



2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2020 AND 2019

**MILWAUKEE METROPOLITAN
SEWERAGE DISTRICT**



MMSD'S MISSION

MMSD PROTECTS PUBLIC HEALTH AND THE ENVIRONMENT THROUGH WORLD-CLASS, COST-EFFECTIVE, WATER RESOURCE MANAGEMENT, LEADERSHIP AND PARTNERSHIP.

2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2020 AND 2019

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

Date of Incorporation
Reorganized April 26, 1982
pursuant to Chapter 282, Laws of Wisconsin 1981

FINANCE STAFF

MICKIE PEARSALL, DIRECTOR OF FINANCE/TREASURER
DON NEHMER, DEPUTY DIRECTOR OF FINANCE
APRIL HILLIARD, ACCOUNTING MANAGER

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DISTRICT STAFF

KEVIN L. SHAFER, P.E.
 Executive Director

ANNA KETTLEWELL
 Commission Secretary

KATHERINE LAZARSKI
 Director of Legal Services

MICHAEL MARTIN
 Director of Technical Services

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PRINCIPAL ADVISORS

BAKER TILLY US, LLP
Independent Auditors

**FOLEY & LARDNER AND
MWH LAW GROUP**
Co-Bond Counsel

ROBERT W. BAIRD & CO.
Financial Advisor



Overall responsibility for preparation of this report was provided by:

Mickie Pearsall, *Director of Finance/Treasurer*

Don Nehmer, *Deputy Director of Finance*



INTRODUCTORY SECTION

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COMMISSION ORGANIZATION CHART



COMMISSIONERS OF THE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT



DAN DEVINE
Commission Chair,
Mayor, City of West Allis



EUGENE MANZANET
Vice Chair,
Senior Vice President,
Community Lending, U.S. Bank

TIM CARPENTER
Wisconsin State Senator

KATHY EHLEY
Mayor, City of Wauwatosa

CAVALIER C. JOHNSON
Alderman, City of Milwaukee

LATONYA JOHNSON
Wisconsin State Senator

KRIS MARTINSEK
Owner, Martinsek & Associates

BRYAN L. KENNEDY, PH.D.
Mayor, City of Glendale

JEFF STONE
Vice President,
Kapur & Associates

JOHN SWAN, III
Business Agent,
LIUNA Local 113

COREY ZETTS
Executive Director,
Menomonee Valley Partners

DISTRICT STAFF

KEVIN L. SHAFER, P.E.
Executive Director

ANNA KETTLEWELL
Commission Secretary

KATHERINE LAZARSKI
Director of Legal Services

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Financial Advisor

2020 LETTER FROM THE COMMISSION CHAIR



DAN DEVINE
Commission Chair,
Mayor, City of West Allis

**THE DISTRICT
CAPTURED
AND TREATED
97.3% OF ALL
THE WATER
THAT ENTERED
THE SYSTEM,
WHICH IS ABOVE
AND BEYOND
THE FEDERAL
REQUIREMENT
OF 85%.**

I am pleased to present the Milwaukee Metropolitan Sewerage District's Comprehensive Annual Financial Report for the fiscal year 2020. Throughout this report, you will see that even through difficult times, the District's financial status remains stable. 2020 proved to be a challenging year as we faced the COVID-19 pandemic, a reckoning with racial inequality, and a worsening climate crisis. The economic disruption as a result of the COVID-19 pandemic impacted the community the District serves and as a result its user-based fees and revenue. The District responded with creative solutions and prioritized public health in order to continue to offer world-class services.

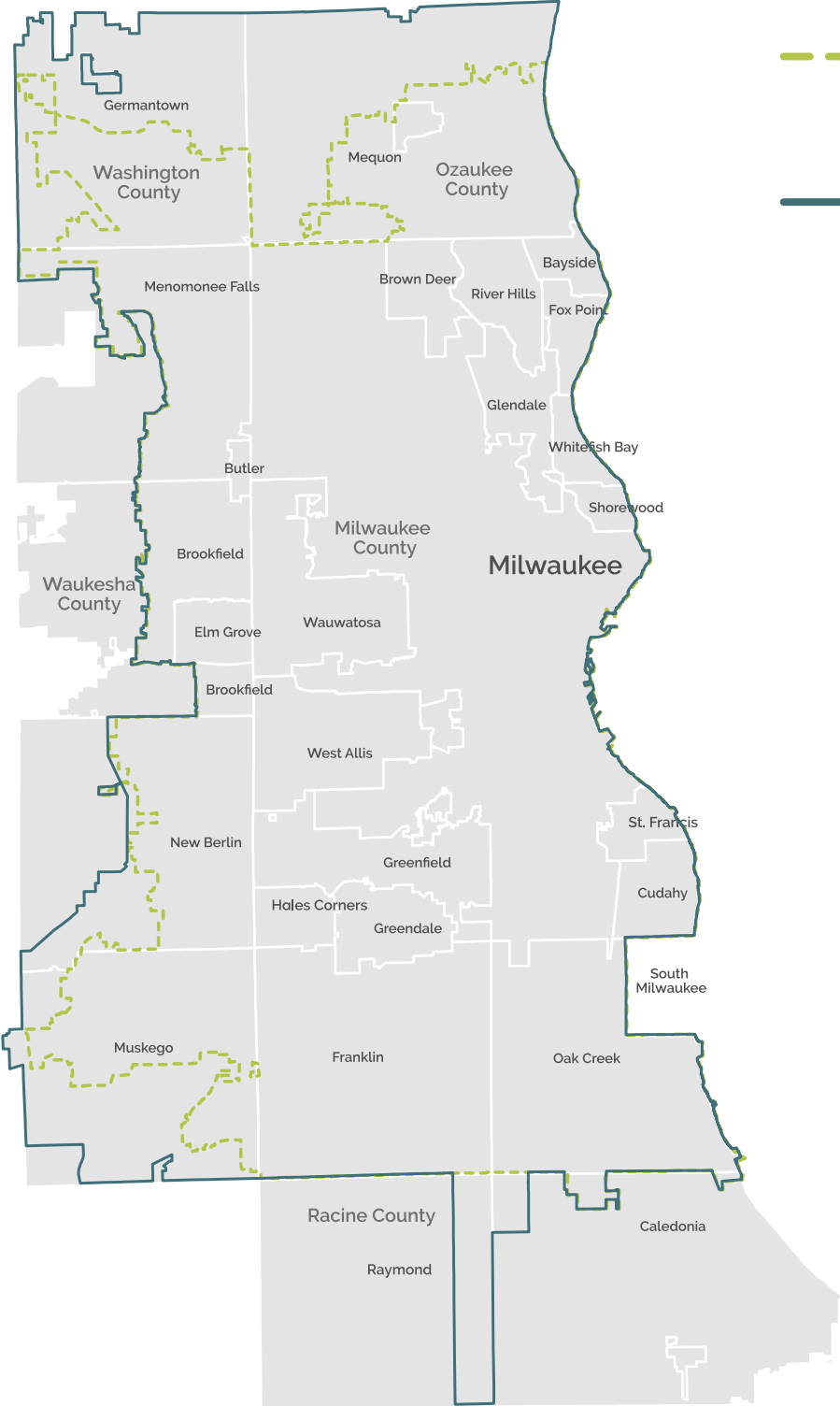
The District invested over \$99.3 million in capital projects in 2020 to ensure reliable sewerage and flood management services and climate adaptation. The District captured and treated 97.3 percent of all the water that entered the system, which is above and beyond the federal requirement of 85 percent. The strong performance was evident when the District received the NACWA Peak Performance Award. Even with its impressive performance, the District continued to pursue progressive programs and initiatives to prepare for the future. In 2020, the District was the fourth in the country and the second wastewater treatment agency to be issued a Certified Climate Bond, prestigious recognition that will help fund District projects. The District also launched its Fresh Coast Protection Partnership program for an alternative delivery mechanism for green infrastructure. The funding agreement is one of the first contracts of its kind in the nation, and we are hopeful that it provides an efficient mechanism to ramp up green infrastructure implementation in our service area. The District continued its commitment to improving the local waterways and making all waterways fishable and swimmable. In 2020, the District partnered with EPA, the Wisconsin Department of Natural Resources, the City of Milwaukee, Milwaukee County, and We Energies to remediate and restore the Milwaukee Estuary Area of Concern, a heavily contaminated and polluted waterway.

The District's achievements in 2020 despite the numerous challenges speak to the quality of the leadership, dedicated staff, and regional cooperation. Increasing regulations, climate change, and aging infrastructure will continue to challenge the region. The District is excited about the national attention infrastructure spending and climate adaptation are receiving and the District looks forward to partnering for solutions so that the District can remain a utility of the future.

Sincerely,

DAN DEVINE
Commission Chair

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT



- - - The District's 349 square-mile service area includes all or part of those communities shown in the map excluding South Milwaukee
- The District's planning area boundary is 411 square-miles

LETTER OF TRANSMITTAL



June 17, 2021

The Commissioners
Milwaukee Metropolitan Sewerage District

State law requires that the Milwaukee Metropolitan Sewerage District (District) publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of independent licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the District for the fiscal year ended December 31, 2020.

This report consists of management's representations concerning the finances of the District. Accordingly, management assumes full responsibility for the completeness and reliability of all information presented in the report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Baker Tilly US, LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ended December 31, 2020 and 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the

District's internal control over financial reporting. Accordingly, Baker Tilly US, LLP expresses no such opinion. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended December 31, 2020 and 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the District's separately issued Single Audit Report.

GAAP require 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 MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

GENERAL

The District is a special purpose municipal corporation organized under the laws of the State of Wisconsin. The District was created in 1982 by the reorganization of the sewerage function previously financed by the Milwaukee County government.

LEGAL BOUNDARY

The District's legal boundary presently includes all of Milwaukee County with the exclusion of the City of South Milwaukee. The legal boundary also includes the portion of the Village of Bayside that is in Ozaukee County, and those portions of the City of Milwaukee that are in Waukesha and Washington Counties. The District may levy ad valorem property taxes from time to time on all taxable property within its legal boundary.

SERVICE AREA

The District presently provides sewage treatment services for the 18 cities and villages within the District's legal boundary. In addition, the District is authorized under state statutes to provide sewage treatment service to areas beyond its legal boundary but within the portion of the multi-county drainage basin delineated as part of the Water Quality Management Plan developed by the Southeastern Wisconsin Regional Planning Commission pursuant to section 208 of the Federal Water Pollution Control Act Amendments of 1972. This area includes all or parts of 10 municipalities outside Milwaukee County. District sewage treatment service is presently provided to all or parts of these 10 municipalities.

SERVICE RESPONSIBILITIES AND POWERS

The District is statutorily responsible for construction, operation and maintenance of its sewers, watercourse improvements and treatment plant facilities within its service area. The District possesses the right of eminent domain throughout Wisconsin. It has the authority to promulgate rules and regulations necessary and proper to promote the best operation of the system, protect its works, prevent damage to the sewerage system, prevent surcharging of sewers or interference with the treatment process, and to attain state and federal pretreatment requirements. These rules and regulations apply throughout the territory served and have precedence over any conflicting ordinance, code or regulation. The District may issue special orders to attain compliance with its rules and regulations and it may issue special use permits.

GOVERNANCE

The District's governing body is the Milwaukee Metropolitan Sewerage Commission, which is composed of eleven members. Seven of the eleven members are appointees of the Mayor of the City of Milwaukee. Three of the appointees of the Mayor of the City of Milwaukee must be elected officials. Four of the eleven members are appointees of a body comprised of the elected executive officer of each city or village other than the City of Milwaukee within the District's boundary. Of these four appointees, three must be elected officials. All appointees have terms of three years, except the elected official appointees of the Mayor of the City of Milwaukee, who serve for one year. The Commission elects a Chairperson and Vice Chairperson from its membership. Most major financing decisions of the District require an approving vote of two-thirds of all Commissioners.

BUDGETS

The District's annual Operation and Maintenance, and Capital budgets are financial plans outlining the established expenditures for programs or projects already authorized or to be considered by the District's

Commission. Approval of the budgets by the District's Commission does not in itself authorize any specific expenditures or projects. Requests for capital project expenditures must be approved by either the Commission or the Executive Director, as appropriate, within established limits of authority prior to the commitment of funds. Operation and Maintenance budgets are structured so that expenses can be approved, and costs can be accumulated by: a) cost center, b) expense category, c) user charge parameter/activity in accordance with the cost recovery manual, as updated annually by the Commission, and d) special program costs as requested and approved by the Commission.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

IMPACT OF THE SPREAD OF COVID-19

In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declared a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries took measures to limit social interactions in an effort to limit the spread of COVID-19. On March 25, 2020, Wisconsin Governor Tony Evers' "safer-at-home" order went into effect, which orders the closure of all non-essential business and operations until April 24, 2020. In addition, the deadline for payment of State income taxes was extended to match the federal deadline of July 15, 2020.

The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economies. The extent to which the coronavirus affects the District and its financial condition will depend on future developments, including the duration of the outbreak and measures taken to address the outbreak, and the type and amount of federal assistance provided, all of which are highly uncertain and cannot be predicted by the District. However, the pandemic and the emergency responses have resulted in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced business demand, worker layoffs, furloughs, and reductions in hours, and supply shortages. Consequently, taxpayers and rate payers may

be adversely affected. The District had reductions to waste loads from industrial and commercial users due to closures related to the pandemic and related user charge billings had an unfavorable variance of approximately \$2 million in 2020.

LOCAL ECONOMY

In 2020 and despite the COVID-19 pandemic, the Milwaukee metropolitan area continues to reflect a solid economic base and diversification. After five straight years of declining property values, for the fifth consecutive year, taxable valuations in 2020 increased, with a 5.24% increase within the District and 2.95% in the District's total service area. The District's ten largest taxpayers make up only 4.4% of the total tax base. Six of these taxpayers are commercial real estate developers whose projects include shopping malls, office buildings, and hotels.

The Milwaukee metropolitan area continues to have a sizable manufacturing base, one of the largest in the Midwest. However, continued expansion of the service sector provides diverse employment opportunities to metropolitan area residents in the financial, governmental, and health care areas and has reduced the relative importance of manufacturing.

Wisconsin's unemployment rate had been consistently below the national rate from 2008 to 2019. In 2020 Wisconsin's unemployment rate was 6.3% while the national rate was 6.7%. The unemployment rate in Milwaukee County was 8.2% in December 2020 compared to 3.6% in December 2019.

LONG-RANGE FINANCIAL PLANNING

The District maintains long-range financing plans for its Operation and Maintenance (O&M) and Capital budgets. The District's operating budget utilizes a user charge stabilization fund and an equipment replacement fund to help stabilize user charge rates while improving customer service and the efficiency of operations. Items of note in the 2021 operating budget include:

- \$87.8 million in budgeted sewer user charge billings for 2021, a 1% increase from 2020. The annual average District household charge of \$150.21 in 2021 represents an increase of \$5.58 or 3.9% from the 2020 amount of \$144.63.
- Total O&M expenditures were budgeted at \$116.7 million, 3.8% lower than in 2020.
- O&M expenditures decrease \$4.3 million in 2021. A significant portion of the decrease relates to how the District budgets for pension costs in accordance with GASB 68, as well as construction projects with scope changes that result in the projects qualifying for capital funding rather than operations and maintenance funding.

The District's six-year financing plan for the capital budget seeks to accomplish the District's capital program needs within the following financing objectives:

- 25% cash financing for capital projects, and
- Maintaining outstanding debt at no more than 2.5% of total equalized property value (i.e., 50% of the statutory limit of 5%).

The six-year plan provides for \$857.7 million in capital project and program expenditures from 2021 through 2026, primarily for rehabilitation, upgrade or replacement of assets at the District's two water reclamation facilities, structural and hydraulic upgrades to the Metropolitan Interceptor Sewer system, watercourse and flood management projects, private property infiltration and inflow reduction, and development of green infrastructure solutions.

The District's tax levy increased 1% when compared to last year's levy and is projected to increase 4% annually from 2022 through 2026.

OPERATING CONTRACT

In June of 2016, the District's Commission approved a 10-year extension agreement between the District and Veolia Water Milwaukee, LLC (Veolia) as the operator of the District's two water reclamation facilities, biosolids management and field operations, with the terms of the extension beginning on March 1, 2018. This extension agreement follows a 10-year contract that expired February 28, 2018, in which Veolia replaced United Water Services (UWS) as the operator of the District's two water reclamation facilities. Biosolids management and field operations.

The District continues to operate its industrial waste pretreatment program; capital planning and engineering services; environmental laboratory, water quality monitoring and research; Milorganite sales, marketing, and distribution. The District has an extensive contract compliance and oversight program related to the 10-year extension.

LANDFILL GAS PIPELINE

The District has designed and built a low-pressure pipeline approximately 19 miles long to transport landfill gas from Advance Disposal Services Emerald Park Landfill in Muskego, to fuel the District's Jones Island Water Reclamation Facility, providing 25 years of green energy and reducing greenhouse gas emissions. The pipeline began full operations in 2014. The pipeline is estimated to result in significant savings to District customers over a 25-year period, depending on natural gas prices.

AWARDS AND ACKNOWLEDGMENTS

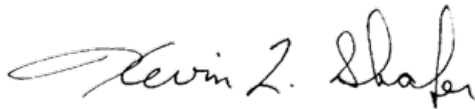
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This award was the 42nd consecutive year that the District has received this prestigious award. To be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both GAAP 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 GFOA to determine its eligibility for another certificate.

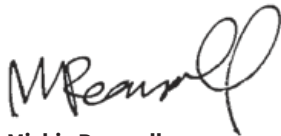
The District received the GFOA's Distinguished Budget Presentation Award for its 2021 annual budget document. To qualify for the distinguished Budget Presentation

Award, the District's budget document was judged to be proficient in several categories. These categories include presentation as a policy document, financial plan, operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Accounting Department. Staff diligently and faithfully contributed to the continued improvement of the District's accounting function and preparation of this report. Their professional expertise, experience and judgment have been invaluable to us and to the overall efficiency of the District. We would like to thank the members of the Communications and Graphics staffs, for without their efficient and dedicated services, the preparation of this report could not have been accomplished on a timely basis. We would also like to thank the Commission for providing the policy direction that allows us to pursue sound financial management practices.



Kevin L. Shafer, P.E.
Executive Director



Mickie Pearsall
Director of Finance/Treasurer

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

260 W. Seeboth Street, Milwaukee, WI 53204-1446
(414) 272-5100 | www.mmsd.com

THE GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Milwaukee Metropolitan Sewerage District Wisconsin

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Milwaukee Metropolitan Sewerage District for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the 41st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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 GFOA to determine its eligibility for another certificate.



FINANCIAL SECTION

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Schedule of Employer's Contributions - ERS

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Total OPEB Liability and Related Ratios

Health Insurance Note to Schedule of Changes in
Total OPEB Liability and Related Ratios

INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the Commissioners of
Milwaukee Metropolitan Sewerage District

Report on the Financial Statements

We have audited the accompanying financial statements of Milwaukee Metropolitan Sewerage District (the District), as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and 2019 and the respective changes in financial position and cash flows thereof for the years 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section and statistical section as identified 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Madison, Wisconsin
June 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Milwaukee Metropolitan Sewerage District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2020 and December 31, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 12–15 of this report.

FINANCIAL HIGHLIGHTS

- The District's net position of \$2.5 billion remained basically unchanged over the course of this year's operation.
- The District has a deficit balance of \$98.5 million for its unrestricted net position. This represents an increase of \$7.3 million from the deficit balance of \$91.2 million at December 31, 2019. In accordance with GASB Statement 75, at December 31, 2020, the District has recorded a total Other Postemployment Benefits (OPEB) liability of \$128.8 million. The District has elected to fund its liability related to postretirement benefits other than pensions as it comes due rather than when it is incurred. At January 1, 2020 the total OPEB liability was \$138.4 million, and at December 31, 2020 the net OPEB liability decreased \$9.6 to \$128.8 million using actuarial valuations for each respective year. See note 11 to the financial statements for further details.
- During 2020 the District received \$17.9 million in loan proceeds from the State of Wisconsin Clean Water Fund Loan Program. The issuance of this new debt, along with the other general obligation debt, brings the District's outstanding bonded debt at December 31, 2020 to \$761.3 million. This is an increase of \$12.1 million over the balance at December 31, 2019. The District's debt limit rate decreased from 1.14% to 1.09%, well below the statutory limit rate of 5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) the financial statements and 2) notes to the financial statements that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods that are similar to those used by private-sector companies. These statements provide both long-term and short-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows of resources with the difference reported as net position. This statement provides information about the nature and the amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It provides one way to measure the financial health of the District by providing the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. However, one will need to also consider nonfinancial factors such as changes in economic conditions, population, and industrial/commercial customer growth, and new or changed government legislation.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees, net Milorganite sales revenue, other charges, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

NET POSITION

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$2.5 billion at the close of the most recent fiscal year.

As can be seen in Table A-1 below, the District's net position at December 31, 2020 reflects its investment in capital assets (e.g., sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide sewerage treatment services, provide flood management and to maintain and improve watercourses for the entire District service area; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

As shown in Table A-1, current, other assets and noncurrent assets increased \$45.1 million or 15.5% from 2019 to 2020. The primary reasons for the increase is noncurrent assets

See accompanying independent auditors' report.

TABLE A-1 CONDENSED SUMMARY OF NET POSITION

	2020	2019	2018	Percentage Increase (Decrease) 2020 versus 2019
	<i>(In Thousands)</i>			
Current and Other Assets	\$ 256,455	\$ 223,691	\$ 218,116	14.6%
Noncurrent Assets	80,459	68,122	108,021	18.1
Capital Assets	<u>3,285,241</u>	<u>3,298,910</u>	<u>3,322,297</u>	(0.4)
Total Assets	<u>3,622,155</u>	<u>3,590,723</u>	<u>3,648,434</u>	0.9
Deferred Outflows of Resources	<u>19,199</u>	<u>35,119</u>	<u>10,652</u>	-45.3
Current Liabilities	136,289	117,543	112,703	15.9
Noncurrent Liabilities	<u>849,835</u>	<u>854,328</u>	<u>887,650</u>	(0.5)
Total Liabilities	<u>986,124</u>	<u>971,871</u>	<u>1,000,353</u>	1.5
Deferred Inflows of Resources	<u>146,749</u>	<u>135,868</u>	<u>141,780</u>	8.0
Investment in Capital Assets	2,523,541	2,525,563	2,513,765	(0.1)
-Restricted	83,408	83,758	85,071	(0.4)
-Unrestricted	<u>(98,468)</u>	<u>(91,218)</u>	<u>(81,883)</u>	7.9
Total Net Position	<u>\$2,508,481</u>	<u>\$2,518,103</u>	<u>\$2,516,953</u>	(0.4)

increasing \$12.3 million at December 31, 2020. The District had \$32.8 million in unused proceeds from the General Obligation Promissory Notes, Bonds 2020A remaining at December 31, 2020. The district issued \$80 million in new General Obligation debt in 2020 to finance portions of the capital improvement program.

The Deferred Outflow of Resources decreased 15.9 million or 45.3% from 2019 to 2020. The primary reasons for the decrease was the pension deferred outflows decreasing \$8.1 million from \$19.1 million to \$11.0 million at December 31, 2020. This is in accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, at December 31, 2020 (see note 10 to the financial statements for additional details). The remaining \$7.5 million relates to the decrease in OPEB deferred outflows. This is in accordance with GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The remaining is due to the unamortized loss on refunding.

As can be seen from Table A-1, total liabilities increased \$14.2 million or a 1.5% from 2019 to 2020. The District received \$17.9 million in new debt proceeds during 2020 which was offset by \$113.5 million in principal pay down, \$85 million was planned principal paydown the remainder was due to refunding. The principal paydown was for existing District general obligation issued debt and Clean Water Fund Program loans. Offsetting this \$96.3 million net decrease in outstanding debt is the decrease in the total OPEB liability from implementing GASB 75, decreasing \$9.6 million from \$138.4 million at December 31, 2019 to \$128.8 million at December 31, 2020. The total Pension liability decreasing 6.9 million from \$25.8 million to \$18.9 million at December 31, 2020.

The Deferred Inflow of Resources increased \$10.9 million or 8.0%. \$3.8 million of the increase at December 31, 2020, is related to OPEB deferred inflows in accordance with GASB Statement 75. The remaining is related to the increase in capital charges \$2.2 million, increase pension deferred

inflows of \$3.9 million, and the increase of tax levy \$1.0 million.

As can be seen from Table A-1, investment in capital assets were stable from 20019 to 2020 with a minor decrease of \$2.0 million.

The deficit in the District's unrestricted net position increased by \$7.3 million to \$98.5 million. The deficit in the unrestricted net position is the result of the District electing to fund its long-term liability related to postretirement health and life insurance as it comes due rather than when it is incurred. As mentioned above, the District implemented GASB 75 in 2018. The total long-term OPEB liability related to this benefit was \$128.8 million at December 31, 2020. At December 31, 2019, the long-term liability reported was \$138.4 million.

When comparing 2018 to 2019, Table A-1 indicates current, other assets and noncurrent assets decreased \$34.3 million or 10.5% from 2018 to 2019. The primary reason for the decrease is noncurrent assets decreasing \$39.9 million at December 31, 2019. The District had \$33.4 million in unused proceeds from the General Obligation Promissory Notes, Bonds 2017A remaining at December 31, 2018. Only \$5K in proceeds remain at December 31, 2019. This drawdown was planned, and the District does not plan to issue new General Obligation Debt until 2020. The current portion of restricted assets for accounts payable, retainers payable, debt service, PPI & Green Solutions increased by \$7.1 million at December 31, 2019. This decrease was partially offset by an increase fertilizer sales and inventories of \$1.9 million and tax levy of \$1.8 million. The current restricted and unrestricted cash and cash equivalents and investments net increase of \$3.2 million. The decrease in capital charges of municipalities outside the district of \$1.0 million.

The Deferred Outflow of Resources increased 24.5 million or 229.7% from 2018 to 2019. The primary reasons for the increase was the pension deferred outflows increasing

See accompanying independent auditors' report.

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED

\$11.8 million from \$7.3 million to \$19.1 million at December 31, 2019. This is in accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, at December 31, 2019 (see note 10 to the financial statements for additional details). The remaining \$13.0 million relates to the increase in OPEB deferred outflows. This is in accordance with GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The remaining is due to the unamortized loss on refunding.

As can be seen from Table A-1, total liabilities decreased \$28.5 million or a 2.8% from 2018 to 2019. The District received \$17.2 million in new debt proceeds during 2019 which was offset by \$87 million in planned principal pay down of existing District general obligation issued debt and Clean Water Fund Program loans. Offsetting this \$69.8 million net decrease in outstanding debt is the increase in the total OPEB liability from implementing GASB 75, increasing \$18.2 million from \$120.2 million at December

31, 2018 to \$138.4 million at December 31, 2019. The total Pension liability increasing 19.4 million from \$6.4 million to \$25.8 million at December 31, 2019.

As can be seen from Table A-1, investment in capital assets increased \$11.8 million from 2018 to 2019. The primary reason for the increase is the District's continued effort to rehabilitate, replace, upgrade or improvement of existing District facilities and infrastructure.

The deficit in the District's unrestricted net position increased by \$9.3 million to \$91.2 million. The deficit in the unrestricted net position is the result of the District electing to fund its long-term liability related to postretirement health and life insurance as it comes due rather than when it is incurred. As mentioned above, the District implemented GASB 75 in 2018. The total long-term OPEB liability related to this benefit was \$138.4 million at December 31, 2019. At December 31, 2018, the long-term liability reported was \$120.2 million.

TABLE A-2 CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2020	2019	2018	Increase (Decrease) 2020 versus 2019
	<i>(In Thousands)</i>			
Operating revenues:				
User charges	\$ 87,055	\$ 86,146	\$ 84,965	1.1%
Fertilizer	11,359	11,851	10,313	(4.2)
Other	892	1,132	1,466	(21.2)
Total operating revenues	99,306	99,129	96,744	0.2
Nonoperating revenues:				
Property taxes	101,750	100,094	98,328	1.7
Capital charges-municipalities outside the District	25,073	32,175	31,700	(22.1)
Other	2,608	6,126	4,049	(57.4)
Total non-operating revenues	129,431	138,395	134,077	(6.5)
Total Revenues	228,737	237,524	230,821	(3.7)
Operating expenses:				
Systems – operation and maintenance	69,173	68,058	59,490	1.6
Laboratory and research services	3,114	3,191	832	(2.4)
Industrial waste and conveyance monitoring	3,333	4,043	(601)	(17.6)
Finance, engineering, and administration	31,252	33,868	13,591	(7.7)
Depreciation	100,648	99,124	96,356	1.5
Total operating expenses	207,520	208,284	169,668	(0.4)
Non-operating expenses	32,279	28,907	27,490	11.7
Land Contributed to Municipalities	655	1,811	87	(63.8)
Total non-operating expenses	32,934	30,718	27,577	7.2
Total Expenses	240,454	239,002	197,245	0.6
Income (Loss) Before Capital Contributions	(11,717)	(1,478)	33,576	692.8
Capital Contributions	2,095	2,628	2,682	(20.3)
Changes in Net Position	(9,622)	1,150	36,258	
Beginning net assets, as restated	2,518,103	2,516,953	2,580,213	
Cumulative effect of a change in accounting principle	(0)	(0)	(99,518)	
Ending Net Position	\$2,508,481	\$2,518,103	\$2,516,953	

See accompanying independent auditors' report.

While the Summary of Net Position (Table A-1) shows the change in the District's financial position the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, for the fiscal year ended 2020, total revenues decreased by \$8.8 million or 3.7% and expenses increased by \$1.5 million or 0.6%. The major factors, which drove these results, include:

- Total user charges increased \$0.9 million or 1.1% from 2019. The District had budgeted an increase of 2.5% in user charges for 2020. The COVID-19 pandemic and related business closures were the primary drivers of the unfavorable variance.
- The District's Milorganite revenue in 2020 is \$11.4 million which is a slight decrease from 2019. As the District continues to focus on increasing sales in the retail market, including popular "big box" and warehouse stores that sell to homeowners and gardeners, the average net selling price increased \$8.77 per ton, to \$259.35 in 2020 from \$250.58 in 2019.
- Excluding depreciation, operating expenses in 2020 decreased \$2.3 million or 2.1% over the amount for 2019. The recording of GASB 75 resulted in an increase of \$1.6 million related to the OPEB expense in 2020. The 2020 pension expense related to recording GASB 68 is \$5.0 million.
- Nonoperating revenues decreased by \$9.0 million or 6.5%. The primary reason nonoperating revenues decreased relates to the annual reconciliation for the watercourse and green infrastructure billings credits adjustment for 2019 purposes. This was offset due by the \$1.7 million increase in property taxes which was a planned and budgeted increase in the tax levy, decrease of \$2.7M in investment income and \$532K in other revenues.
- Nonoperating expenses in 2020 increased by 7.2% or \$2.2 million from 2019's amount. The primary reason is that capital program expenditures increased by \$3.9 million, donated land decreased by \$1.6 million and the interest expense decreased by \$568K.

For the fiscal year ended 2019, when compared to 2018 amounts, total revenues increased by \$6.7 million or 2.9% and expenses increased by \$41.8 million or 21.2%. The major factors, which drove these results, include:

- Total user charges increased \$1.2 million or 1.4% from 2018, slightly favorable from the increase of 1.22% budgeted in user charges for 2019.
- The District's Milorganite revenue had an increase in 2019, the \$11.9 million amount represented a record high in net Milorganite revenue. As the District continues to focus on increasing sales in the retail market, including popular "big box" and warehouse stores that sell to homeowners and gardeners, the average net selling price increased \$24.24 per ton, to \$250.58 in 2019 from \$226.34 in 2018.
- Excluding depreciation, operating expenses in 2019 increased \$35.8 million or 48.9% over the amount for 2018. 2018 was the first year implementation of GASB 75 which resulted in a decrease of \$23.3 million related to the OPEB expense, in 2019 it was 509K. The 2019 pension expense related to recording GASB 68 is \$6.7 million.
- Nonoperating revenues increased by \$4.3 million or 3.2%. The primary reason nonoperating revenues increased was due to the \$1.7 million increase in property taxes which was a planned and budgeted increase in the tax levy, \$785K in investment income and \$1.2 million in other revenues.
- Nonoperating expenses in 2019 increased by 11.4% or \$3.1 million from 2018's amount. The primary reason is that capital program expenditures increased by \$3.1 million, donated land increased by 1.7 million and the interest expense decreased by \$1.7 million.



Employee at Jones Island Water Reclamation Facility

See accompanying independent auditors' report.

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED

TABLE A-3 CAPITAL ASSETS

	2020	2019	2018	Percentage Increase (Decrease) 2020 versus 2019
	<i>(In Thousands)</i>			
Land, land easements & land improvements	\$ 184,436	\$ 173,789	\$ 165,928	6.1%
Buildings	842,509	836,294	825,901	0.7
Machinery & equipment	1,062,875	1,042,984	1,010,263	1.9
Aeration and clarifier tanks	87,544	87,544	86,398	0.0
Watercourse improvements	363,842	363,263	363,229	0.2
Intercepting sewer system & rights	2,504,193	2,504,193	2,502,735	0.0
Construction in progress	<u>294,105</u>	<u>244,556</u>	<u>222,959</u>	20.3
Sub-total	5,339,504	5,252,623	5,177,413	1.7
Less: Accumulated depreciation	<u>(2,054,263)</u>	<u>(1,953,713)</u>	<u>(1,855,116)</u>	5.1
Net capital assets	<u>\$ 3,285,241</u>	<u>\$ 3,298,910</u>	<u>\$ 3,322,297</u>	<u>(0.4)%</u>

More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of December 31, 2020, the District's investment in capital assets amounted to \$3.3 billion (net of accumulated depreciation) as shown in Table A-3 below. The decrease of \$13.7 million in net capital assets for 2020 reflects a \$100.6 million increase in accumulated depreciation which exceeds the \$86.9 million in net additions to the asset base during 2020.

During 2020 and 2019 the District incurred capital expenditures to rehabilitate, upgrade or replace assets at its two water reclamation facilities and conveyance system; continued to work on flood management projects, as well as work on sustainability projects and 2050 Facilities Planning. In 2021, the District's current six-year capital expenditure forecast projects \$857.7 million in project and program expenditures over the six-year period from 2021 through 2026. During this six-year period the capital improvement program continues its focus on asset management and sustainability rather than expansion of capacity.

DEBT ADMINISTRATION

General obligation indebtedness outstanding at December 31, 2020 amounted to \$761.3 million. Included in this amount are \$317.5 million of general obligation bonds issued by the District.

The remaining balance of \$443.8 million represents funds received by the District through the State of Wisconsin Clean Water Fund Loan Program, which provides low interest

loans for use in the construction of wastewater treatment facilities. Interest on these loans is payable semi-annually with interest rates ranging from 1.65% to 4.95%.

On April x, 2020, the District issued \$80 million of General Obligation Promissory Bonds, Series 20120A. The net proceeds from this issue provided funding for a portion of the District's capital improvements program in 2019 through 2021. The Series 2020A issue, competitively sold by the District, is the first issue since October of 2017.

Fitch Ratings and Moody's Investor's Services affirmed the District's current bond rating on March 5, 2020. Standard & Poor's current bond rating was affirmed on March 6, 2020. The current ratings are as follows:

	Moody's	
<u>Fitch Ratings</u>	<u>Investors Service</u>	<u>Standard & Poor's</u>
AAA	Aa1	AA+

At December 31, 2020, the District has an intergovernmental loan for \$16.3 million. This loan is with City of Franklin for costs related to constructing the Ryan Creek Interceptor in accordance with District standards and which the District will purchase from Franklin. The District made payments to Franklin, beginning in 2015, equal to Franklin's annual payments toward repaying its loan with the Clean Water Fund Loan Program used to finance the construction of the interceptor. On January 3, 2017, the District reimbursed Franklin for the sums Franklin has paid toward the Clean Water Fund Program loan through 2014.

See accompanying independent auditors' report.

Additional information on the District's long-term debt can be found in Note 7 to the financial statements and Exhibits B12 to B14 in the statistical section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The average unemployment rate for Milwaukee County was 8.2 percent for 2020, an increase from the 4.0 percent rate for 2019. This compares to the state's unemployment rate of 6.3 percent and the national rate of 6.7 percent.
- Inflation in the metropolitan area was similar to the national consumer price index.
 - The Midwest Region inflation rate was 1.0% for 2020.
 - The average U.S. city rate was 1.2% for 2020.
- The equalized valuation for the District's service area (including communities outside the District) increased by 3.6 percent in 2020, while 2020 user charge wasteloads changed as follows:
 - Billable flows down 4.0%.
 - Pounds of Biochemical Oxygen Demand (BOD) down 1.0%
 - Pounds of Total Suspended Solids (TSS) down 4.0%.

All of these factors were taken into consideration when preparing the District's budgets.

The District approved a \$107 million 2021 Operation and Maintenance Budget, a decrease of \$4.3 million or 3.8% from 2020. The District's user charge billings for 2021 are budgeted to increase 1.0% to \$87.8 million. The average District residential charge for 2021 increases \$2.73 to \$147.36 from \$144.63 or 1.9% from the 2020.

Items of note in the 2021 Operations and Maintenance (O&M) Budget include:

- Sewer user charge billings are increasing 1.0%, as the District enters the fourth year of a ten-year Veolia Water operating contract extension agreement that began in March of 2018.
- The 2021's O&M budget the District returns the 2019 surplus of \$3.1 million, a 39.9% decrease over 2020's amount of \$5.2 million.
- Milorganite net revenue is projected to increase to \$11.9 million or an 13.9% increase over 2020's budgeted amount. As the District continues to focus on increasing sales in the retail market, including popular "big box" and warehouse stores that sell to homeowners and gardeners, the District earned \$11.4 million in Milorganite revenue in 2020.

Total O&M expenditures are decreasing 3.8% or \$4.3 million, compared to the 2020 O&M budgeted amount. A significant portion of the decrease is attributable to the GASB 68 pension expense, which was budgeted but is not included as a budget expenditure. The expense is recorded for financial reporting. Two large projects in the Technical Services division were budgeted in the 2020 O&M budget, but upon further review, qualified for capital funding, and are included in the 2021 capital budget, rather than O&M budget.

The District's Commission approved a 2021 Capital Budget that included a tax levy of \$102.9 million, which is a 1.0% increase over the amount of the levy of the prior year. The tax rate decreased 4.24% from \$1.65 to \$1.58 per \$1,000 of equalized value. Included in the 2021 Capital Budget is the current six-year financing plan that projects tax levy increases of 4% per year from 2022 through 2026, while increasing the estimated tax rate from \$1.58 to \$1.74 per \$1,000 of equalized value.

The great majority of capital expenditures in the 2021 Capital Budget are for the continued effort to rehabilitate, replace, upgrade or improvement of existing District facilities and infrastructure, at over \$465 million over the next six years. Extensive expenditures are planned for watercourse and flood management improvements at \$185 million in the six-year long-range financing plan. The District's 2050 Facilities Plan was approved in early 2021 and will have a significant impact on future budgets.

Finally, the six-year long range financing plan provides for an average level of expenditures for capital projects and programs of \$143 million per year from 2021 through 2026 while the District maintains its average of 27% cash financing objective over the six-year period and while maintaining and stabilizing debt outstanding as a percentage of equalized value in a range of a low of 1.14% in 2021 to a high of 1.21% in 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Milwaukee Metropolitan Sewerage District, 260 W. Seeboth St., Milwaukee, WI. 53204-1446 or made at the District's website www.mmsd.com.

See accompanying independent auditors' report.

EXHIBIT A-1

STATEMENTS OF NET POSITION

As of December 31, 2020 and 2019

In Thousands

	Fiscal Year	
	2020	2019
ASSETS		
Current unrestricted assets:		
Cash and cash equivalents	\$ 23,565	\$ 19,876
Investments	11,353	12,839
Receivables:		
Billed user charges	4,677	3,791
Unbilled user charges	13,790	13,609
Fertilizer sales	1,908	2,486
Other	1,956	1,960
Inventories:		
Operating and maintenance supplies	2,916	3,127
Fertilizer	728	1,994
Total Current Unrestricted Assets	<u>60,893</u>	<u>59,682</u>
Current restricted assets:		
Cash and cash equivalents	5,000	5,007
Investments	57,041	26,352
Receivables:		
Tax levy	102,873	101,853
Capital charges – municipalities outside the District	29,671	29,800
Grant funds	491	610
Other	1	149
Prepaid expenses and other	485	238
Total Current Restricted Assets	<u>195,562</u>	<u>164,009</u>
Total Current Assets	<u>256,455</u>	<u>223,691</u>
Non-current restricted assets:		
Investments	<u>80,459</u>	<u>68,122</u>
Capital assets, at cost:		
Land	86,184	83,760
Land easements	70,671	66,456
Land improvements	27,581	23,573
Buildings	842,509	836,294
Aeration and clarifier tanks	87,544	87,544
Machinery and equipment	1,062,875	1,042,984
Intercepting sewer system	2,479,604	2,479,604
Interceptor rights	24,589	24,589
Watercourse improvement	363,842	363,263
Construction in progress	<u>294,105</u>	<u>244,556</u>
Total Capital Assets	5,339,504	5,252,623
Less: Accumulated depreciation	<u>(2,054,263)</u>	<u>(1,953,713)</u>
Net Capital Assets	<u>3,285,241</u>	<u>3,298,910</u>
Total Assets	<u>3,622,155</u>	<u>3,590,723</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources:		
Pension deferred outflows	11,002	19,093
OPEB deferred outflows	5,565	13,044
Unamortized loss on refunding	<u>2,632</u>	<u>2,982</u>
Total Deferred Outflows of Resources	<u>19,199</u>	<u>35,119</u>

See accompanying notes to financial statements.

	Fiscal Year	
	2020	2019
LIABILITIES		
Current liabilities (payable from unrestricted current assets):		
Accounts payable	\$ 10,957	\$ 10,159
Accrued salaries and wages	1,102	294
Accrued vacation pay	1,600	1,260
Other	410	560
Total Current Liabilities (Payable from Unrestricted Current Assets)	<u>14,069</u>	<u>12,273</u>
Current liabilities (payable from restricted assets):		
Accounts payable	20,824	13,033
Retainers payable	1,183	721
Accrued interest	4,783	4,505
Long-term obligations due within one year	<u>95,430</u>	<u>87,011</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>122,220</u>	<u>105,270</u>
Total Current Liabilities Payable	<u>136,289</u>	<u>117,543</u>
Non-current liabilities:		
Retainers payable	239	509
Long-term obligations:		
General obligation bonds	302,505	247,084
Clean Water Fund Program loans	384,216	425,956
Intergovernmental loan	14,973	16,280
Total OPEB liability	128,803	138,428
Net pension liability	18,938	25,847
Accrued vested sick pay	<u>161</u>	<u>224</u>
Total Long-term Obligations	<u>849,835</u>	<u>854,328</u>
Total Liabilities	<u>986,124</u>	<u>971,871</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources:		
Tax levies	102,873	101,853
Capital charges – municipalities outside the District	29,919	27,726
Pension deferred inflows	5,862	1,958
OPEB deferred inflows	<u>8,095</u>	<u>4,331</u>
Total Deferred Inflows of Resources	<u>146,749</u>	<u>135,868</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,132,873</u>	<u>1,107,739</u>
NET POSITION		
Net Position:		
Investment in capital assets	2,523,541	2,525,563
Restricted – capital projects and programs	47,812	60,143
Restricted – equipment replacement	15,856	15,442
Restricted – debt service	19,740	8,173
Unrestricted (deficit)	<u>(98,468)</u>	<u>(91,218)</u>
TOTAL NET POSITION	<u>\$2,508,481</u>	<u>\$ 2,518,103</u>

See accompanying notes to financial statements.

EXHIBIT A-2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the fiscal years ended December 31, 2020 and 2019

In Thousands

	Fiscal Year	
	2020	2019
OPERATING REVENUES		
User charges	\$ 87,055	\$ 86,146
Fertilizer	11,359	11,851
Other	<u>892</u>	<u>1,132</u>
Total Operating Revenues	<u>99,306</u>	<u>99,129</u>
OPERATING EXPENSES		
Systems – operation and maintenance	69,173	68,058
Laboratory and research services	3,114	3,191
Industrial waste and conveyance monitoring	3,333	4,043
Finance, engineering, and administration	31,252	33,868
Depreciation and amortization	<u>100,648</u>	<u>99,124</u>
Total Operating Expenses	<u>207,520</u>	<u>208,284</u>
OPERATING LOSS	<u>(108,214)</u>	<u>(109,155)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes - capital	101,750	100,094
Investment income	1,076	3,755
Net increase (decrease) in fair value of investments	6	364
Interest expense	(21,382)	(21,950)
Capital charges – municipalities outside the District	25,073	32,175
Gain (loss) on disposal of capital assets	(1,499)	(1,552)
Capital program expenditures	(10,897)	(6,957)
Land contributed to municipalities	(655)	(1,811)
Other	<u>3,025</u>	<u>3,559</u>
Total Non-operating Revenues (Expenses), Net	<u>96,497</u>	<u>107,677</u>
Income before Capital Contributions	(11,717)	(1,478)
CAPITAL CONTRIBUTIONS	<u>2,095</u>	<u>2,628</u>
CHANGE IN NET POSITION	(9,622)	1,150
NET POSITION - Beginning of Year	<u>2,518,103</u>	<u>2,516,953</u>
NET POSITION - END OF YEAR	<u>\$ 2,508,481</u>	<u>\$ 2,518,103</u>

See accompanying notes to financial statements.

EXHIBIT A-3

STATEMENTS OF CASH FLOWS

For the fiscal years ended December 31, 2020 and 2019

In Thousands

	Fiscal Year	
	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 101,994	\$ 102,238
Payments for capital programs	(10,897)	(6,957)
Payments to suppliers	(81,974)	(88,812)
Payments to employees	<u>(15,231)</u>	<u>(14,900)</u>
Net Cash Provided (Used) by Operating Activities	<u>(6,108)</u>	<u>(8,431)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(80,043)	(74,146)
Proceeds from long-term debt issued	125,592	17,203
Principal payments on long-term obligations	(114,745)	(84,839)
Interest paid on long-term obligations	(22,575)	(23,338)
Premium received on debt issued	11,733	-
Government grant receipts and other contributions	1,141	2,680
Tax levy receipts	101,750	100,094
Capital charges – municipalities outside the District	<u>27,395</u>	<u>29,991</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>50,248</u>	<u>(32,355)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment income	1,076	3,755
Purchase of investments	(45,280)	(12,281)
Proceeds from sale and maturity of investments	<u>3,746</u>	<u>46,900</u>
Net cash provided (used) by investing activities	<u>(40,458)</u>	<u>38,374</u>
Net (decrease) increase in cash and cash equivalents	3,682	(2,412)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>24,883</u>	<u>27,295</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 28,565</u>	<u>\$ 24,883</u>
CASH AND CASH EQUIVALENTS AS PRESENTED IN THE ACCOMPANYING STATEMENTS OF NET POSITION		
Current cash and equivalents	\$ 23,565	\$ 19,876
Current investments	11,353	12,839
Current restricted cash and cash equivalents	5,000	5,007
Current restricted investments	57,041	26,352
Non-current investments	80,459	68,122
Less: Non-cash equivalents	<u>(148,853)</u>	<u>(107,313)</u>
CASH AND CASH EQUIVALENTS	<u>\$28,565</u>	<u>\$24,883</u>

Continued on next page →

See accompanying notes to financial statements.

→ EXHIBIT A-3 CONTINUED FROM PREVIOUS PAGE

STATEMENTS OF CASH FLOWS

For the fiscal years ended December 31, 2020 and 2019

	Fiscal Year	
	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OTHER OPERATING ACTIVITIES		
Operating loss	\$ (108,214)	\$ (109,155)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	100,648	99,124
Post-retirement benefits	6,704	7,192
Other non-operating revenue	3,025	3,559
Capital program expenditures	(10,897)	(6,957)
Changes in current assets and liabilities:		
Current receivables and other assets	(337)	(450)
Prepaid expenses	(247)	(45)
Inventories	1,477	(1,005)
Accounts payable and other liabilities	<u>1,733</u>	<u>(694)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (6,108)</u>	<u>\$ (8,431)</u>
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Increase (decrease) in fair value of investments	\$ 6	\$ 364
Increase (decrease) in capital grants accrued	(119)	(1,048)
Capital charges receivable/deferral	(2,322)	2,184
Capital assets contributed by others	1,074	996
Gain (loss) on disposal of capital assets	(1,499)	(1,552)
Land contributed to municipalities	655	1,811

See accompanying notes to financial statements.



Jones Island Water Reclamation Facility

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2019 and 2020

NOTE 1 – BASIS OF PRESENTATION

The Milwaukee Metropolitan Sewerage District (the District) is a special purpose municipal corporation established by the laws of the State of Wisconsin. The District's legal boundary includes all of Milwaukee County with the exclusion of the City of South Milwaukee. The legal boundary also includes the portion of the Village of Bayside which is in Ozaukee County and those portions of the City of Milwaukee that are in Waukesha County and Washington County. The District determines and costs associated with collection and sewer user charges from municipalities within this area in order to apportion all operation and maintenance costs associated with treatment operations. The District also provides service to certain municipalities outside the District for collection and treatment of their sewage. Construction and maintenance of all intercepting sewers, watercourse improvements, and water reclamation facilities within its territorial area are also the responsibilities of the District. The District also produces organic nitrogen fertilizer (Milorganite®) as a by product of its wastewater treatment process for residential and commercial use.

The District has the authority to finance its capital project costs through the use of a property tax levy, user charge, or the sale of revenue or general obligation bonds. Additionally, the District may contract with users outside the District's boundaries for payment toward its capital costs.

The accompanying financial statements include all transactions of the District for which the District is financially accountable. Financial accountability is defined as an appointment of a majority of a component unit's board and either the ability to impose the will of the District or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. Based on these criteria, the District has determined that there are no component units that come under the criteria for inclusion. The District is not a component unit of any other government entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies.

FINANCIAL STATEMENT PRESENTATION AND BASIS OF ACCOUNTING

The District prepares its financial statements on an enterprise fund basis. Enterprise funds are used to

account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Accordingly, the District's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned, and expenses are recorded when liabilities are incurred.

CASH EQUIVALENTS

The District generally considers deposits and all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS

Investment of the District's funds is restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions

Investments are reported at fair value based on quoted market prices in accordance with GASB statement No. 72, Fair Value Measurement and Application. Fair values are based on methods and inputs as outlined in Note 3.

Investment income, including changes in the fair value of investments and realized gains and losses, is recognized as revenue in the Statements of Revenues, Expenses, and Changes in Net Position.

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

The District invests in the Wisconsin Local Government Investment Pool (the Pool), which is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission (SEC), but operates under the statutory authority of Wisconsin Chapter 25. The Pool reports the fair value of its underlying assets annually. The District's investment in the Pool is reported at fair value in the statements of net position. The fair value of the District's investment in the Pool equals the net realizable value of the District's share of the Pool (see Note 3). The Pool is authorized by Wisconsin statutes to enter into investments on behalf of government entities within Wisconsin and, in certain circumstances, to enter into derivative transactions to maximize the yield on its investments. However, specific information about the Pool's derivative transactions is not available to the District. Participants in the Pool have the right to withdraw their funds on the same business day, if notification is received by the Pool by 11:00 am.

USER CHARGES

User charges are recorded on the accrual basis. User charges billed to municipalities within the service area are designed to cover only operation and maintenance expenditures and are not intended to recover capital costs. User charge rates are set by District resolution on an annual basis to recover net estimated operating expenses, excluding depreciation, after giving effect to prior year surpluses or deficits. These charges are billed to municipalities in proportion to each user's contribution to total wastewater loading into the treatment system. Each municipality's bill reflects the amount due from each user class – residential, commercial, and industrial. Due to the delay in user charge billing caused by the monthly or quarterly billing cycle, the District accrues unbilled service charges with respect to services provided during the current year.

INVENTORIES

Inventories related to supplies are valued at the weighted average cost. Inventory held for sale is reported at the lower of cost or market.

PREPAYMENTS

Prepayments represent costs of insurance paid during the current audit year for coverage in subsequent years.

RESTRICTED ASSETS

The District maintains specific investments held by the bank for safekeeping for funds intended for equipment replacement. The equipment replacement funds are classified as restricted assets and were approximately \$15,856,000 and \$15,442,000 in 2020 and 2019. Also included in restricted assets are investments, receivables, and other assets available for restricted liabilities related to the District's capital improvement program of \$207,633,000 and \$208,511,000 in the same periods. Investments restricted for debt service were \$19,740,000 and \$8,173,000, respectively. Investments related to unspent bond proceeds primarily restricted for construction funds were \$32,793,000 and \$5,000, respectively.

PROPERTY TAXES AND CAPITAL CHARGES

Property taxes levied have been designated by the District's Commission to be legally available for capital expenditures, capital programs, and debt service requirements in the ensuing year. Taxes levied in 2020, to be collected in 2021,

of \$102,873,000 have been included in deferred inflows of resources in the statements of net position at December 31, 2020, and are available for expenditure in 2021. Taxes levied in 2019, to be collected in 2020, of \$101,853,000, have been included in deferred inflows of resources in the statements of net position at December 31, 2019, and are available for expenditure in 2020.

The various municipalities within the District's legal boundary initially collect District taxes. As collections are made, the local or county treasurer makes pro rata settlements with the District beginning on or before January 15 each year and monthly thereafter. All municipalities are required to remit delinquent District taxes to the treasurer of the county in which such municipality is located by August 15 each year. The county treasurer, in turn, must settle the taxes in full with the District by August 20 regardless of actual collections.

Communities outside the District's legal boundary, but within the service area are assessed a capital charge in place of levying a property tax.

CAPITAL CONTRIBUTIONS

Capital contributions consist of federal and state grants, contributions from Veolia Water, and funds from other outside sources used to finance capital expenditures. Federal and state grant receivables are recognized as the related capital project expenditures are incurred. Revenue from grants and contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

CAPITAL ASSETS

Capital assets, which include land, land easements, land improvements, buildings, aeration and clarifier tanks, machinery and equipment, intercepting sewer system, interceptor rights, and watercourse improvements, are stated at cost. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of three or more years. Public domain property (i.e., sewers) and other capital assets are recorded at cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation/amortization are provided using the straight line method over the following estimated useful lives:

Depreciation is not provided on construction in progress until the project is completed and placed in service.

VACATION PAY

Vacation pay is accrued as earned although vacation pay is to be used within one year, as an accommodation to workload variations, employees are allowed to accumulate vacation hours in excess of the current year allotment during the calendar year. However, all balances in excess of 150% of the current year allotment are reduced to the 150% level on December 31 of each year. The accrued vacation pay of \$1,600,000 and \$1,260,000 at December 31, 2020 and 2019, respectively, is classified as a current liability.

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

RETAINERS PAYABLE

The District withholds payment for a portion of construction work completed. Upon completion of construction projects, the District remits payment for the amount withheld. Retainers expected to be paid during the next year are classified as current.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

A deferred outflow of resources represents the consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense) until that future period.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

On an accrual basis, revenue from property taxes and capital charges for communities outside the District are recognized in the period they are intended to finance, which is the year after the taxes are levied and the capital charges are incurred. A deferred inflow of resources arises when assets are recognized before the period for revenue recognition has occurred.

Gains or losses on refunding are deferred and amortized over the life of related bonds on a straight line basis and are reported as deferred inflows or outflows.

Certain changes impacting the net pension liability and total OPEB liability are deferred as discussed in Note 10 and 11.

BOND PREMIUMS AND DISCOUNTS

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.

VESTED SICK PAY

Prior to 1984, it was the District's practice that employees could accumulate unused sick pay to a maximum of 240 days, and upon retirement could receive payment for one half of their accumulated days. In 1984, the accumulated unused sick pay for management employees was frozen at the balance earned as of December 31, 1983. The Union employees continued to accumulate unused sick pay until 2012. The accumulated sick pay for Union employees was frozen at the balance earned as of April 30, 2012. As of December 31, 2020, the District had no employees covered by a labor agreement. District Council 48, Local 366, AFSCME, AFL-CIO, which previously represented 82, voted to decertify in 2016 and the associated labor agreement expired April 30, 2016. The frozen sick pay of the District employees is \$500,000 and \$518,000 at December 31, 2020 and 2019, respectively. Of the total, \$161,000 and \$224,000 at December 31, 2020 and 2019, respectively, are classified as a long-term liability. The current portion is included with accrued salaries and wages.

PENSIONS

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

when due and payable in accordance with the benefit terms, investments are reported at fair value.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NET POSITION

Net position is displayed in three components as follows:

Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

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

Unrestricted – consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

CLASSIFICATION OF REVENUES AND EXPENSES

The District has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions, including sewer user charges and fertilizer (Milorganite®) sales. Non-operating revenue includes interest income on investments and activities that have characteristics of non-exchange transactions including federal, state, and local grants and contributions.

Operating expenses are related to the operating, managing, and maintaining of the District's sewerage system. These expenses are primarily funded by sewer user charges and sales of Milorganite®. Non-operating expenses are related to the cost of acquiring, purchasing, adding to, leasing, planning, designing, constructing, extending, and improving all or any part of the District's sewerage system; capital programs designed to finance improvements outside the system that minimize the need for future system expansion; and paying principal, interest, or premiums on any indebtedness for these purposes. These expenses are primarily funded by property taxes levied on member communities and capital billings to communities outside the District.

GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS

Gains and losses on disposal of capital assets include assets retired as well as projects that were terminated and disposed of during the year. In addition, the cost of demolition associated with certain watercourse properties is included here.

CAPITAL PROGRAM EXPENDITURES

The District offers funding to municipalities for planning, design, investigation, and construction of projects intended to reduce inflow and infiltration on private property. The District

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

also offers funding to municipalities for the implementation of green infrastructure. Actual costs reimbursed by the District to municipalities are shown as a non-operating expense on the statements of revenues, expenses, and changes in net position.

LAND CONTRIBUTED TO MUNICIPALITIES

As part of its watercourse and flood abatement program, the District purchases natural wetlands to reduce the risk of future flooding problems. These properties are subsequently donated to local municipalities because they provide multiple benefits to the local community in the form of open space, wildlife habitat and passive recreation, while the District retains a conservation easement.

USE OF ESTIMATES

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

NEW ACCOUNTING PRONOUNCEMENTS

GASB has approved GASB Statement No. 87, Leases, 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, and Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. When they become effective, application of these standards may restate portions of these financial statements.

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.

RECLASSIFICATION

Certain amounts in the 2019 financial statements may have been reclassified to conform to the classification used in 2020.

NOTE 3 – DEPOSITS AND INVESTMENTS

As of December 31, 2020, the District had the following investments and cash and cash equivalents and maturities:

Carrying Value	Investment Maturities (in Years)			
	Less than 1	1-2	3-5	
<i>(In Thousands)</i>				
Checking (overdraft)	\$ (2,375)	\$ (2,375)	\$ -	\$ -
U.S. Instrumentalities	3,798	3,798	-	-
U.S. Treasuries	2,923	1,888	1,035	-
Local Government Investment Pool	166,710	166,710	-	-
Corporate Bonds	840	840	-	-
Money Market	5,000	5,000	-	-
Certificates of Deposit	<u>522</u>	<u>522</u>	-	-
Total Cash and Investments	<u>\$ 177,418</u>	<u>\$ 176,383</u>	<u>\$ 1,035</u>	<u>\$ -</u>

As of December 31, 2019, the District had the following investments and cash and cash equivalents and maturities:

Carrying Value	Investment Maturities (in Years)			
	Less than 1	1-2	3-5	
<i>(In Thousands)</i>				
Checking (overdraft)	\$ (2,194)	\$ (2,194)	\$ -	\$ -
U.S. Instrumentalities	10,303	6,531	3,772	-
U.S. Treasuries	9,163	6,264	2,899	-
Local Government Investment Pool	105,184	105,184	-	-
Corporate Bonds	4,223	3,376	847	-
Money Market	5,007	5,007	-	-
Certificates of Deposit	<u>510</u>	<u>510</u>	-	-
Total Cash and Investments	<u>\$ 132,196</u>	<u>\$ 124,678</u>	<u>\$ 7,518</u>	<u>\$ -</u>

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

The checking account bank balance was \$382,600 and \$402,200 at December 31, 2020 and 2019, respectively. Deposits in each local and area bank are insured by the FDIC in the amounts of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest and noninterest bearing). Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. During 2020 and 2019, the District was in compliance with its investment policy that all investments shall be limited to maturities not exceeding five years, and the District shall maintain at least \$10,000,000 of its total investment portfolio in instruments maturing in 60 days or less. During 2020 and 2019, investments with maturities of less than 180 days, based on par value, comprised on average, 97.22% and 88.97% respectively, of the District's month end investment portfolio balance.

Credit risk is risk that an issuer of an investment will not fulfill its obligations to the District. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by a nationally recognized rating service at the time of purchase.

The District investment policy further limits the purchase of commercial paper to issuers with a commercial paper program size of at least \$500,000,000, except for banks and companies located within the District's boundaries. The District did not hold any investments in commercial paper as of December 31, 2020 and 2019. The District's investment in corporate bonds at December 31, 2020 and 2019, ranged from AA+ by Standard & Poor's, or Aa1 by Moody's Investors Service.

As to the credit risk related to the District's investment in the Local Government Investment Pool (LGIP), the investments are not insured. The Federal Deposit Insurance Corporation (FDIC) insures the pro rata share of certificates of deposit held by the LGIP.

At December 31, 2020 and 2019, all of the District's investment in U.S. Instrumentalities are rated either AA+ by Standard & Poor's or Aa1 by Moody's Investors Service.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount invested in any one issuer.

As of December 31, 2020, the District didn't have more than 5% of the District's investments in a singular issuer.

As of December 31, 2019, the District had more than 5% of the District's investments in the following issuer:

Issuer	Percentage
U.S. Treasury Note	5.32

In the case of deposits, in which the related risk is the event of a bank failure, the District's deposits may not be returned to it. The District maintained certificates of deposit of \$500,000 at December 31, 2020 and 2019, respectively. These deposits, excluding \$9,000 of accrued interest at December 31, 2020 and \$10,000 of accrued interest at December 31, 2019, are fully insured through a combination of federal and state deposit insurance.

FAIR VALUE MEASUREMENT

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date. Examples include U.S. Treasury securities and equity securities from active markets. The hierarchy gives the highest priority to Level 1 inputs.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly. Examples include government agency securities and derivatives valued using prices for similar locations or products on published exchanges.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following valuation methods were used for the Districts' recurring fair value measurements as of December 31, 2020 and 2019:

- Corporate Bonds, U.S. Instrumentalities and U.S. Treasuries classified in Level 1 of the fair value hierarchy are valued using quoted market prices and all fall under the Level 1 category.

NOTE 3 – DEPOSITS AND INVESTMENTS CONT'D ON NEXT PAGE



See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

→ NOTE 3 – DEPOSITS AND INVESTMENTS CONT'D FROM PREVIOUS PAGE

The District has the following recurring fair value measurements as of December 31, 2020 and 2019:

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	<i>(In Thousands)</i>			
Corporate Bonds	\$ 840	\$ -	\$ -	\$ 840
U.S. Instrumentalities	3,798	-	-	3,798
U.S. Treasuries	<u>2,923</u>	-	-	<u>2,923</u>
Total Investments	<u>\$ 7,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,561</u>

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	<i>(In Thousands)</i>			
Corporate Bonds	\$ 6,258	\$ -	\$ -	\$ 6,258
U.S. Instrumentalities	20,710	-	-	20,710
U.S. Treasuries	<u>7,809</u>	-	-	<u>7,809</u>
Total Investments	<u>\$ 34,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,777</u>

NOTE 4 – OPERATING CONTRACT AND EXPENSES

On June 27, 2016, the Milwaukee Metropolitan Sewerage District Commission approved a 10-year extension contract effective March 1, 2018 with Veolia Water Milwaukee, LLC (Veolia) as the operator of the District's two wastewater treatment plants, biosolids management and field operations, and custodian of the operating and maintenance supplies inventory while retaining ownership of the assets. Any changes in inventory levels throughout the term of the agreement are recorded as inventory. The operation and maintenance and utility fees are subject to adjustments based on various indices. The total net expenditures related to the contract for the year ended December 31, 2020 were \$52,785,000 and for the year ended December 31, 2019 were \$51,241,000. Under the terms of the new contract with Veolia the District is liable for 75% of actual energy costs, except landfill gas costs which are paid entirely by the District and Veolia is responsible for the remainder. The District continues to operate its industrial waste pretreatment program, engineering, central lab monitoring and research, Milorganite® sales, marketing, and distribution.

NOTE 5 – FEDERAL AND STATE GRANTS

The District has been awarded federal grant funds for planning, design, and construction, and state grant funds for construction.

Available and outstanding federal and state grants are presented as follows:

	Total Grant Awards	Outstanding Grands Receivable		
		Billed	Unbilled	Total
	<i>(In Thousands)</i>			
December 31, 2020:				
Federal	\$ 7,910	\$ 37	\$ -	\$ 37
State and other	<u>1,613</u>	<u>454</u>	-	<u>454</u>
Totals	<u>\$ 9,523</u>	<u>\$ 491</u>	<u>\$ -</u>	<u>\$ 491</u>
December 31, 2019:				
Federal	\$ 4,463	\$ 79	\$ -	\$ 79
State and other	<u>685</u>	<u>531</u>	-	<u>531</u>
Totals	<u>\$ 5,148</u>	<u>\$ 610</u>	<u>\$ -</u>	<u>\$ 610</u>

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

The District accrues for unbilled grant amounts based on eligible project expenditures incurred. Actual billings are made in accordance with respective grant provisions.

Grants and amounts received may be subject to compliance audits. In the District's opinion, adjustments, if any, resulting from the disallowance of expenditures would not have a material adverse effect on the District's financial position.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
<i>(In Thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 83,760	\$ 2,424	\$ -	\$ 86,184
Construction in progress	<u>244,556</u>	<u>99,366</u>	<u>49,817</u>	<u>294,105</u>
Total Capital Assets Not Being Depreciated	<u>328,316</u>	<u>101,790</u>	<u>49,817</u>	<u>380,289</u>
Capital assets being depreciated:				
Land easements	66,456	4,215	-	70,671
Land improvements	23,573	4,008	-	27,581
Buildings	836,294	6,215	-	842,509
Aeration and clarifier tanks	87,544	-	-	87,544
Machinery and equipment	1,042,984	19,990	99	1,062,875
Intercepting sewer system	2,479,604	-	-	2,479,604
Interceptor rights	24,589	-	-	24,589
Watercourse improvements	<u>363,263</u>	<u>579</u>	<u>-</u>	<u>363,842</u>
Total Capital Assets Being Depreciated	<u>4,924,307</u>	<u>35,007</u>	<u>99</u>	<u>4,959,215</u>
Less accumulated depreciation:				
Land easements	9,303	1,704	-	11,007
Land improvements	14,057	401	-	14,458
Buildings	442,035	16,649	-	458,684
Aeration and clarifier tanks	45,259	1,199	-	46,458
Machinery and equipment	599,769	39,939	98	639,610
Intercepting sewer system	764,709	35,202	-	799,911
Interceptor rights	3,197	5,062	-	8,259
Watercourse improvements	<u>75,384</u>	<u>492</u>	<u>-</u>	<u>75,876</u>
Total Accumulated Depreciation	<u>1,953,713</u>	<u>100,648</u>	<u>98</u>	<u>2,054,263</u>
Total Capital Assets Being Depreciated, Net	<u>2,970,594</u>	<u>(65,641)</u>	<u>1</u>	<u>2,904,954</u>
Total Capital Assets, Net	<u>\$3,298,910</u>	<u>\$36,149</u>	<u>\$49,818</u>	<u>\$3,285,241</u>

NOTE 6 – CAPITAL ASSETS CONT'D ON NEXT PAGE



See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

→ NOTE 6 – CAPITAL ASSETS CONT'D FROM PREVIOUS PAGE

Capital assets activity for the year ended December 31, 2019 was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
<i>(In Thousands)</i>				
Capital assets not being depreciated:				
Land	\$ 77,416	\$6,344	\$ -	\$ 83,760
Construction in progress	<u>222,959</u>	<u>74,776</u>	<u>53,179</u>	<u>244,556</u>
Total Capital Assets Not Being Depreciated	<u>300,375</u>	<u>81,120</u>	<u>53,179</u>	<u>328,316</u>
Capital assets being depreciated:				
Land easements	65,063	1,393	-	66,456
Land improvements	23,449	124	-	23,573
Buildings	825,902	10,392	-	836,294
Aeration and clarifier tanks	86,397	1,147	-	87,544
Machinery and equipment	1,010,263	33,464	743	1,042,984
Intercepting sewer system	2,478,146	1,458	-	2,479,604
Interceptor rights	24,589	-	-	24,589
Watercourse improvements	<u>363,229</u>	<u>34</u>	<u>-</u>	<u>363,263</u>
Total Capital Assets Being Depreciated	<u>4,877,038</u>	<u>48,012</u>	<u>743</u>	<u>4,924,307</u>
Less accumulated depreciation:				
Land easements	7,733	1,570	-	9,303
Land improvements	13,680	377	-	14,057
Buildings	425,689	16,346	-	442,035
Aeration and clarifier tanks	44,072	1,187	-	45,259
Machinery and equipment	561,391	38,904	526	599,769
Intercepting sewer system	729,519	35,190	-	764,709
Interceptor rights	2,705	492	-	3,197
Watercourse improvements	<u>70,327</u>	<u>5,057</u>	<u>-</u>	<u>75,384</u>
Total Accumulated Depreciation	<u>1,855,116</u>	<u>99,123</u>	<u>526</u>	<u>1,953,713</u>
Total Capital Assets Being Depreciated, Net	<u>3,021,922</u>	<u>(51,111)</u>	<u>217</u>	<u>2,971,028</u>
Total Capital Assets, Net	<u>\$ 3,322,297</u>	<u>\$ 30,009</u>	<u>\$53,396</u>	<u>\$3,298,910</u>

The District had construction contract commitments of approximately \$4,972,000 and \$38,184,000 as of December 31, 2020 and 2019, respectively.

The decrease in construction in progress may differ from the increase in capital assets due to discontinued projects, projects or assets from completed projects transferred or donated to other municipalities or other parties.

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>(In Thousands)</i>					
General obligation bonds	\$ 262,395	\$ 107,690	\$ (52,545)	\$ 317,540	\$ 34,525
Plus unamortized premium	<u>9,544</u>	<u>11,733</u>	<u>(1,787)</u>	<u>19,490</u>	-
Total Bonds Payable	271,939	119,423	(54,332)	337,030	34,525
State of Wisconsin Clean Water Fund	<u>486,837</u>	<u>17,902</u>	<u>(60,925)</u>	<u>443,814</u>	<u>59,598</u>
Subtotal	758,776	137,325	(115,257)	780,844	94,123
Intergovernmental loan	17,555	-	(1,275)	16,280	1,307
Net OPEB liability	138,428	-	(9,625)	128,803	-
Net Pension liability	25,847	-	(6,909)	18,938	-
Vested sick pay*	<u>518</u>	<u>-</u>	<u>(18)</u>	<u>500</u>	<u>339</u>
Total	<u>\$ 941,124</u>	<u>\$ 137,325</u>	<u>\$ (133,084)</u>	<u>\$ 945,365</u>	<u>\$ 95,769</u>

Changes in long-term obligations for the year ended December 31, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>(In Thousands)</i>					
General obligation bonds	\$ 286,475	\$ -	\$ (24,080)	\$ 262,395	\$ 24,855
Plus unamortized premium	<u>10,827</u>	<u>-</u>	<u>(1,283)</u>	<u>9,544</u>	<u>-</u>
Total Bonds Payable	297,302	-	(25,363)	271,939	24,855
State of Wisconsin Clean Water Fund	<u>529,149</u>	<u>17,203</u>	<u>(59,515)</u>	<u>486,837</u>	<u>60,881</u>
Subtotal	826,451	17,203	(84,878)	758,776	85,736
Intergovernmental loan	18,800	-	(1,245)	17,555	1,275
Net OPEB liability	120,212	28,470	(10,254)	138,428	-
Net Pension liability	6,435	19,412	-	25,847	-
Vested sick pay*	<u>662</u>	<u>-</u>	<u>(144)</u>	<u>518</u>	<u>294</u>
Total	<u>\$ 972,560</u>	<u>\$ 65,085</u>	<u>\$ (96,521)</u>	<u>\$ 941,124</u>	<u>\$ 87,305</u>

*Vested sick pay is frozen as discussed in Note 2.

The District has issued general obligations bonds to provide funds for the acquisition and construction of major capital assets. All general obligation bonds are backed by the full faith and credit of the District. Interest on these bonds is payable semiannually at varying interest rates ranging from 2.39% to 4.45% (effective interest rate of 3.32%). Debt service requirements are as follows:

Year	Principal	Interest	Total
<i>(In Thousands)</i>			
2021	\$ 34,525	\$ 11,376	\$ 45,901
2022	23,125	9,916	33,041
2023	17,595	9,016	26,611
2024	18,430	8,376	26,806
2025	19,200	7,677	26,877
2026-2030	96,045	27,403	123,448
2031-2035	73,550	11,977	85,527
2036-2040	<u>35,070</u>	<u>2,480</u>	<u>37,550</u>
Total	<u>\$ 317,540</u>	<u>\$ 88,221</u>	<u>\$ 405,761</u>

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS CONTINUED

→ NOTE 7 – LONG-TERM OBLIGATIONS CONT'D FROM PREVIOUS PAGE

The District has received funds through the State of Wisconsin Clean Water Fund Loan Program that met the definition of direct placement debt. Interest on these loans is payable semiannually at varying interest rates ranging from 1.65% to 4.95% (effective interest rate of 2.48%). Principal is payable annually in varying amounts. Debt service requirements are as follows:

Year	Principal	Interest	Total
<i>(In Thousands)</i>			
2021	\$ 59,598	\$ 9,774	\$ 69,372
2022	47,671	8,453	56,124
2023	47,302	7,311	54,613
2024	47,507	6,175	53,682
2025	46,372	5,052	51,424
2026-2030	146,656	12,348	159,004
2031-2035	37,391	2,533	39,924
2036-2040	<u>11,317</u>	<u>339</u>	<u>11,656</u>
Total	<u>\$ 443,814</u>	<u>\$ 51,985</u>	<u>\$ 495,799</u>

The District has outstanding loan commitments available of \$15,801,696 and \$23,043,441 at December 31, 2020 and 2019, respectively, from the State of Wisconsin Clean Water Fund Loan Program. These commitments will be utilized for future construction of wastewater treatment facilities.

The State of Wisconsin Clean Water Fund Loan includes provisions that in the event of failure the loans allows for certain remedies including intercepting State aid, special assessment or declaring unpaid loan balance due and immediately payable, increase in interest rate, etc.

In 2010, the District entered into an intergovernmental loan agreement with the City of Franklin to finance the Ryan Interceptor (project). The City of Franklin is constructing the project which will ultimately become an asset of the District. The City of Franklin has obtained Clean Water Fund Loan financing for this project at 2.46%. The District's obligation will equal the total principal and interest payments on that loan. The District has agreed to make payments to the City of Franklin beginning in 2015 and the debt is anticipated to be paid off in 2031. On January 3, 2017, the District made a payment to the City of Franklin to reimburse the City for the sums paid toward the loan through 2014. The outstanding amount at December 31, 2020 is \$16,280,069. Debt service requirements are as follows:

Year	Principal	Interest	Total
<i>(In Thousands)</i>			
2021	\$ 1,307	\$ 385	\$ 1,692
2022	1,339	352	1,691
2023	1,372	319	1,691
2024	1,405	285	1,690
2025	1,440	250	1,690
2026-2030	7,751	691	8,442
2031	<u>1,666</u>	<u>21</u>	<u>1,687</u>
Total	<u>\$ 16,280</u>	<u>\$ 2,303</u>	<u>\$ 18,583</u>

On April 21, 2005, the District issued \$57,115,000 of General Sewerage System Refunding Bonds, Series 2005A. The proceeds were used to purchase state and local government securities which, together with an initial cash deposit and debt service funds released, were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on a portion of the General Obligation Sewerage System Bonds, Series 2001A. Neither the defeased debt nor the funds held in trust are recorded on the District's statement of net position. The difference between the acquisition price and the net carrying amount of the old debt was a loss of \$217,000, which is reported in the accompanying financial statements as a reduction to long term obligations and is being amortized as a component of interest expense through 2022. The unamortized refunding loss was \$19,000 and \$32,000 as of December 31, 2020 and 2019, respectively. The remaining balance on the Series 2005A Bonds at December 31, 2020 and 2019, included in general obligation bonds, is \$16,705,000 and \$27,875,000 respectively.

On December 23, 2010, the District issued \$50,000,000 of General Obligation Sewerage System Bonds, Series 2010L with an average interest rate of 3.9 percent. Included in the proceeds is a subsidy from the Build America Bonds program of \$9,186,000 which will reduce the payment over the life of the bonds until 2030. This was paid off in 2020. The proceeds were used to fund District capital improvements. The remaining balance on the series 2010L Bonds at December 31, 2020 and 2019 included in general obligation bonds is \$0 and \$30,055,000, respectively.

See accompanying notes and required supplementary information.

On May 6, 2015, the District issued \$100,000,000 of General Obligation Sewerage System Bonds, Series 2015A with an average interest rate of 3.7 percent. The proceeds were used to fund District capital improvements. The remaining balance on the Series 2015A Bonds at December 31, 2020 and 2019, included in general obligation bonds, is \$86,705,000 and \$91,255,000, respectively.

On October 21, 2015, the District issued \$47,765,000 of General Sewer System Refunding Bonds, Series 2015C. The proceeds were used to purchase U.S. government securities which, together with an initial cash deposit and debt service funds released, were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on a portion of the General Obligation Sewerage System Bonds, Series 2008F. Neither the defeased debt nor the funds held in trust are recorded on the District's statement of net assets. The difference between the acquisition price and the net carrying amount of the old debt was a loss of \$4,443,000, which was reported in the accompanying financial statements as a loss to long-term obligations and is being amortized as a component of interest expense through 2028. The unamortized refunding loss was \$2,613,000 and \$2,950,000 as of December 31, 2020 and 2019, respectively. The remaining balance on the Series 2015C Bonds at December 31, 2020 and 2019, included in general obligation bonds, is \$37,430,000 and \$41,620,000, respectively.

On June 12, 2017 the District issued \$80,000,000 of General Sewerage System Bonds, Series 2017A, with an average interest rate of 3.5 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2017A Bonds at December 31, 2020 and 2019 included in general obligation bonds, is \$69,010,000 and \$71,590,000, respectively.

On April 15, 2020 the District issued \$80,000,000 of General Sewerage System Bonds, Series 2020A, with an average interest rate of 3.65 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2020A Bonds at December 31, 2020 included in general obligation bonds, is \$80,000,000.

On July 12, 2020 the District issued \$27,690,000 of General Sewerage System Refunding Bonds, Series 2020D, with an interest rate of 4.0 percent. The proceeds were used to refund \$27,690,000 (Principal, no interest) of the 2010L bond with an interest rate of 3.9%. The difference between the acquisition price and the net carrying amount of the old debt was immaterial. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new bonds) of \$2,263,995.

A computation of the legal debt margin, as defined by Wisconsin Statute, as of December 31 follows:

	2020	2019
	<i>(In Thousands)</i>	
Equalized valuation as determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 69,616,174	\$ 65,909,580
Statutory debt limit rate – Wisconsin Statutes Section 67.03	<u>5%</u>	<u>5%</u>
Statutory Debt Limit	3,480,809	3,295,479
General obligation indebtedness:		
Outstanding bonds issued by the District	(317,540)	(262,395)
Clean Water Fund Program loans	<u>(443,814)</u>	<u>(486,837)</u>
Legal Debt Margin	<u>\$ 2,719,455</u>	<u>\$ 2,546,247</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The District carries policies of insurance with respect to its property, vessels, equipment, and passenger and commercial vehicles (including comprehensive liability), environmental site liability, contractor's pollution liability, owner's professional liability, excess workers' compensation and health benefits. The District carries no insurance coverage for general liability. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that of prior years.

The District is self insured for workers' compensation and employer liability claims subject to certain limits of coverage. In addition, the District retains the risk for all comprehensive general liability claims. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The liability for claims payable included with accounts payable in the statements of net position includes claims incurred but not reported (IBNR) totaling approximately \$40,000 and \$40,000 as of December 31, 2020 and 2019, respectively.

	2020	2019	2018
	<i>(In Thousands)</i>		
Unpaid claims, beginning of year	\$ 40	\$ 40	\$ 80
Claim payments	(17)	17	(62)
Current year claims and changes in estimates	<u>17</u>	<u>(17)</u>	<u>22</u>
Unpaid Claims, End of Year	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 40</u>

NOTE 8 – RISK MANAGEMENT CONT'D ON NEXT PAGE →

See accompanying notes and required supplementary information.

→ **NOTE 8 – RISK MANAGEMENT CONT'D FROM PREVIOUS PAGE**

In addition, the District retains a certain level of risk related to employee health insurance, and uses commercial insurance for stop-loss purposes. A liability for claims incurred but not reported (IBNR) is estimated at year end based on a review of the historical data. As of December 31, 2020 and 2019, the IBNR reported in other current liabilities is \$410,000 and \$560,000, respectively.

	2020	2019	2018
	<i>(In Thousands)</i>		
Unpaid claims, beginning of year	\$ 560	\$ 510	\$ 560
Claims and premiums paid	8,905	(8,848)	(8,312)
Current year claims and changes in estimates	<u>(9,055)</u>	<u>8,898</u>	<u>8,262</u>
Unpaid Claims, End of Year	<u>\$ 410</u>	<u>\$ 560</u>	<u>\$ 510</u>

The District does not allocate overhead costs or other non-incremental costs to the claims liabilities.

NOTE 9 – CONTINGENCIES AND COMMITMENTS

LITIGATION

The District is involved in various legal proceedings, claims, and administrative actions arising in the normal course of business. In the opinion of management, the District's liability, if any, will not materially affect its financial condition.

Provision has been reflected in the accompanying financial statements if deemed appropriate by the District, for the following major lawsuits and administrative actions:

Brian Kreuziger, et al. v. Milwaukee County and MMSD

The District is a defendant in a lawsuit seeking \$4,521,676 in damages from the District and Milwaukee County relating to removal of a dam on the Milwaukee River. Plaintiffs are upstream landowners who assert that a taking of their property occurred when the dam was removed, by reducing the amount of water present in the river on their properties. The lawsuit was filed in December of 2019. The District is contesting the case vigorously.

METROPOLITAN INTERCEPTOR SEWER CONTAMINATION WITH PCB'S

Polychlorinated biphenyl (PCB) contamination has been identified in the District's Basin H sewer near Capitol Drive. The sewer is directly downstream of an abandoned die casting facility with heavy PCB contamination. PCBs are present in the sewer at levels greater than 50 parts per million, triggering regulation by the United States Environmental Protection Agency ("EPA") under the Toxic Substances Control Act. The area for proposed remediation extends for roughly 8,000 linear feet (1.5 miles). The District prepared a Risk Based Work Plan, which EPA has approved for the remediation of Basin H. The estimated cost to implement the Work Plan is around approximately \$5 million. The District has notified its insurance carriers of this liability and expects a portion of this to be a covered liability, less the \$250,000 deductible.

PCB contamination has also been identified in a sewer running under Mitchell Park at levels exceeding 50 parts per million. The PCB contamination at this site is limited to a length of sewer of less than 1,000 feet. The District does not have an estimated cost for remediation but anticipates that it will be less than the cost to remediate the Basin H site. The District has notified its insurance carrier of this liability.

PCB contamination has also been identified in a sewer running between South 56th Street and Bruce Street at 52.2 parts per million. This sewer has been unused in recent years. The District does not have an estimated cost for remediation, if it becomes necessary.

POSSIBLE CLAIMS FOR FLOODING

On June 29, 2020, the District received a Notice of Claim pursuant to Section 893.80(1d) of the Wisconsin Statutes, from counsel for the insurer of property located in downtown Milwaukee. The Notice of Claim alleges that the subject property flooded during a heavy rain event on May 17, 2020 and further that the flooding was caused by operations of the District's system. The Notice of Claim alleges damages in excess of \$1,000,000. Further, on July 2, 2020, the District received an extensive open records request from counsel for the insurer of a second nearby property in downtown Milwaukee, asking for information about the operation of the District's system during the same May 17, 2020 event. The District replied in full to this request. Finally, on September 4, 2020, the District received a Notice of Claim from a law firm representing a third property owner alleging over \$5,000,000 in damage from the same heavy rain event. At this time, the District has no information indicating that its system performed improperly during this event or was the cause of flooding at any of the three subject properties.

See accompanying notes and required supplementary information.

ADDITIONAL CHEMICAL COSTS

The District's private contract operator, Veolia, has made a claim against the District under the operating agreement for \$1.2 million for additional ferric chloride costs from November 2019 through January 2021. This matter was subject to mediation in January 2021. The District and the vendor, Veolia, have reached a tentative settlement of this matter for \$400,000 and had finalized this settlement agreement in March 2021.

NATURAL GAS PURCHASING COMMITMENT

On March 1, 2008 the District entered into an operating contract with Veolia Water for operations of the wastewater treatment facilities. As part of the contract the District became directly responsible for 75% of the natural gas costs at the plants. During 2008 management and the Commission determined it to be prudent to enter into forward transactions with a supplier to purchase natural gas for future periods. At December 31, 2020 the District had commitments to purchase \$9,897,946 of natural gas in future years, of which 75% will be paid for by the District and 25% will be paid for by Veolia. At December 31, 2019, the District had commitments to purchase \$4,529,838 of natural gas in future years, of which 75% will be paid for by the District and 25% will be paid for by Veolia. These purchases will be recorded as expenses and liabilities in the period in which the gas is delivered.

NOTE 10 – RETIREMENT SYSTEM

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description. All full time and other eligible employees of the District are members of the Employees' Retirement System of the City of Milwaukee (the System), a cost sharing multiple employer defined benefit pension plan. The System provides retirement, disability, and death benefits to plan members and beneficiaries.

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 City of Milwaukee. Detailed information about the pension plan's fiduciary net position is available in these separately issued financial statements. That report may be obtained by writing to the Employees' Retirement System of the City of Milwaukee, 200 East Wells Street, Room 603, Milwaukee, WI 53202.

Plan members are required by charter ordinance of the City of Milwaukee to contribute, or have contributed on their behalf, 5.5% of their salary or wages to the System. The District is required to contribute the remaining amounts necessary to fund the System. In 1970, the District began contributing the 5.5% on behalf of the employees. However, as a result of Wisconsin Act 10, the management/non-represented employees were required to begin making the 5.5% employee contribution in 2011. Effective, October, 2011, the management/non-represented employees began to make the 5.5% employee contribution. The represented employees were not required to begin the contribution at that time since they were covered by a labor agreement that expired on April 30, 2012. Beginning the first pay period in May, 2012, the represented employees began making the 5.5% employee contribution. For new hires starting after January 1, 2014, the contribution rate was reduced from 5.5% of salary and wages to 4% of salary and wages in accordance with overall benefit plan reductions. As of December 31, 2020 and 2019, the System recognized \$1,720,560 and \$1,729,771 in contributions from the District.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2020 and 2019, the District reported a liability (asset) of \$18,938,000 and \$25,847,000, respectively for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019 and 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuations as of the measurement dates. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement dates. The District's proportion of the net pension liability (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 1.9059870%, which was an increase of 0.0245396% from its proportion measured as of December 31, 2018. At December 31, 2018, the District's proportion was 1.93053%, which was an increase of 0.15558% from its proportion measured as of December 31, 2017. As part of the contract between Veolia and the District, beginning January 1, 2018 the District is responsible for the plan contributions for those Veolia employees who remain on the plan (based on the contract terms). The pension information for the year ended December 31, 2020, which is based on the plan information for the year ended December 31, 2019, includes both the District and the Veolia shares of the plan.

For the year ended December 31, 2020 and December 31, 2019, the District recognized pension expense of \$6,827,000 and \$7,320,000.

NOTE 10 – RETIREMENT SYSTEM CONT'D ON NEXT PAGE →

See accompanying notes and required supplementary information.

→ **NOTE 10 – RETIREMENT SYSTEM CONT'D FROM PREVIOUS PAGE**

The District reported deferred outflows of resources and deferred outflows of resources related to pensions from the following sources as of December 31:

Deferred Outflows of Resources	2020	2019
	<i>(In Thousands)</i>	
Differences between expected and actual experience	\$ 1,996,000	\$ 65,909,580
Net differences between projected and actual earnings on pension plan	-	5,965,000
Changes in actuarial assumptions	5,651,000	9,217,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	183,000	6,000
Employer contributions subsequent to the measurement date	<u>3,172,429</u>	<u>3,267,935</u>
Total	<u>\$ 11,002,429</u>	<u>\$ 19,092,935</u>

The District reported deferred inflows of resources and deferred inflows of resources related to pensions from the following sources as of December 31:

Deferred Inflows of Resources	2020	2019
	<i>(In Thousands)</i>	
Differences between expected and actual experience	\$ (882,000)	\$ (1,407,000)
Net differences between projected and actual earnings on pension plan	(4,362,000)	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(618,000)	(546,000)
Changes in actuarial assumptions	-	<u>(5,000)</u>
Total	<u>\$ (5,862,000)</u>	<u>\$ (1,958,000)</u>

Deferred outflows related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in future periods. At December 31, 2020 the District reported \$3,172,429 in contributions made subsequent to the measurement date, which will be recognized in 2021 (\$1,542,933) and 2022 (\$1,629,496) when they are recognized by the plan in the actuarial report. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Net Deferred Outflows (Inflows) of Resources
	<i>(In Thousands)</i>
2021	\$ 2,068,000
2022	927,000
2023	635,000
2024	(1,662,000)
Thereafter	-
Total	<u>\$ 1,968,000</u>

See accompanying notes and required supplementary information.

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

Actuarial valuation date	January 1, 2019
Measurement date of net pension liability (asset)	December 31, 2019
Actuarial cost method	Entry Age Normal – Level Percentage of Pay
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Investment Rate of Return	7.50% per annum, compounded annually
Discount rate	8.24%
Inflation	2.50%
Salary increases	
General City	2.5% - 4.93%
Police & Fire	4.0% - 9.47%
Mortality	For regular retirees and for survivors, 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. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table projected generationally with Scale MP-2016.

Actuarial assumptions are based on an experience study for the period January 1, 2012 – December 31, 2016.

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

Actuarial valuation date	January 1, 2018
Measurement date of net pension liability (asset)	December 31, 2018
Actuarial cost method	Entry Age Normal – Level Percentage of Pay
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Investment Rate of Return	7.50% per annum, compounded annually
Discount rate	8.24%
Inflation	2.50%
Salary increases	
General City	2.5% - 5.5%
Police & Fire	4.0% - 13.4%
Mortality	For regular retirees and for survivors, 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. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table projected generationally with Scale MP-2016.

Actuarial assumptions are based on an experience study for the period January 1, 2012 – December 31, 2016.

NOTE 10 – RETIREMENT SYSTEM CONT'D ON NEXT PAGE →

See accompanying notes and required supplementary information.

→ **NOTE 10 – RETIREMENT SYSTEM CONT'D FROM PREVIOUS PAGE**

Long-term Expected Rate of Return. The long term expected rate of return on pension plan investments was determined based on the results of an experience review performed by Conduent HR Consulting, LLC. Projected long term rates of return for each major asset class in the Retirement System’s target asset allocation as of December 31, 2020 and 2019 are summarized in the following table:

Asset Class	Actual	Long-term Expected Rate of Return
Public Equity	47.0%	7.3%
Fixed Income	25.0%	3.1%
Real Estate	7.7%	5.6%
Real Assets	3.3%	4.5%
Private Equity	8.0%	10.6%
Absolute Return	9.0%	2.9%
	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.5% for 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. 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.

Sensitivity of the utility’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 Districts’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate Share of Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<i>(In Thousands)</i>			
2020	\$ 33,793,000	\$ 18,938,000	\$ 6,573,000

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 Districts’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate Share of Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<i>(In Thousands)</i>			
2019	\$ 40,430,000	\$ 25,847,000	\$ 13,172,000

See accompanying notes and required supplementary information.

NOTE 11 – OTHER POST-RETIREMENT BENEFITS

Plan description. The District provides post-retirement health and life insurance in accordance with union contracts and Commission policy. Represented employees hired prior to December 1, 2004, who retired from the District on or after attaining age 55 with at least 10 years of creditable service, or who left employment prior to age 55 with at least 20 years of creditable service, are eligible for post-retirement health insurance at age 55 and a pension benefit. For represented employees hired on or after December 1, 2004, the employee must have at least 20 years of service and reach age 55 in order to be eligible for the post-retirement health insurance.

Management/non-represented employees hired prior to August 1, 2002, covered by Commission policy, who retire from the District on or after attaining age 60 with at least 10 years of creditable service, or with at least 15 years of creditable service who are under the age of 60, are eligible for post-retirement health insurance. Management/non-represented employees hired after August 1, 2002, covered by Commission policy, with at least 15 years of creditable service, will be entitled to the following pre Medicare health insurance benefits:

Years of Service:	Premium Paid by District
15 – 19	30 %
20 – 24	40
25 or more	50

The District no longer pays for supplemental health insurance upon becoming Medicare eligible for management/non-represented employees hired after August 1, 2002.

Benefits provided. The District provides the same health coverage as offered active employees. This insurance provides approximately 100% coverage; certain health coverage options involving deductibles; and co pays. The Commission has the authority to establish and revise the funding policy for the plan. Currently the plan is funded on a pay-as-you-go basis.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Retired Participants	498
Terminated vested participants	3
Active plan members	<u>253</u>
Total	<u>754</u>

Effective March 1, 1998 the District curtailed the plans as a result of the transfer of 290 employees to a private contractor in conjunction with the privatization of the District's operations (see Note 4).

TOTAL OPEB LIABILITY

At December 31, 2020, the District's total OPEB liability of \$128,802,656 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date. At December 31, 2019, the District's total OPEB liability of \$138,428,305 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	7.5% decreasing to 5.0%
Retirees' share of benefit related costs	<p><u>Represented Employees (contributions cease at age 65)</u> Pre 1984 Retirees \$ 0 Post 1984 Retirees \$35 Single / \$70 Family Post 2004 Retirees \$45 Single / \$90 Family Post 1/1/2008 Retirees \$50 Single / \$100 Family Pre-Medicare coverage only for post 3/8/2010 hires.</p> <p><u>Non-Represented Employees</u> Pre 2003 Hires \$ 0 Post 2003 Hires (pre-Medicare coverage only): Years of Service Retiree Contribution 15-20: 70% of Cost 20-30: 60% of Cost 30+: 50% of Cost</p> <p><u>UWS Transfers</u> For employees who transferred to UWS, MMSD is liable for a portion of total benefits based on the ratio of service at MMSD to total service.</p>

See accompanying notes and required supplementary information.

→ **NOTE 11 – OTHER POST-RETIREMENT BENEFITS CONT'D FROM PREVIOUS PAGE**

The discount rate of 2.75% was used as of January 1, 2020 and 2.00% as of December 31, 2020.

Mortality rates were based on the RP 2014 Mortality Table base rates projected to 2021 with scale MP2020, Sex Distinct.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	8.0% decreasing to 5.0%
Retirees' share of benefit related costs	<p><u>Represented Employees (contributions cease at age 65)</u> Pre 1984 Retirees \$ 0 Post 1984 Retirees \$35 Single / \$70 Family Post 2004 Retirees \$45 Single / \$90 Family Post 1/1/2008 Retirees \$50 Single / \$100 Family Pre-Medicare coverage only for post 3/8/2010 hires.</p> <p><u>Non-Represented Employees</u> Pre 2003 Hires \$ 0 Post 2003 Hires (pre-Medicare coverage only): Years of Service Retiree Contribution 15-20: 70% of Cost 20-30: 60% of Cost 30+: 50% of Cost</p> <p><u>UWS Transfers</u> For employees who transferred to UWS, MMSD is liable for a portion of total benefits based on the ratio of service at MMSD to total service.</p>

The discount rate of 2.00% was used as of January 1, 2019 and 2.75% as of December 31, 2019.

Mortality rates were based on the RP 2014 Mortality Table base rates projected to 2020 with scale MP2019, Sex Distinct.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ 120,211,696
Changes for the year:	
Service cost	1,302,131
Interest	4,794,541
Differences between expected and actual experience	(3,710,355)
Changes in assumptions or other inputs	22,373,632
Benefit payments	(6,543,340)
Net changes	<u>18,216,609</u>
Balances at December 31, 2019	\$ 138,428,305
Changes for the year:	
Service cost	1,648,388
Interest	3,726,304
Differences between expected and actual experience	(5,852,647)
Changes in assumptions or other inputs	3,009,212
Benefit payments	(12,156,906)
Net changes	<u>(9,625,649)</u>
Balances at December 31, 2020	<u>\$ 128,802,656</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75 percent in 2019 and 2.0 percent in 2020 and 4.10 percent in 2018 to 2.75 percent in 2019.

See accompanying notes and required supplementary information.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the utility, as well as what the utility's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

As of December 31, 2020:

	1% Decrease (1.75%)	Discount Rate (2.00%)	1% Increase (3.75%)
	<i>(In Thousands)</i>		
Total OPEB liability	\$ 146,804,801	\$ 128,802,656	\$ 113,956,804

As of December 31, 2019:

	1% Decrease (1.75%)	Discount Rate (2.00%)	1% Increase (3.75%)
	<i>(In Thousands)</i>		
Total OPEB liability	\$ 157,332,540	\$ 138,428,305	\$ 122,808,707

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the utility, as well as what the utility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

As of December 31, 2020:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
	<i>(In Thousands)</i>		
Total OPEB liability	\$ 115,748,713	\$ 128,802,656	\$ 144,479,758

As of December 31, 2019:

	1% Decrease (7.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% Decreasing to 5.0%)	1% Increase (9.0% Decreasing to 6.0%)
	<i>(In Thousands)</i>		
Total OPEB liability	\$ 124,460,371	\$ 138,428,305	\$ 155,175,912

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

For the year ended December 31, 2020 and 2019, the utility recognized OPEB expense of \$7,470,158 and \$561,290, respectively. The utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

As of December 31, 2020:

	Deferred Outflow of Resources	Deferred Inflows of Resources
	<i>(In Thousands)</i>	
Differences between expected and actual experience	\$ 1,851,333	\$ (615,813)
Changes of assumptions or other inputs	<u>3,713,388</u>	<u>(7,479,194)</u>
Total	<u>\$ 5,564,721</u>	<u>\$ (8,095,007)</u>

NOTE 11 – OTHER POST-RETIREMENT BENEFITS CONT'D ON NEXT PAGE →

See accompanying notes and required supplementary information.

→ **NOTE 11 – OTHER POST-RETIREMENT BENEFITS CONT'D FROM PREVIOUS PAGE**

As of December 31, 2019:

	Deferred Outflow of Resources	Deferred Inflows of Resources
	<i>(In Thousands)</i>	
Differences between expected and actual experience	\$ -	\$ (3,398,624)
Changes of assumptions or other inputs	<u>13,043,510</u>	<u>(932,012)</u>
Total	<u>\$ 13,043,510</u>	<u>\$ (4,330,636)</u>

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

Year Ended December 31:	
2020	\$ 3,097,575
2021	<u>(5,627,861)</u>
Total	<u>(2,530,286)</u>

NOTE 12 – LEASES

The District's primary source of lease revenue was derived from Colectivo Coffee for space within the District's Milwaukee River Flushing Station. The District has been granted a permit for an outdoor advertising structure for RED Outdoor Media, lease receipts for this structure began in 2020. The District has one long term, through 2058, lease with Pt. Loomis Associates Limited Partnership related to an enclosed channel. The remaining leases involve seasonal crop land agreements on land from the District's Conservation Easement Program and other short term arrangements.

Future minimum lease receipts under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2020 are as follows:

Year Ended December 31:	
2021	\$ 224,547
2022	228,055
2023	231,633
2024	49,141
2025	49,141
2026 through 2030	245,705
2031 through 2035	245,705
2036 through 2040	173,705
2041 through 2045	65,705
2046 through 2050	65,705
2051 through 2055	65,705
2056 through 2058	<u>39,423</u>
Total Minimum Lease Receipts	<u>\$ 1,684,170</u>

The District has five lease agreements for antenna space on towers or buildings in the Milwaukee area. The antennas serve as hubs for the District's radio communication system that is used to send and receive data from the District's remote facilities, which are located throughout the service area. Each lease agreement is for 10 years

See accompanying notes and required supplementary information.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2020 are:

Year Ended December 31:	
2021	\$ 43,611
2022	43,861
2023	43,861
2024	13,631
2025	13,631
2026-2030	68,155
2031-2035	68,155
2036	<u>3,312</u>
Total Minimum Lease Payments	298,217
Less current installments of obligations under operating leases	<u>(42,937)</u>
Obligations under Operating Leases, Excluding Current Installments	<u>\$255,280</u>

NOTE 13 – SUBSEQUENT EVENT

The utility evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

On April 26, 2021 the Commission approved a resolution authorizing and providing for the sale and issuance of \$46,000,000 General Obligation Sewerage System Bonds, Series 2021A.

NOTE 14 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

The utility had no cumulative changes in accounting principle in 2020.

See accompanying notes and required supplementary information.



MMSD Headquarters

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY EMPLOYEE'S RETIREMENT SYSTEM FOR THE YEAR ENDED DECEMBER 31, 2020

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/20	1.905987%	\$18,938,000	\$19,498,251	97.13%	84.83%
12/31/19	1.930527%	25,847,000	19,280,366	134.06%	78.81%
12/31/18	1.774946%	6,435,000	18,587,334	34.62%	93.70%
12/31/17	1.929518%	8,222,000	17,752,000	46.32%	91.87%
12/31/16	1.920060%	8,075,000	17,030,000	47.42%	97.76%
12/31/15	1.928695%	2,189,000	16,655,000	13.14%	97.76%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS EMPLOYEE'S RETIREMENT SYSTEM - EMPLOYER YEAR FOR THE YEAR ENDED DECEMBER 31, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in the Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/20	\$1,720,560	\$1,720,560	\$-	\$19,900,355	8.65%
12/31/19	1,729,771	1,729,771	-	19,498,251	8.87%
12/31/18	1,587,306	1,587,306	-	19,280,366	8.23%
12/31/17	1,546,382	1,546,382	-	18,587,334	8.32%
12/31/16	1,532,962	1,532,962	-	17,752,000	8.64%
12/31/15	1,517,102	1,517,102	-	17,030,000	8.91%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The District is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until 10 years are presented.

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

Changes of assumption: There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

HEALTH INSURANCE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS MOST RECENT FISCAL YEAR

	Fiscal Year	
	2020	2019
Total OPEB Liability		
Service cost	\$ 1,648,388	\$ 1,302,131
Interest	3,726,304	4,794,541
Changes of benefit terms	-	-
Differences between expected and actual experience	(5,852,647)	(3,710,355)
Changes of assumptions	3,009,212	22,373,632
Benefit payments	<u>(12,156,906)</u>	<u>(6,543,340)</u>
Net Change in Total OPEB Liability	(9,625,649)	18,216,609
Total OPEB Liability - Beginning	<u>\$138,428,305</u>	<u>\$120,211,696</u>
Total OPEB Liability - Ending	<u>\$128,802,656</u>	<u>\$138,428,305</u>
Covered-employee payroll	\$21,541,903	\$21,283,501
Total OPEB liability as a percentage of covered-employee payroll	597.92%	650.40%

The District is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until 10 years are presented.



MMSD's newest water quality monitoring vessel, the Mallard.

SUPPLEMENTARY INFORMATION CONTINUED

HEALTH INSURANCE NOTE TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS MOST RECENT FISCAL YEAR

	2020	2019																								
Valuation date:	Actuarially determined contribution rates are calculated as of December 31, 2019, one year prior to the end of the fiscal year.	Actuarially determined contribution rates are calculated as of December 31, 2019, one year prior to the end of the fiscal year.																								
Actuarial cost method	Entry age normal	Entry age normal																								
Amortization method	N/A	N/A																								
Amortization period	N/A	N/A																								
Asset valuation method	N/A	N/A																								
Discount rate	2.00 percent	2.75 percent																								
Healthcare cost trend rates	8.0 percent initial decreasing to an ultimate rate of 5.0 percent	8.0 percent initial decreasing to an ultimate rate of 5.0 percent																								
Salary increases	3.0 percent, average, including inflation	3.0 percent, average, including inflation																								
Investment rate of return	N/A	N/A																								
Retirement age	<p>Rates of retirement are based on age only. Rates are shown below:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">55-59</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">62-64</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">65</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	55-59	5%	60	25%	61	15%	62-64	30%	65	100%	<p>Rates of retirement are based on age only. Rates are shown below:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">55-59</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">62-64</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">65</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	55-59	5%	60	25%	61	15%	62-64	30%	65	100%
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60	25%																									
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62-64	30%																									
65	100%																									
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55-59	5%																									
60	25%																									
61	15%																									
62-64	30%																									
65	100%																									
Mortality	RP-2014 Mortality Table base rates projected to 2020 with scale MP2019, Sex Distinct	RP-2014 Mortality Table base rates projected to 2020 with scale MP2019, Sex Distinct																								

Benefit changes. There were no changes to the benefits.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.



STATISTICAL SECTION

This part of the Milwaukee Metropolitan Sewerage District's (District) 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 District's overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.

EXHIBIT B-1, B-2

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

EXHIBIT B-16, B-17

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant revenue sources.

**EXHIBIT B-3, B-4, B-5, B-6, B-7,
B-8, B-9, B-10, B-11**

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report related to the services the government provides and the activities it performed.

EXHIBIT B-18, B-19

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.

EXHIBIT B-12, B-13, B-14, B-15

EXHIBIT B-1

NET POSITION BY COMPONENTS

For the fiscal years ended December 31, 2011 through 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
	<i>(In Thousands)</i>				
Investment in Capital Assets	\$ 2,523,541	\$ 2,525,563	\$ 2,513,765	\$ 2,501,652	\$ 2,489,929
Restricted - Capital Projects and Programs	47,812	60,143	62,188	58,337	43,412
Restricted - Equipment Replacement	15,856	15,442	15,082	14,694	14,667
Restricted - Debt Service	19,740	8,173	7,801	12,205	25,339
Unrestricted	(98,468)	(91,218)	(81,883)	(6,675)	(6,470)
	<u>\$ 2,508,481</u>	<u>\$ 2,518,103</u>	<u>\$ 2,516,953</u>	<u>\$ 2,580,213</u>	<u>\$ 2,566,877</u>

Fiscal Year				
2015	2014	2013	2012	2011

(In Thousands)

\$ 2,471,795	\$ 2,486,416	\$ 2,464,531	\$ 2,466,406	\$ 2,505,430
50,887	34,527	46,210	37,633	21,158
14,509	14,411	14,411	14,411	14,916
31,130	25,541	26,518	24,829	5,801
(3,887)	(4,382)	4,131	10,905	14,488
<u>\$ 2,564,434</u>	<u>\$ 2,556,513</u>	<u>\$ 2,555,801</u>	<u>\$ 2,554,184</u>	<u>\$ 2,561,793</u>

EXHIBIT B-2
CHANGE IN NET POSITION

For the fiscal years ended December 31, 2011 through 2020

Year	Operating Revenue	Operating Expenses	Operating Income/ (Loss)	Total Non-operating Revenues/ (Expenses)	Income/(Loss) Before Capital Contributions	Capital Contributions	Change In Net Position
<i>(In Thousands)</i>							
2020	\$ 99,306	\$ 207,520	\$ (108,214)	\$ 96,497	\$ (11,717)	\$ 2,095	\$ (9,622)
2019	99,129	208,284	(109,155)	107,677	(1,478)	2,628	1,150
2018	96,744	169,668	(72,924)	106,500	33,576	2,682	36,258
2017	89,615	184,454	(94,839)	106,986	12,147	1,189	13,336
2016	86,261	181,117	(94,856)	95,439	583	1,860	2,443
2015	83,609	175,417	(91,808)	94,858	3,050	3,070	6,120
2014	78,806	175,605	(96,799)	91,507	(5,292)	6,004	712
2013	78,397	167,921	(89,524)	88,125	(1,399)	3,016	1,617
2012	78,634	162,924	(84,290)	72,440	(11,850)	4,241	(7,609)
2011	78,515	158,675	(80,160)	91,201	11,041	2,049	13,090

EXHIBIT B-3

OPERATING REVENUE BY SOURCE

For the fiscal years ended December 31, 2011 through 2020

Year	Total Operating Revenue	Sewer User Charge	Fertilizer	Other
<i>(In Thousands)</i>				
2020	\$ 99,306	\$ 87,055	\$ 11,359	\$ 892
2019	99,129	86,146	11,851	1,132
2018	96,744	84,965	10,313	1,466
2017	89,615	78,301	10,272	1,042
2016	86,261	76,582	9,054	625
2015	83,609	73,940	8,603	1,066
2014	78,806	70,029	7,993	784
2013	78,397	69,572	7,667	1,158
2012	78,634	69,578	7,827	1,229
2011	78,515	69,570	7,252	1,693

EXHIBIT B-4

OPERATING EXPENSES

For the fiscal years ended December 31, 2011 through 2020

Year	Total Operating Expenses	System-Operation & Maintenance	Laboratory & Research Services	Industrial Waste & Conveyance Monitoring	Finance, Engineering & Administration	Depreciation
<i>(In Thousands)</i>						
2020	\$ 207,520	\$ 69,173	\$ 3,114	\$ 3,333	\$ 31,252	\$ 100,648
2019	208,284	68,058	3,191	4,043	33,868	99,124
2018	169,668	59,490	832	(601)	13,591	96,356
2017	184,454	56,415	2,812	3,161	28,115	93,951
2016	181,117	57,348	2,582	3,470	25,756	91,961
2015	175,417	57,618	2,388	3,274	22,231	89,906
2014	175,605	58,754	2,449	3,444	23,311	87,647
2013	167,921	57,130	2,448	3,227	22,331	82,785
2012	162,924	55,177	2,511	3,458	21,803	79,975
2011	158,675	56,896	2,170	3,280	20,121	76,208

EXHIBIT B-5

NONOPERATING REVENUE AND EXPENSES

For the fiscal years ended December 31, 2011 through 2020

Year	Total Non Operating Revenues (Expenses)	Property Taxes	Capital Charges	Investment Income and Change in Fair Value of Investments	Interest Expenses	Gain (Loss) on Disposal of Capital Assets	Land Contributed to Municipalities	Capital Program Expenditures and Other
<i>(In Thousands)</i>								
2020	\$ 96,497	\$ 101,750	\$ 25,073	\$ 1,082	\$ (21,382)	\$ (1,499)	\$ (655)	\$ (7,872)
2019	107,677	100,094	32,175	4,119	(21,950)	(1,552)	(1,811)	(3,398)
2018	106,500	98,328	31,700	2,984	(23,603)	(1,251)	(87)	(1,571)
2017	106,986	98,250	31,523	1,225	(20,364)	1,034	(18)	(4,664)
2016	95,439	95,798	25,912	799	(22,816)	(1,766)	(649)	(1,839)
2015	94,858	93,239	28,433	402	(23,450)	(791)	(515)	(2,460)
2014	91,507	90,919	29,396	437	(24,260)	(2,110)	(722)	(2,153)
2013	88,125	88,626	28,424	(53)	(24,293)	(1,582)	(176)	(2,821)
2012	72,440	86,485	27,562	491	(22,663)	(5,033)	(8,782)	(5,620)
2011	91,201	85,212	24,864	736	(21,783)	87	-	2,085

EXHIBIT B-6

**USER CHARGE REVENUE BY MUNICIPALITY
WITHIN THE DISTRICT**

For the fiscal years ended December 31, 2011 through 2020

Municipality	Fiscal Year				
	2020	2019	2018	2017	2016
City of Cudahy	\$ 2,101,264	\$ 2,110,450	\$ 2,138,977	\$ 2,057,456	\$ 1,960,292
City of Franklin	2,629,404	2,509,674	2,468,702	2,210,560	2,202,361
City of Glendale	1,098,322	1,101,266	1,078,316	984,641	1,008,386
City of Greenfield	2,451,481	2,357,957	2,349,736	2,120,970	2,107,906
City of Milwaukee	48,809,191	48,790,374	48,987,466	45,350,427	43,968,676
City of Oak Creek	2,927,283	2,836,893	2,773,581	2,454,978	2,367,729
City of St. Francis	659,248	624,456	678,143	590,960	585,989
City of Wauwatosa	3,959,937	4,020,248	3,793,471	3,404,955	3,259,792
City of West Allis	4,935,678	4,551,867	4,356,397	4,088,271	4,066,099
Village of Bayside	264,564	263,091	259,506	238,859	238,959
Village of Brown Deer	949,520	931,792	904,192	819,350	809,479
Village of Fox Point	412,308	414,897	408,707	372,589	375,364
Village of Greendale	913,795	890,028	866,391	814,645	792,771
Village of Hales Corners	527,187	512,776	513,223	470,888	469,508
Village of River Hills	112,963	112,998	112,498	97,527	89,271
Village of Shorewood	809,418	803,096	837,409	652,279	709,321
Village of West Milwaukee	859,048	792,182	892,546	922,139	944,055
Village of Whitefish Bay	<u>856,325</u>	<u>861,492</u>	<u>838,158</u>	<u>748,213</u>	<u>731,223</u>
Total Within the District	<u>\$ 75,276,936</u>	<u>\$ 74,485,537</u>	<u>\$ 74,257,419</u>	<u>\$ 68,399,707</u>	<u>\$ 66,687,181</u>

Fiscal Year				
2015	2014	2013	2012	2011
\$ 1,804,675	\$ 1,618,550	\$ 1,507,280	\$ 1,613,522	\$ 1,656,103
2,143,999	2,040,662	2,006,441	1,914,760	1,925,628
953,839	900,806	934,241	923,834	931,804
2,036,361	1,945,286	1,944,800	1,964,108	1,962,998
42,484,064	40,235,500	40,211,422	40,081,180	40,329,654
2,222,514	2,133,231	2,069,149	1,991,631	2,005,209
561,119	540,392	540,870	555,621	496,818
3,178,030	2,961,982	2,997,566	3,115,200	3,088,718
3,896,350	3,726,150	3,717,622	3,716,622	3,721,541
234,505	239,170	230,494	240,845	240,213
777,074	735,633	721,924	731,400	719,455
372,582	363,849	361,777	359,258	369,485
796,170	788,101	742,539	715,631	733,597
456,334	436,428	434,642	428,409	433,212
88,063	84,893	84,355	85,807	89,742
691,074	676,706	662,621	673,288	678,964
961,138	917,770	971,000	1,105,930	1,006,938
<u>724,679</u>	<u>697,095</u>	<u>687,053</u>	<u>694,737</u>	<u>698,033</u>
<u>\$ 64,382,570</u>	<u>\$ 61,042,204</u>	<u>\$ 60,825,796</u>	<u>\$ 60,911,783</u>	<u>\$ 61,088,112</u>

EXHIBIT B-7

**USER CHARGE REVENUE BY MUNICIPALITY
OUTSIDE THE DISTRICT**

For the fiscal years ended December 31, 2011 through 2020

Municipality	Fiscal Year				
	2020	2019	2018	2017	2016
City of Brookfield	\$ 1,166,221	\$ 1,207,706	\$ 1,086,410	\$ 995,317	\$ 985,854
City of Mequon	1,390,897	1,384,843	1,374,444	1,246,411	1,281,186
City of Muskego	1,404,050	1,341,710	1,320,220	1,156,039	1,130,497
City of New Berlin	2,352,120	2,313,763	2,178,966	1,950,333	1,956,174
City of South Milwaukee*	29,709	33,192	29,349	30,331	30,568
Village of Butler	577,608	503,015	252,748	432,882	404,769
Village of Caledonia	30,292	30,328	29,134	19,519	25,636
Village of Elm Grove	374,264	370,608	362,836	328,731	337,961
Village of Germantown	1,948,784	1,984,674	1,697,876	1,568,676	1,613,777
Village of Menomonee Falls	2,284,694	2,272,210	2,164,756	1,980,487	1,936,950
Village of Thiensville	<u>219,219</u>	<u>218,530</u>	<u>210,618</u>	<u>192,587</u>	<u>191,595</u>
Total Outside the District	<u>\$11,777,858</u>	<u>\$11,660,579</u>	<u>\$10,707,357</u>	<u>\$9,901,313</u>	<u>\$9,894,967</u>

*Household Hazardous Waste Program Charges Only

Fiscal Year				
2015	2014	2013	2012	2011
\$ 969,822	\$ 917,553	\$ 898,795	\$ 897,586	\$ 956,248
1,234,929	1,206,940	1,094,553	1,119,264	1,077,743
1,132,336	1,092,905	1,054,548	1,041,072	1,024,359
1,978,663	1,859,908	1,818,911	1,827,310	1,764,458
25,146	30,496	28,042	27,588	25,225
224,889	175,348	174,544	171,463	182,373
27,062	26,174	25,528	25,639	26,407
337,445	325,919	310,463	297,649	301,897
1,536,335	1,387,769	1,413,618	1,278,930	1,190,224
1,897,058	1,777,329	1,745,112	1,799,637	1,750,504
<u>193,249</u>	<u>186,370</u>	<u>181,708</u>	<u>180,254</u>	<u>182,594</u>
<u>\$9,556,934</u>	<u>\$8,986,711</u>	<u>\$8,745,822</u>	<u>\$8,666,392</u>	<u>\$8,482,032</u>

EXHIBIT B-8

USER CHARGE RATES

For the fiscal years ended December 31, 2011 through 2020

Year	Flow (Cents Per 1000 Gallons)	Biochemical Oxygen Demand (BOD) (Cents Per Pound)	Total Suspended Solids (TSS) (Cents Per Pound)
2020	\$ 1.41098	\$ 0.12070	\$ 0.19814
2019	1.31058	0.13062	0.17931
2018	1.25965	0.13589	0.17541
2017	1.12748	0.12730	0.16289
2016	1.11377	0.11869	0.16275
2015	0.96079	0.11781	0.15807
2014	0.88437	0.10061	0.15815
2013	0.86507	0.09992	0.15924
2012	0.81173	0.09910	0.15803
2011	0.81861	0.09120	0.16142

Volumetric rate computed for domestic strength sewage using the equivalencies of 310 mg/l BOD equals 2.585 pounds per thousand gallons and 370 mg/l TSS equals 3.086 pounds per thousand gallons. This rate is applicable to the entire residential class and non-certified commercial users located within the District's Service Area.

Connection Charge (Dollars Per Year)	Volumetric (Dollars Per 1,000 Gallons)	Average Household (Dollars Per Year)	Million of Gallons of Sewage Treated
\$ 33.13	\$ 2.334450	\$ 144.63	75,500
32.44	2.201584	140.22	85,600
30.34	2.152241	137.37	76,900
23.98	1.959230	124.04	71,800
21.71	1.922831	122.42	68,200
30.21	1.753133	125.17	67,100
30.68	1.632498	120.68	68,480
29.84	1.614778	118.20	73,900
31.78	1.555585	117.97	60,100
33.45	1.552504	121.17	74,100

EXHIBIT B-9

WASTEWATER LOADINGS BY CUSTOMER CLASS

For the fiscal years ended December 31, 2011 through 2020

PARAMETER	Fiscal Year				
	2020	2019	2018	2017	2016
BILLABLE FLOW (1,000 GALLONS)					
RESIDENTIAL	15,524,966	15,871,716	16,051,283	16,492,164	16,864,146
NON-CERTIFIED COMMERCIAL	9,587,243	10,209,402	10,311,636	10,305,654	10,416,779
CERTIFIED COMMERCIAL	1,130,532	1,318,774	1,520,052	1,615,067	1,679,723
CERTIFIED INDUSTRIAL	3,795,953	3,894,129	3,935,501	3,899,933	3,819,379
TOTALS	<u>30,038,693</u>	<u>31,294,020</u>	<u>31,818,472</u>	<u>32,312,819</u>	<u>32,780,026</u>
BIOCHEMICAL OXYGEN DEMAND (POUNDS)					
RESIDENTIAL	40,132,030	41,028,387	41,492,565	42,632,247	43,593,817
NON-CERTIFIED COMMERCIAL	24,783,024	26,391,302	26,655,586	26,640,109	26,927,382
CERTIFIED COMMERCIAL	2,468,187	2,917,626	3,291,454	3,430,903	3,595,322
CERTIFIED INDUSTRIAL	42,851,140	41,009,544	42,821,001	44,791,831	42,082,946
TOTALS	<u>110,234,381</u>	<u>111,346,859</u>	<u>114,260,606</u>	<u>117,495,090</u>	<u>116,199,467</u>
TOTAL SUSPENDED SOLIDS (POUNDS)					
RESIDENTIAL	47,910,050	48,980,102	49,534,260	50,894,825	52,042,750
NON-CERTIFIED COMMERCIAL	29,586,241	31,506,207	31,821,701	31,803,254	32,146,176
CERTIFIED COMMERCIAL	2,927,322	3,426,033	3,928,144	4,104,044	4,302,174
CERTIFIED INDUSTRIAL	17,251,306	17,835,600	18,564,724	19,444,039	19,499,076
TOTALS	<u>97,674,919</u>	<u>101,747,942</u>	<u>103,848,829</u>	<u>106,246,162</u>	<u>107,990,176</u>
CONNECTIONS					
RESIDENTIAL	267,411	266,788	266,115	265,519	265,067
NON-CERTIFIED COMMERCIAL	37,039	37,068	37,164	37,145	37,409
CERTIFIED COMMERCIAL	1,764	1,770	1,791	1,957	1,979
CERTIFIED INDUSTRIAL	685	691	687	677	684
TOTALS	<u>306,898</u>	<u>306,317</u>	<u>305,757</u>	<u>305,298</u>	<u>305,139</u>

Fiscal Year				
2015	2014	2013	2012	2011
17,640,483	17,769,153	17,613,063	17,879,709	18,320,590
10,297,948	10,399,901	10,353,855	10,833,579	10,536,191
1,602,378	1,684,463	1,710,422	1,819,600	1,703,993
3,754,697	3,675,147	3,936,045	4,199,362	4,281,621
<u>33,295,507</u>	<u>33,528,663</u>	<u>33,613,385</u>	<u>34,732,250</u>	<u>34,842,396</u>

45,600,648	45,940,473	45,536,920	46,226,302	47,366,157
26,620,196	26,888,015	26,768,965	28,009,249	27,240,384
3,550,589	3,673,331	3,663,473	3,855,902	3,657,812
38,786,074	39,320,945	43,583,211	41,248,840	40,762,360
<u>114,557,507</u>	<u>115,822,764</u>	<u>119,552,569</u>	<u>119,340,293</u>	<u>119,026,713</u>

54,438,534	54,832,149	54,350,489	55,173,312	56,533,775
31,779,465	32,092,121	31,950,040	33,430,370	32,512,699
4,244,553	4,380,708	4,366,923	4,544,170	4,297,500
18,590,657	18,622,057	18,653,681	19,999,548	19,664,094
<u>109,053,209</u>	<u>109,927,035</u>	<u>109,321,133</u>	<u>113,147,400</u>	<u>113,008,068</u>

264,492	264,015	264,034	264,013	263,867
37,137	37,160	37,164	37,483	37,104
1,995	2,000	2,030	2,014	1,991
694	699	721	715	718
<u>304,318</u>	<u>303,874</u>	<u>303,949</u>	<u>304,225</u>	<u>303,679</u>

EXHIBIT B-10

TEN LARGEST SEWER USERS

For the fiscal years ended December 31, 2011 and 2020

Customer	Type of Business	2020		2011	
		Sewer Revenue		Sewer Revenue	
		Amount	%	Amount	%
MillerCoors	Brewery	\$ 3,538,022	4.1%	\$ 2,887,425	4.2%
D.R. Diedrich & Co.	Leather tanning and finishing	727,719	0.8%	856,815	1.2%
Patrick Cudahy	a Process meat products	727,250	0.8%	496,710	0.7%
Milwaukee Water Works	Water utility	700,579	0.8%	579,230	0.8%
Gehl Foods	Food preparation	542,760	0.6%		
Wisconsin Paperboard	Paperboard mill	535,677	0.6%	260,073	0.4%
Chris Hansen/Maple	Food preparation	463,970	0.5%	260,390	
Milwaukee Co DHHS	Health services	459,206	0.5%	291,913	0.4%
Covanta Environmental Solutions	Centralized waste treatment	364,940	0.4%		
Crystal Springs Treatment	Centralized waste treatment	292,928	0.3%		
				-	
Malteurop North America	Malt manufacturing			558,681	0.8%
Jonas Chem Works Hi-Mar	b Centralized waste treatment			365,303	0.5%
Cargil Meat Solutions	c Meat packing plants			455,543	0.7%
Subtotal (10 largest)		\$ 8,353,052	9.6%	\$ 7,012,083	10.1%
Balance from other customers		<u>78,701,742</u>	<u>90.4%</u>	<u>62,558,061</u>	<u>89.9%</u>
Grand Totals		<u>\$ 87,054,794</u>	<u>100.0%</u>	<u>\$ 69,570,144</u>	<u>100.0%</u>

a Subsidiary of Smithfield Foods

b Business was dissolved

c Closed Milwaukee Operations

EXHIBIT B-11

PROPERTY TAX INFORMATION

For the fiscal years ended December 31, 2011 through 2020

Year	Equalized Value of Taxable Property	Tax Levies	Tax Rate Per \$1,000 Equalized Value
2020	\$ 64,920,299,800	\$ 102,872,540	\$ 1.58
2019	61,889,256,300	101,853,429	1.65
2018	59,060,994,300	100,101,650	1.69
2017	57,011,085,700	98,380,000	1.73
2016	56,188,121,100	98,380,000	1.75
2015	55,010,987,700	95,980,000	1.74
2014	54,607,126,500	93,639,000	1.71
2013	53,567,657,800	91,222,000	1.70
2012	54,435,721,000	88,694,000	1.63
2011	57,252,275,690	86,531,000	1.51

Due to varying assessment policies in the municipalities of the District, the District uses equalized value of taxable property for tax rate purposes.

Equalized valuations are net of the Tax Incremental District valuations.

Equalized valuations amounts provided by Department of Revenue - State of Wisconsin.

EXHIBIT B-12

BONDED DEBT LIMIT AND RATIO OF BONDED DEBT TO EQUALIZED VALUE

For the fiscal years ended December 31, 2011 through 2020

	Fiscal Year			
	2020	2019	2018	2017
Equalized Value ⁽¹⁾	\$69,616,173,600	\$65,909,579,500	\$62,864,827,600	\$60,253,027,200
Debt Limit (5% of equalized value) ⁽²⁾	<u>\$3,480,808,680</u>	<u>\$3,295,478,975</u>	<u>\$3,143,241,380</u>	<u>\$3,012,651,360</u>
Outstanding Bonds Issued by the District	\$317,540,000	\$262,395,000	\$286,475,000	\$312,940,000
Clean Water Fund Program Loans	<u>\$443,814,451</u>	<u>\$486,837,724</u>	<u>\$529,148,687</u>	<u>\$567,252,821</u>
Total General Obligation Debt ⁽³⁾	<u>\$761,354,451</u>	<u>\$749,232,724</u>	<u>\$815,623,687</u>	<u>\$880,192,821</u>
Legal Debt Margin	<u>\$2,719,454,229</u>	<u>\$2,546,246,251</u>	<u>\$2,327,617,693</u>	<u>\$2,132,458,539</u>
Percentage of Bonded Debt to Equalized Value	1.09%	1.14%	1.30%	1.46%

⁽¹⁾ Includes Tax Increment District valuation reported by State of Wisconsin, Department of Revenue.

⁽²⁾ Per Wisconsin Statutes Section 67.03

⁽³⁾ In accordance with GASB 44 the debt applicable to the limit may be offset only by amounts that the applicable law expressly allows. Wisconsin Statute 67.03 states that the aggregate indebtedness of the entity is subject to the debt limit.

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$59,145,532,800	\$57,445,674,300	\$57,151,739,300	\$56,031,757,800	\$56,637,438,900	\$59,760,633,490
<u>\$2,957,276,640</u>	<u>\$2,872,283,715</u>	<u>\$2,857,586,965</u>	<u>\$2,801,587,890</u>	<u>\$2,831,871,945</u>	<u>\$2,988,031,675</u>
\$270,040,000	\$305,615,000	\$233,835,000	\$265,665,000	\$296,380,000	\$309,080,000
<u>\$611,184,396</u>	<u>\$654,385,332</u>	<u>\$689,893,418</u>	<u>\$704,591,497</u>	<u>\$712,633,839</u>	<u>\$661,199,044</u>
<u>\$881,224,396</u>	<u>\$960,000,332</u>	<u>\$923,728,418</u>	<u>\$970,256,497</u>	<u>\$1,009,013,839</u>	<u>\$970,279,044</u>
<u>\$2,076,052,244</u>	<u>\$1,912,283,383</u>	<u>\$1,933,858,547</u>	<u>\$1,831,331,393</u>	<u>\$1,822,858,106</u>	<u>\$2,017,752,631</u>
1.49%	1.67%	1.62%	1.73%	1.78%	1.62%

EXHIBIT B-13

PER CAPITA DEBT, PERSONAL INCOME AND UNEMPLOYMENT RATE

For the fiscal years ended December 31, 2011 through 2020

Year	Outstanding General Obligation Debt ⁽¹⁾	Inter-Governmental Loan	District Population	Milwaukee County Personal Income (Thousands)	District Personal Income Per Capita	Outstanding Debt		Milwaukee County Unemployment Rate
						Per Capita	Percentage of Personal Income	
2020	\$ 761,354,451	\$ 24,588,635	923,566	Not Available	-	\$ 824.36	-	8.2%
2019	749,232,724	17,555,341	925,661	46,433,612	50,163	\$809.40	1.61%	4.0%
2018	815,623,687	18,799,970	929,584	45,123,754	48,542	\$877.41	1.81%	3.6%
2017	880,192,821	20,014,693	924,594	42,937,677	46,439	\$951.98	2.05%	4.0%
2016	881,224,396	21,200,228	927,947	41,268,719	44,473	949.65	2.14%	5.0%
2015	960,000,332	22,357,276	928,743	41,201,661	44,363	1,033.66	2.33%	5.8%
2014	923,728,418	23,486,522	928,689	39,697,233	42,745	994.66	2.33%	7.0%
2013	970,256,497	24,565,423	929,373	39,213,035	42,193	1,043.99	2.47%	8.3%
2012	1,009,013,839	22,064,833	927,307	38,808,170	41,850	1,088.11	2.60%	8.4%
2011	970,279,044	-	927,321	37,035,130	39,938	1,046.32	2.62%	9.0%

⁽¹⁾ In accordance with GASB 44 the debt applicable to the limit may be offset only by amounts that the applicable law expressly allows. Wisconsin Statute 67.03 states that the aggregate indebtedness of the entity is subject to the debt limit.

Note:

Intergovernmental loan is with the City of Franklin to finance the Ryan Creek Interceptor.

Personal income for Milwaukee County includes City of South Milwaukee. Data for current year not yet available.

District population excludes City of South Milwaukee and includes portion of Village of Bayside outside Milwaukee County.

Sources:

District population from U.S. Bureau of the Census and Wisconsin Department of Administration.

Milwaukee County personal income from U.S. Bureau of Economic Analysis.

Milwaukee County unemployment rate from Wisconsin Department of Workforce Development.

EXHIBIT B-14

COMPUTATION OF OVERLAPPING DEBT

For the fiscal years ended December 31, 2018

Name of Government Unit	Net Debt Outstanding	Percentage of Debt Within District Boundary	Amount of Debt Within District Boundary
Villages & Cities:			
Village of Bayside	\$ 9,208,961	100.00%	\$ 9,208,961
Village of Brown Deer	24,015,734	100.00%	24,015,734
Village of Fox Point	10,967,043	100.00%	10,967,043
Village of Greendale	21,278,195	100.00%	21,278,195
Village of Hales Corners	12,380,000	100.00%	12,380,000
Village of River Hills	6,684,090	100.00%	6,684,090
Village of Shorewood	41,677,854	100.00%	41,677,854
Village of West Milwaukee	9,532,564	100.00%	9,532,564
Village of Whitefish Bay	53,446,472	100.00%	53,446,472
City of Cudahy	22,940,000	100.00%	22,940,000
City of Franklin	67,560,069	100.00%	67,560,069
City of Glendale	46,812,146	100.00%	46,812,146
City of Greenfield	78,140,000	100.00%	78,140,000
City of Milwaukee	1,133,044,132	100.00%	1,133,044,132
City of Oak Creek	97,640,000	100.00%	97,640,000
City of Saint Francis	19,420,361	100.00%	19,420,361
City of Wauwatosa	124,330,000	100.00%	124,330,000
City of West Allis	<u>76,777,837</u>	100.00%	<u>76,777,837</u>
Total Cities and Villages	\$1,855,855,458		\$1,855,855,458
School Districts:			
Brown Deer	\$41,090,624	100.00%	\$41,090,624
Cudahy*	14,255,000	100.00%	14,255,000
Fox Point-Bayside**	2,865,000	100.00%	2,865,000
Franklin	61,035,000	100.00%	61,035,000
Glendale-River Hills	1,835,800	100.00%	1,835,800
Greendale	43,475,000	100.00%	43,475,000
Greenfield	47,881,000	100.00%	47,881,000
Maple Dale-Indian Hill	17,187,623	100.00%	17,187,623
Milwaukee Area Technical College	100,970,000	78.11%	78,867,667
Milwaukee Public	59,346,782	100.00%	59,344,019
Nicolet High School	3,710,000	99.40%	3,687,568
Oak Creek-Franklin	153,695,000	100.00%	153,695,000
Shorewood	45,940,000	100.00%	45,940,000
Saint Francis	8,025,000	100.00%	8,025,000
Wauwatosa	113,475,000	100.00%	113,475,000
West Allis-West Milwaukee	20,483,343	92.83%	19,014,687
Whitefish Bay	7,740,000	100.00%	7,740,000
Whitnall	<u>14,535,407</u>	100.00%	<u>14,535,407</u>
Total School Districts	\$757,545,579		\$733,949,395
Milwaukee County	<u>\$496,443,105</u>	98.06%	<u>\$486,812,109</u>
Total Overlapping Debt	<u>\$3,109,844,142</u>		<u>\$3,076,616,962</u>

Source: Milwaukee County Department of Administration, Wisconsin Department of Revenue.

* 2019 data since 2020 data was unavailable at time of this report.

** 2018 data since 2020 and 2019 data was unavailable at time of this report.

EXHIBIT B-15

TEN LARGEST TAXPAYERS FOR MILWAUKEE COUNTY

For the fiscal years ended December 31, 2011 and 2020

Name of Business	Type of Business
NORTHWESTERN MUTUAL LIFE INSURANCE CO.	INSURANCE
MAYFAIR MALL LLC	SHOPPING MALL
IRGENS	REAL ESTATE
MANDEL GROUP	REAL ESTATE
US BANK CORP	BANKING
AURORA HEALTH	HEALTH CARE
BERRADA PROPERTIES	REAL ESTATE
WEIDNER INVESTMENTS	REAL ESTATE
SOUTHRIDGE MALL	SHOPPING MALL
FOREST COUNTY POTAWATOMI COMMUNITY	CASINO,HOTEL, THEATERS,RESTAURANTS
METROPOLITAN ASSOCIATES	REAL ESTATE
BAYSHORE TOWN CENTER LLC	SHOPPING MALL
MARCUS CORPORATION/MILW. CITY CENTER/PFISTER	HOTELS, THEATERS & RESTAURANTS
WHEATON FRANCISCAN SERVICES	HEALTH CARE
COLUMBIA ST. MARY'S	HEALTH CARE
TOTAL FOR TEN LARGEST	

Source:

Largest Industrial Taxpayer - Milwaukee County

Non-Industrial Taxpayer - MMSD

2020		2011	
Equalized Valuation	Percentage of Total Equalized Valuation	Equalized Valuation	Percentage of Total Equalized Valuation
\$ 619,307,388	0.94%	\$ 318,820,364	0.54%
448,481,257	0.68%	271,418,171	0.46%
362,432,926	0.55%		
358,273,672	0.54%	135,581,452	0.23%
235,003,790	0.36%	257,465,539	0%
205,190,969	0.31%		
191,916,240	0.29%		
186,290,396	0.28%		
164,056,400	0.25%	100,124,927	0.00
142,815,242	0.22%		
		124,534,306	0.21%
		345,237,384	0.59%
		108,821,499	0.19%
		106,576,828	0.18%
		117,624,159	0.20%
<u>\$ 2,913,768,280</u>	<u>4.40%</u>	<u>\$1,886,204,629</u>	<u>3.22%</u>

EXHIBIT B-16

POPULATION BY MUNICIPALITY

For the fiscal years ended December 31, 2011 through 2020

Municipality	Fiscal Year				
	2020	2019	2018	2017	2016
Bayside	4,290	4,304	4,339	4,341	4,365
Brown Deer	12,518	12,246	12,346	12,340	12,305
Cudahy	18,007	18,071	18,208	18,186	18,192
Fox Point	6,826	6,571	6,652	6,648	6,678
Franklin	36,514	35,996	35,779	36,046	35,741
Glendale	12,463	12,483	12,587	12,604	12,724
Greendale	14,335	14,366	14,345	14,263	14,123
Greenfield	36,659	36,968	36,366	36,294	36,404
Hales Corners	7,555	7,593	7,622	7,619	7,652
Milwaukee	587,072	590,547	595,555	591,076	594,667
Oak Creek	36,529	35,830	35,739	35,560	35,206
River Hills	1,553	1,558	1,568	1,577	1,577
St. Francis	9,658	9,381	9,434	9,435	9,458
Shorewood	13,472	13,479	13,315	13,228	13,134
Wauwatosa	48,478	48,314	47,781	47,389	47,160
West Allis	59,517	59,780	59,590	59,652	60,164
West Milwaukee	4,120	4,124	4,159	4,158	4,181
Whitefish Bay	<u>14,000</u>	<u>14,050</u>	<u>14,199</u>	<u>14,178</u>	<u>14,216</u>
Total District population	<u>923,566</u>	<u>925,661</u>	<u>929,584</u>	<u>924,594</u>	<u>927,947</u>
Total population served by the District ⁽¹⁾	<u>1,077,196</u>	<u>1,078,367</u>	<u>1,079,701</u>	<u>1,072,574</u>	<u>1,075,208</u>
2011 = 100%	100.5%	100.6%	100.8%	100.1%	100.3%
Total State population	<u>5,854,594</u>	<u>5,843,443</u>	<u>5,816,231</u>	<u>5,783,278</u>	<u>5,775,120</u>
2011 = 100%	102.8%	102.6%	102.1%	101.6%	101.4%

⁽¹⁾ Includes all or parts of the following communities outside the District: Brookfield, Butler, Elm Grove, Germantown, Menomonee Falls, Mequon, Muskego, New Berlin, Thiensville and Village of Caledonia.

Sources: U.S. Department of Commerce, Bureau of the Census, Department Service Center, Wisconsin Department of Administration, MMSD Cost Recovery Procedures Manual.

Fiscal Year					Percentage Change 2011-2020
2015	2014	2013	2012	2011	
4,376	4,376	4,380	4,380	4,383	-2.1%
12,217	12,157	12,086	12,065	12,001	4.3%
18,250	18,224	18,227	18,247	18,253	-1.4%
6,690	6,676	6,630	6,644	6,665	2.4%
35,655	35,702	35,810	35,520	35,504	2.8%
12,753	12,773	12,845	12,808	12,833	-2.9%
14,135	14,144	14,165	14,123	14,027	2.2%
36,473	36,687	36,770	36,740	36,672	0.0%
7,670	7,678	7,691	7,683	7,685	-1.7%
595,787	595,993	596,500	595,425	595,525	-1.4%
34,791	34,707	34,695	34,530	34,495	5.9%
1,581	1,584	1,587	1,591	1,593	-2.5%
9,475	9,465	9,462	9,452	9,448	2.2%
13,178	13,183	13,189	13,174	13,177	2.2%
46,947	46,766	46,705	46,320	46,380	4.5%
60,329	60,272	60,300	60,300	60,365	-1.4%
4,193	4,197	4,205	4,200	4,206	-2.0%
<u>14,243</u>	<u>14,105</u>	<u>14,126</u>	<u>14,105</u>	<u>14,109</u>	-0.8%
<u>928,743</u>	<u>928,689</u>	<u>929,373</u>	<u>927,307</u>	<u>927,321</u>	
<u>1,074,811</u>	<u>1,074,101</u>	<u>1,074,130</u>	<u>1,071,835</u>	<u>1,071,622</u>	
100.3%	100.2%	100.2%	100.0%	100.0%	
<u>5,753,324</u>	<u>5,732,981</u>	<u>5,717,110</u>	<u>5,703,525</u>	<u>5,694,236</u>	
101.0%	100.7%	100.4%	100.2%	100.0%	

EXHIBIT B-17

PRINCIPAL PRIVATE SECTOR EMPLOYERS

For the fiscal years ended December 31, 2011 and 2020

Employer	2020			2011		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
Advocate Aurora Health	28,557	6.71%	1	22,000	5.08%	1
Froedtert Health	13,472	3.17%	2	8,000	1.85%	3
Ascension Wisconsin	10,746	2.53%	3	8,356	1.93%	2
Roundy's Inc.	8,400	1.97%	4	6,800	1.57%	6
Quad/Graphics Inc.	7,000	1.65%	5	6,700	1.55%	7
Kohl's Corp.	6,600	1.55%	6	7,700	1.78%	4
The Medical College of Wisconsin Inc.	6,324	1.49%	7	4,877	1.13%	9
GE Healthcare	6,000	1.41%	8			
Children's Hospital and Health System	5,436	1.28%	9	4,604	1.06%	10
Northwestern Mutual	5,000	1.18%	10	5,000	1.15%	8
Wal-Mart Stores				<u>7,360</u>	<u>1.70%</u>	5
Total for Ten Largest	<u>97,535</u>	<u>22.92%</u>		<u>81,397</u>	<u>18.79%</u>	
Total Milwaukee County Employment	425,483	100.00%		433,298	100.00%	

Note:

Employee count reflects number of full-time equivalent employees in the Milwaukee area, including Milwaukee, Kenosha, Racine, Waukesha, Ozaukee, Walworth and Washington counties.

Source:

Employee count from Milwaukee Business Journal August 14, 2020 Addition.

Total County Employment from Wisconsin's Workforce and Labor Market Information System.

EXHIBIT B-18

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

For the fiscal years ended December 31, 2011 through 2020

	Full-time Equivalent Employees as of December 31,					Full-time Equivalent Employees as of December 31,				
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Engineering/Inspection/Construction/Water Quality										
Engineering	21	21	19	19	20	44	43	46	47	49
Planning	50	51	52	52	53	29	32	27	27	27
Contract Compliance	10	10	9	8	8	8	7	6	6	7
Lab/Monitoring	45	48	52	52	54	60	63	60	60	68
Administration										
Office of the Executive Director	6	5	4	5	2	5	5	5	5	6
Legal Services	6	5	6	6	6	6	6	7	7	7
Internal Services	64	63	68	67	68	63	63	65	65	67
Total Employees	<u>202</u>	<u>203</u>	<u>210</u>	<u>209</u>	<u>211</u>	<u>215</u>	<u>219</u>	<u>216</u>	<u>217</u>	<u>231</u>

Source:

Milwaukee Metropolitan Sewerage District Payroll Records and O&M & Capital Budgets.

EXHIBIT B-19

OPERATING AND CAPITAL INDICATORS

For the fiscal years ended December 31, 2011 through 2020

	Fiscal Year			
	2020	2019	2018	2017
Wastewater Treatment				
Miles of Sewers	362	362	362	359
Number of Water Reclamation Facilities	2	2	2	2
Treatment Capacity (MGD)	600	600	600	600
Storage Capacity (millions of gallons)	521	521	521	521
Amount Treated Annually (millions of gallons)	75,500	85,600	76,900	71,800
Percentage of Wastewater Captured	97.3%	99.3%	98.4%	100.0%
Percentage of Treatment Capacity Utilized	62.68%	71.07%	63.84%	59.61%
Number of Inline Storage System Events	53	68	46	52
Number of Overflows	4	2	9	1
Greenseams Acres Acquired to Date	4,676	4,082	3,711	3,647
Household Hazardous Waste (lbs collected) ¹	1,202,051	1,243,724	1,248,441	1,181,059
Milorganite [®] Production (tons)	43,359	49,105	47,722	48,418
Milorganite [®] Tons Sold	48,679	45,796	44,753	45,349
Average selling price per ton shipped	\$ 259.35	\$ 250.58	\$ 226.34	\$ 222.29

¹ Does not include medicine collection pounds.

Sources:

MMSD O&M and Capital Budgets, MMSD Annual Capacity, Management, Operation, and Maintenance (CMOM) Program Report, and MMSD real estate records.

Fiscal Year					
2016	2015	2014	2013	2012	2011
360	362	362	347	356	356
2	2	2	2	2	2
600	600	600	600	600	600
521	521	521	521	521	521
68,200	67,100	68,300	73,900	60,100	74,100
99.8%	98.9%	99.5%	98.5%	99.9%	99.5%
56.47%	55.71%	56.70%	61.30%	49.90%	61.50%
46	47	47	42	47	51
2	2	3	2	1	1
3,433	3,183	3,058	2,682	2,500	2,348
1,155,611	832,357	909,919	866,609	977,176	965,804
40,274	43,816	45,408	47,954	45,203	49,376
43,728	43,284	45,498	47,672	41,378	36,073
\$ 220.22	\$ 198.52	\$ 178.57	\$ 164.15	\$ 185.89	\$ 196.49



MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

260 W SEEBOTH ST
MILWAUKEE, WI 53204

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