438	325	339	353	339	359	353	388	350	435
Service Workers	477	512	477	446	408	397	387	397	572	573
Craft Workers - Skilled	269	295	318	301	309	312	354	362	339	351
Laborers - Unskilled	53	52	53	55	52	53	69	13	52	55
All other Part-time	3,097	3,726	3,827	3,810	3,687	3,820	3,710	4,081	3,928	4,396
Total support and administration	<u>4,334</u>	<u>4,910</u>	<u>5,014</u>	<u>4,965</u>	<u>4,795</u>	<u>4,941</u>	<u>4,873</u>	<u>5,241</u>	<u>5,241</u>	<u>5,810</u>
Total	<u>11,263</u>	<u>11,400</u>	<u>11,694</u>	<u>11,957</u>	<u>11,720</u>	<u>11,788</u>	<u>11,448</u>	<u>11,717</u>	<u>11,766</u>	<u>12,928</u>

MILWAUKEE PUBLIC SCHOOLS
Nutrition Services - Facts and Figures
Last Ten Years

Year Ending June 30,

	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Number of schools participating in:										
Lunch - regular schedule	157	159	161	163	156	158	163	164	158	164
Breakfast program	157	159	161	163	157	158	163	164	152	155
Snack program	67	66	70	68	66	70	93	83	65	82
Student lunches served:										
Free	6,531,625	8,964,543	9,327,118	9,540,046	9,529,532	9,570,975	7,928,445	7,784,596	8,005,894	7,876,717
Reduced	-	-	-	-	-	-	368,321	436,303	482,170	537,693
Fully paid	-	-	-	-	-	-	684,351	773,741	884,638	1,078,221
Total	<u>6,531,625</u>	<u>8,964,543</u>	<u>9,327,118</u>	<u>9,540,046</u>	<u>9,529,532</u>	<u>9,570,975</u>	<u>8,981,117</u>	<u>8,994,640</u>	<u>9,372,702</u>	<u>9,492,631</u>
Non-federal program meals served:	127,871	199,673	208,262	226,439	325,722	288,695	301,692	152,376	175,783	187,634
Student breakfasts/snacks served:										
Free	4,950,060	6,340,017	6,739,982	7,004,583	6,956,879	6,434,123	5,365,033	5,220,603	4,636,128	4,680,041
Reduced	-	-	-	-	-	-	177,137	207,954	223,890	253,677
Fully paid	-	-	-	-	-	-	364,781	392,529	407,651	504,831
Total	<u>4,950,060</u>	<u>6,340,017</u>	<u>6,739,982</u>	<u>7,004,583</u>	<u>6,956,879</u>	<u>6,434,123</u>	<u>5,906,951</u>	<u>5,821,086</u>	<u>5,267,669</u>	<u>5,438,549</u>
Number of serving days:										
Regular schedule	139	203	229	218	204	204	204	213	225	234
Average daily participation:										
Student lunch	46,990	44,160	40,730	43,762	46,713	46,917	44,025	42,228	41,656	40,567
Adult lunch	920	984	909	1,039	1,597	1,415	1,479	715	781	802
Student breakfast	30,736	28,950	27,407	30,020	31,178	29,197	26,278	26,060	22,417	22,157
Student snacks	3,316	2,094	2,196	2,169	2,071	2,178	2,108	2,184	2,184	2,856
September 15 pupil count	76,085	77,562	79,017	80,843	80,617	83,126	84,597	84,725	87,157	87,914
Percentage of students daily eating school lunch	61.76%	56.94%	51.55%	54.13%	57.94%	56.44%	52.04%	49.84%	47.79%	46.14%

*Starting with Fiscal Year 2015, MPS became eligible for the Community Eligibility Provision which receives reimbursement 100% of eligible meals at the free rate.

MILWAUKEE PUBLIC SCHOOLS
Capital Asset Information
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Elementary Schools										
Number of Buildings	119	120	121	122	124	120	119	119	119	121
Square Footage	8,839,089	8,901,644 (a)	8,945,040 (a)	9,037,640 (a)	9,151,094 (a)	8,349,586 (a)	8,028,355	8,028,355	8,028,355	8,201,800
Capacity	55,777	56,229 (a)	56,602 (a)	57,054 (a)	57,452 (a)	58,399 (a)	65,751	65,751	65,751	66,923
Enrollment	45,138	46,151	46,563	45,834	45,750	46,944	47,605	48,011	48,305	49,689
Middle Schools										
Number of Buildings	6	6	6	6	6	9	7	7	7	8
Square Footage	1,070,000	1,070,000 (a)	1,070,000 (a)	1,070,000 (a)	1,070,000 (a)	1,500,105 (a)	1,343,877	1,343,877	1,343,877	1,462,631
Capacity	5,393	5,393 (a)	5,393 (a)	5,393 (a)	5,393 (a)	7,586 (a)	5,900	5,900	5,900	6,620
Enrollment	3,467	3,419	3,328	3,244	4,174	4,098	4,559	5,198	5,993	6,286
High Schools										
Number of Buildings	15	15	16	16	16	12	13	13	13	13
Square Footage	4,574,346	4,574,346 (a)	4,584,995 (a)	4,584,995 (a)	4,584,995 (a)	3,961,021 (a)	3,621,282	3,621,282	3,621,282	3,621,282
Capacity	18,362	18,362 (a)	18,512 (a)	18,512 (a)	18,512 (a)	15,403 (a)	18,138	18,138	18,138	18,138
Enrollment	16,517	16,424	16,714	17,272	16,996	17,793	18,344	18,960	19,906	20,754
Other Schools										
Number of Buildings	13	13	13	13	13	19	22	22	22	22
Square Footage	1,958,914	1,958,914 (a)	1,958,914 (a)	1,958,914 (a)	1,958,914 (a)	2,972,413 (a)	3,833,312	3,833,312	3,833,312	3,833,312
Capacity	9,060	9,060 (a)	9,060 (a)	9,060 (a)	9,060 (a)	13,671 (a)	17,507	17,507	17,507	17,507
Enrollment	9,636	9,112	8,838	10,504	8,668	8,556	7,994	6,292	5,894	4,643
Administrative/Service										
Number of Buildings	56	56	56	56	56	56	56	56	56	56
Square Footage	833,650	833,650	833,650	833,650	833,650	833,650	833,650	833,650	833,650	832,871
Athletics										
Football Fields*	35	35	35	35	35	35	35	35	35	35
Soccer Fields**	20	20	20	21	21	21	21	21	21	21
Running Tracks	11	11	11	11	11	12	13	13	13	13
Baseball/Softball***	72	72	72	72	72	72	72	72	72	72
Swimming Pools	22	22	22	22	22	22	22	22	22	22
Playgrounds	137	137	137	138	141	141	144	144	144	147

(a) A different method was used
*22 Recreation+13 High School
**8 Recreation+13 High School
***All Recreation

Note: Excludes leased sites

This page intentionally left blank.