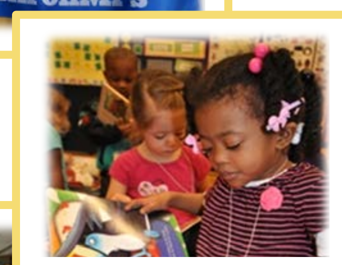
MILWAUKEE, WISCONSIN

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2017

158TH EDITION

158th EDITION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

BOARD OF SCHOOL DIRECTORS

MILWAUKEE PUBLIC SCHOOLS

5225 West Vliet Street

Milwaukee, Wisconsin

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

MARK SAIN, President

DARIENNE B. DRIVER, Ed.D., Superintendent

Prepared by:

The Office of the Chief Financial Officer

MILWAUKEE PUBLIC SCHOOLS

Comprehensive Annual Financial Report

Year Ended June 30, 2017

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MILWAUKEE PUBLIC SCHOOLS

Comprehensive Annual Financial Report

Year Ended June 30, 2017

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INTRODUCTORY SECTION

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

December 21, 2017

Milwaukee Board of School Directors:

We submit to you the Comprehensive Annual Financial Report of the Milwaukee Public Schools ("MPS"), Milwaukee, Wisconsin, for the fiscal year ended June 30, 2017. The Comprehensive Annual Financial Report is management's financial report to taxpayers, governing board, oversight bodies, voters, employees, and intergovernmental grantors. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District ("District"). To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of MPS. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

REPORTING ENTITY

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

The City is located 70 miles north of the city of Chicago on the western shores of Lake Michigan. The City has a population estimate of approximately 595,047 based on 2016 U. S. Census Bureau Data. The District operates 159 schools, has over 76,000 students, and employs over 9,700 educators, administrators, and staff. The Superintendent, appointed by the Board, is the senior official representing MPS.

MPS was established on February 3, 1846, and is operated under Chapter 119 of the Wisconsin Statutes. The District, governed by a nine-member Board, provides education services through grade 12 to residents of the City of Milwaukee and its participating suburban transfer students.

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

LOCAL ECONOMIC ANALYSIS

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

Based upon the Metropolitan Milwaukee Association of Commerce's August 2017 Economic Trends, unemployment indicators posted double-digit declines. The number of unemployed in the metro area fell 14.7% in August (vs. year-ago levels) to 33,200, following July's 18.1% decrease (vs. July, 2016). New unemployment compensation claims fell 14.1% in August, to 2,840.

The City continues to maintain high bond ratings from two of the major agencies. AA bond rating from Standard & Poor's Corporation and AA from Fitch Ratings were received on recently issued general obligation bonds of the City.

MAJOR INITIATIVES

During the 2016-17 school year, the Eight Big Ideas Operational Plan continued to provide the overall framework for district efforts to support our students in their academic and personal journeys:

1. Close the Gap
2. Educate the Whole Child
3. Redefine the MPS Experience
4. Rethink High Schools
5. Re-envision Partnerships
6. Strengthen Communications Systems & Outreach Strategies
7. Develop our Workforce
8. Improve Organizational Processes

The Eight Big Ideas are aligned to our district goal areas, which form the basis of the MPS Strategic Plan:

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

An overview of the work associated with these goals and the Eight Big Ideas during the 2016-17 school year follows:

District staff continued work on the comprehensive operational plan to improve student outcomes. The objectives within this plan--the Eight Big Ideas--are reinforced by the district's budget process, and together ensure that key programs and projects are aligned, prioritized, and funded to support positive outcomes for our students.

The first goal, Academic Achievement, includes these strategic objectives:

- Close the Gap: Milwaukee Public Schools is a national symbol of excellence for educating all students, providing a rigorous academic program that ensures equitable opportunities for all children to reach their full potential.

- Educate the Whole Child: Milwaukee Public Schools provides a nurturing, consistent, and validating experience for every child so that both educational and social-emotional needs are met.

- Redefine the MPS Experience: Every Milwaukee Public School provides robust co-/extracurricular experiences that engage and inspire every child.

- Rethink High Schools: Every Milwaukee Public Schools student graduates on time with a personalized pathway to success in college, career, and life.

The second goal, Student, Family & Community Engagement, includes these strategic objectives:

- Re-envision Partnerships: Milwaukee Public Schools cultivates, and maintains mutually beneficial partnerships and collective impact efforts to maximize resources that promote greater student outcomes.

- Strengthen Communication Systems & Outreach Strategies: The community is engaged in, understands, and supports the work of Milwaukee Public Schools, and families choose our district as a trusted and valued education partner.

The third of these goals, Effective and Efficient Operations, includes the following strategic objectives:

- Develop Our Workforce: As an organization respected for supporting diverse, healthy, highly-skilled and engaged employees, Milwaukee Public Schools is an employer of choice.

- Improve Organizational Processes: Milwaukee Public Schools is a leader in using best practices, systems, and processes equitably and efficiently to align and maximize resources in support of our strategic objectives.

Some of the successes achieved during the 2016-17 school year are detailed below and arranged by goal area:

Academic Achievement

MPS continues to employ a *collective impact* approach to tackle our most entrenched and complex school and community problems. By creating a common agenda with our strategic partners that includes a shared understanding of the problem and a joint approach to solving it, the district will attain measureable results. Through collaboratively developed plans of action, continuous communication and reinforcing activities, our backbone organizations are helping MPS students achieve more accelerated success and support.

Milwaukee Public Schools continues its partnership with The Panasonic Foundation and is well underway with the process of deliberate and systemic reform aimed at "breaking the links" between race, poverty and educational outcomes.

An update on the progress realized for this goal area its strategic objectives for school year 2016-17 follows.

STRATEGIC OBJECTIVE 1: Close the Gap

Within Objective 1, the fiscal year 2017 portfolio of projects focused on equity, prioritizing the education of all students and providing access to equitable opportunities as the means through which we close gaps in achievement.

Our district and school staffs are increasingly planning projects and executing daily work with equity in mind. They are asking questions early and often about how we can increase equity and access for our students in the way that we develop our professionals, design our curriculum, teach in our classrooms, transform our high-needs schools and implement multicultural and bilingual education.

The work completed included the development of the *Framework for School Culture,* inaugural implementation of the six-week professional development cycle and progress toward building the Division of African American and Latino Male Achievement.

STRATEGIC OBJECTIVE 2: Educate the Whole Child

To educate our young people toward their full potential, we worked to provide a nurturing, consistent and validating experience for every child to meet educational and social-emotional needs. Trauma sensitive schools training was fully implemented across our schools, supported by social-emotional learning, mindfulness and PBIS efforts, among other projects. In spring 2017, MPS completed implementation of the Second Step curriculum and traditional middle and high school teachers participated in training in the Restorative Practices framework.

Demonstrating our responsiveness to the voice of our students, we started addressing the student dining experience and as a result, made improvements. These included the integration of local foods and more fresh fruits and vegetables. The health of our students remained a focus, whether through physical education or the nursing services provided daily.

To expand early childhood opportunities, the district continues to shift the focus to view our youngest students through a developmentally appropriate lens. Teachers and school leaders are applying the robust trauma training they have received to reduce suspensions and office referrals. Going forward, we will continue this shift and the provision of supports and interventions.

STRATEGIC OBJECTIVE 3: Redefine the MPS Experience

It is important that every MPS school provide robust co-/extracurricular experiences that engage and inspire every child. More than any other objective, the projects focused on rounding out our students' MPS experience, giving them reasons above and beyond academics to come to school every day through access to opportunities – like MPS Drive – that connect them to resources beyond the traditional school day.

The work in this objective has focused on gathering baseline data to capture the current landscape across our system of extracurricular offerings, student clubs and organizations, extended day programming and fine arts opportunities.

We have increased access to opportunities that redefine the MPS experience. The next steps will focus on building capacity among the schools with limited extracurricular offerings and student clubs and organizations, sharing best practices and processes. Establishing a district standard to ensure all schools deliver a minimum standard of care in co-/extracurriculars is the long-term goal, with intent to fund that standard and promote through creative initiatives such as Year of the Arts (YOTA). Through these efforts, we will truly increase equity for all students and across all schools.

STRATEGIC OBJECTIVE 4: Rethink High Schools

We made progress toward this goal by focusing on leadership development: high school identity, culture and climate; infrastructure and supports specific to the high school setting, college and career readiness and transformation.

The projects within the objective four portfolio have established a solid foundation for implementation in fall 2017, including: development of district policies around Academic and Career Planning (ACP), seeking Board approval for changes to existing alternative schools, implementing ninth grade academy at every high school, and facility renovations for College & Career Centers in our high schools.

We are seeing progress such as a significant increase in the number of students participating in career readiness programs, such as culinary arts. Our community and business partners continue to join us at the table to build and sustain a health care career pipeline. And we have expanded our college readiness programs and supports, from Advanced Placement and International Baccalaureate to College and Career Success Centers.

Family and Community Engagement

The district remains committed to increasing meaningful family and community engagement through a variety of avenues. Our Divisions of Business, Community and Family Partnerships and Communications and Outreach have been instrumental in accomplishing this goal. We have increased participation in MPS Alumni events and opportunities and have noted increased involvement in parent engagement including District Advisory Council (DAC) membership.

An update on the progress realized for this goal area and its strategic objectives for school year 2016-17 follows.

STRATEGIC OBJECTIVE 5: Re-envision Partnerships

We continued to refine and expand our partnerships with community, businesses, families and alumni. Over the past year, the partnerships team has focused on where these partnerships currently exist throughout the district, and asking them to continue to grow these relationships. They also identified partnership gaps and created systems and structures to remediate these gaps.

As a result of our decision to dedicate resources to provide space for students beyond the school day through the MPS C.A.R.E.S. initiative, over 20,000 young people participated in activities held in positive and safe environments at night and on weekends. Community members praised our work and many new partners requested to join us in our efforts to support our young people and the community.

The district also made strides in our efforts to engage and support families. The MPS District Advisory Council was stronger and more representative than ever and we remain on track to meet our goals of establishing school-based family organizations at every school. More and more families took advantage of experiences to support them in navigating their children's education, such as our Family Empowerment University.

Significant emphasis was placed on building partnerships in the 2016-17 school year, and our partners responded with increased time, resources and funding for our schools and students.

STRATEGIC OBJECTIVE 6: Strengthen Communications Systems & Outreach Strategies

Connecting with our families and community stakeholders is essential to improving educational outcomes and to maintaining and growing our enrollment and resources for the district. Communication is critical to this effort, the key driver in building strong relationships.

In spring 2017, we asked our families' for feedback via the development and distribution of a comprehensive perception survey to assess families' perceptions of MPS. This survey served to connect to and guide school programming, feeder patterns, and future communication with the community.

The district launched a graphics refresh effort and advertised with new graphics as part of our MPS branding and awareness campaign. Two Welcome Centers opened at Obama and South Division schools and Level I Customer Service training moved to an online platform in order to continue implementing our MPS customer service plan.

These initiatives were designed to encourage families to choose MPS as a trusted and valued education provider. Our enrollment in fiscal year 2017 grew by approximately 1,300 students.

Effective and Efficient Operations

In order to ensure that the classroom remains the most important place in the district, we continue to identify systems to realize greater operational efficiencies. These efforts have focused on our human resources, particularly on recruitment and retention, as well as improved organizational processes.

An update on the successes realized for the strategic objectives aligned to this goal area for school year 2016-17 follows.

STRATEGIC OBJECTIVE 7: Develop Our Workforce

The district took aggressive strides on staff recruitment, retention, evaluation, and diversity and inclusion metrics, all to support and encourage diverse, healthy highly skilled and engaged employees.

This year, enhanced benefit offerings were added and the current compensation structure was analyzed for market competitiveness. The focus remained on the well-being of employees, and we continued to improve and grow our wellness programs. Investing in our employees is critical, and we have done so in innovative ways such as *Career & Wellness Week* in September 2016, ongoing expansion of MPS University, our Aspiring Leaders program, and introduction of Employee Resource Groups.

Because we know that our institutes of higher education are graduating fewer teachers, we worked hard to make our district an employer of choice. We want the best leaders and teachers in our schools, and the best district staff providing support. In order to compete for the best talent, we took steps to cast a wider net in teacher recruitment, with significant emphasis on outreach beyond Wisconsin borders as well as among Historically Black Colleges and University (HBCUs).

We also implemented the Workplace Well-being Questionnaire, and are using the results to strategically improve our workplace. Our employees are the best champions for our organization, and their satisfaction, retention and recruitment is a critical component to serving our schools and students.

STRATEGIC OBJECTIVE 8: Improve Organizational Processes

Improving organizational processes requires a true culture shift. In fiscal year 2017, we initiated this culture shift by rallying each district office around a strategic plan that connects our day-to-day actions and project work to our district's strategy. After analyzing the progress of existing projects and initiatives, cross-functional strategic planning teams built projects focused on our Eight Big Ideas and their defined outcomes. This process has in turn ushered the necessary culture and operational shift forward, and change is underway.

We made great progress toward establishing a culture of project management and data-driven decision-making, with numerous examples where we have improved efficiency, effectiveness and equity through process alignment. For example, in addition to conducting school budget carousals, we have initiated school facility carousals to better understand school facilities and maintenance priorities. This process has facilitated productive, two-way conversations between principals and central-office staff, resulting in better resource allocation and infrastructure alignment at both the school and district level.

We also progressed in our efforts to improve capacity, consistency and succession planning by establishing standard operating procedures. As a rule-bound organization, we are working to establish, document and maintain internal and external rules and processes. To assist in establishing, documenting and maintaining internal processes, we leveraged technology in new and innovative ways. Adoption of Smartsheet as a tool for collaboration, information-sharing and process improvement will support this effort.

There was significant momentum around process improvement, which will continue to establish a strong platform for greater alignment in fiscal year 2018.

ACCOUNTING SYSTEM

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

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

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

BUDGETARY CONTROL

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

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

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

AUDIT SERVICES

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

LONG-TERM FINANCIAL PLANNING

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

1. By providing a variety of quality educational environments, sensitive to the demand that families are demonstrating in their choices, MPS intends to maintain or grow its enrollment.
2. By continuing to build business and other community partnerships, MPS is leveraging talents and donations (financial and "in-kind") that are available from people who demonstrate care for the city's children.
3. As a school district, our success is entirely dependent on the day to day work of staff. Careful recruitment and hiring, well-researched professional development, and competitive compensation will enable talents to be deployed at all levels.
4. Disciplined budgeting and spending will continue to ensure that the district's fund balance is preserved, and that debt is at a manageable level for the level of revenues managed by MPS. Forecasts are developed to adequately prepare for predictable ebbs and flows of resources, and expenditures are authorized to the level of available revenues. Expenditure monitoring and adjustment is part of the culture of MPS, with school and central service leaders accountable for managing the resources in their scope of responsibility. An internal audit division is in place to guard against fraud or waste of the funds entrusted to MPS' care.
5. A proactive and enterprise–wide risk management strategy is in place to limit financial exposures for the district.
6. The district has a formal process of setting priorities for lobbying. Since public school districts are funded primarily through governmental funds, the Board, superintendent, and others work in concert to make sure legislators are aware of the special challenges of providing education in a high-poverty urban setting.
7. The administration is actively seeking ways to improve the efficiency and effectiveness of operations. MPS looks to other school districts and other industries for best-practice methodologies that will allow for meeting the needs of students with available resources.
8. In addition to the formulation of a facilities plan, a strategy team is meeting to develop a long-range capital funding plan for the district.

Strong efforts in community engagement and communications are planned to ensure that parents and other stakeholders are fully participating with MPS schools to meet the challenges of guaranteeing access, equity and opportunity for Milwaukee's children.

The administration will continue to budget conservatively so as to have resources available when unexpected costs are incurred. A proactive and enterprise-wide risk management strategy is in place to limit the district's exposure to financial burdens.

FINANCIAL POLICIES

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

The following are key policies that ensure sound fiscal management:

MPS Administrative Policy 3.01 (1)
(a) The superintendent of schools shall prepare an annual operating budget for the Milwaukee Public Schools consistent with state statutes, Department of Public Instruction regulations, and district policies and goals.
(b) The purpose of the annual operating budget is to identify adequate financial resources for the educational programs and to provide a basis for accountability in fiscal management.

MPS Administrative Policy 3.01 (2) (a)
The following deadlines have been established by law:

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

MPS Administrative Policy 3.03 (2)
Use of the unassigned fund balance shall require a two-thirds majority vote of the board and shall not impair interim financing (cash-flow borrowing) arrangements. Fund balance is a critical factor in the district's financial planning and budget process. The board will strive to maintain a fiscally responsible fund balance.

A sufficient fund balance shall be maintained in order to:

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

DEBT ADMINISTRATION

The City school bonds, notes and capital lease obligations outstanding at June 30, 2017 totaled $393,684,490. Of this total, $10,910,559 represents school bonds and notes that will be repaid by the City using the City's property tax levy. As the District does not have an obligation to repay these bonds and notes from its own property tax levy, the debt is not reflected in the District's long-term obligations. The remaining balance of $382,773,931 represents bonds, promissory notes and capital leases, the debt service of which is being reimbursed by the District from the District's property tax levy and pledged revenues. Since the District does have an obligation to repay this debt under intergovernmental cooperation agreements with the City, this debt is reflected in the District's long-term obligations.

INDEPENDENT AUDIT

The financial records of the Milwaukee Board of School Directors have been audited by Baker Tilly Virchow Krause, LLP, independent auditors. The auditors' opinion is unmodified. Such an opinion states the basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. The auditors' report on the basic financial statements and schedules is included in the financial section of this report.

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

REPORTING ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Milwaukee Public Schools for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. We believe that our current report conforms to the Certificate program requirements. Accordingly, we are submitting it to GFOA to determine its eligibility for certification.

ACKNOWLEDGMENTS

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

Respectfully submitted,

DARIENNE B. DRIVER, Ed.D.	LAWANDA C. BALDWIN
SUPERINTENDENT OF SCHOOLS	COMPTROLLER

BOARD OF SCHOOL DIRECTORS

DISTRICT	NAME	TERM EXPIRES
1	Mark Sain	April, 2019
2	Wendell J. Harris, Sr.	April, 2019
3	Michael Bonds	April, 2019
4	Annie Woodward	April, 2021
5	Larry Miller	April, 2021
6	Luis A. (Tony) Báez	April, 2021
7	Paula Phillips	April, 2021
8	Carol Voss	April, 2019
At-Large	Terrence Falk	April, 2019

President – Mark Sain
Vice President – Larry Miller
Superintendent of Schools – Darienne B. Driver, Ed.D.
Director, Office of Board Governance/Board Clerk – Jacqueline M. Mann, Ph.D.

STANDING COMMITTEES

STUDENT ACHIEVEMENT AND SCHOOL INNOVATION COMMITTEE
Directors Voss (Chair), Miller (Vice-chair), Báez, Harris, Woodward

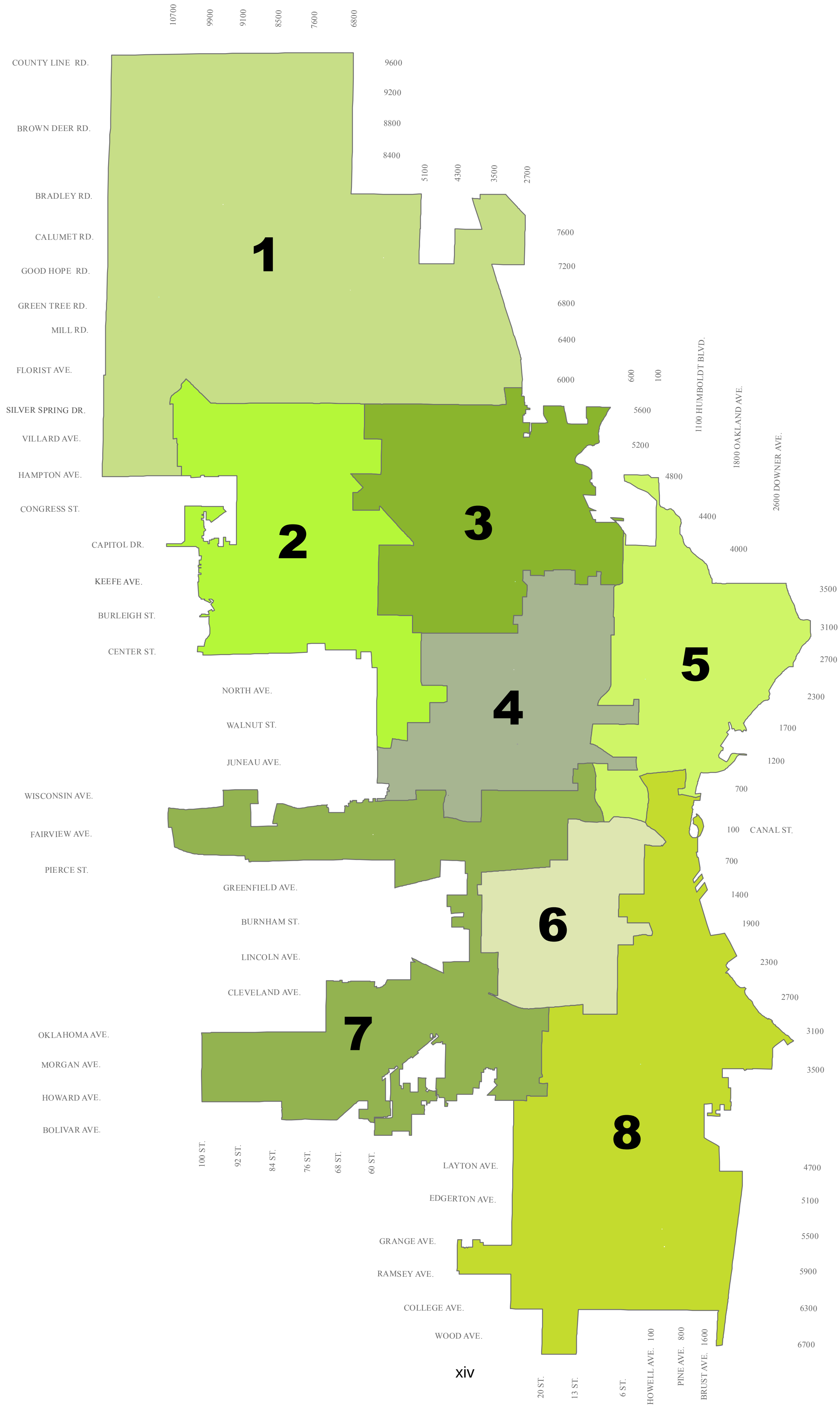
LEGISLATION, RULES AND POLICIES COMMITTEE
Directors Báez (Chair), Woodward (Vice-chair), Falk, Phillips, Sain

ACCOUNTABILITY, FINANCE AND PERSONNEL COMMITTEE
Directors Bonds (Chair), Phillips (Vice-chair), Falk, Miller, Sain

STRATEGIC PLANNING AND BUDGET COMMITTEE
Directors Falk (Chair), Voss (Vice-chair), Báez, Bonds, Harris, Miller, Phillips, Sain, Woodward

PARENT AND COMMUNITY ENGAGEMENT COMMITTEE
Directors Harris (Chair), Báez (Vice-chair), Bonds, Voss, Woodward

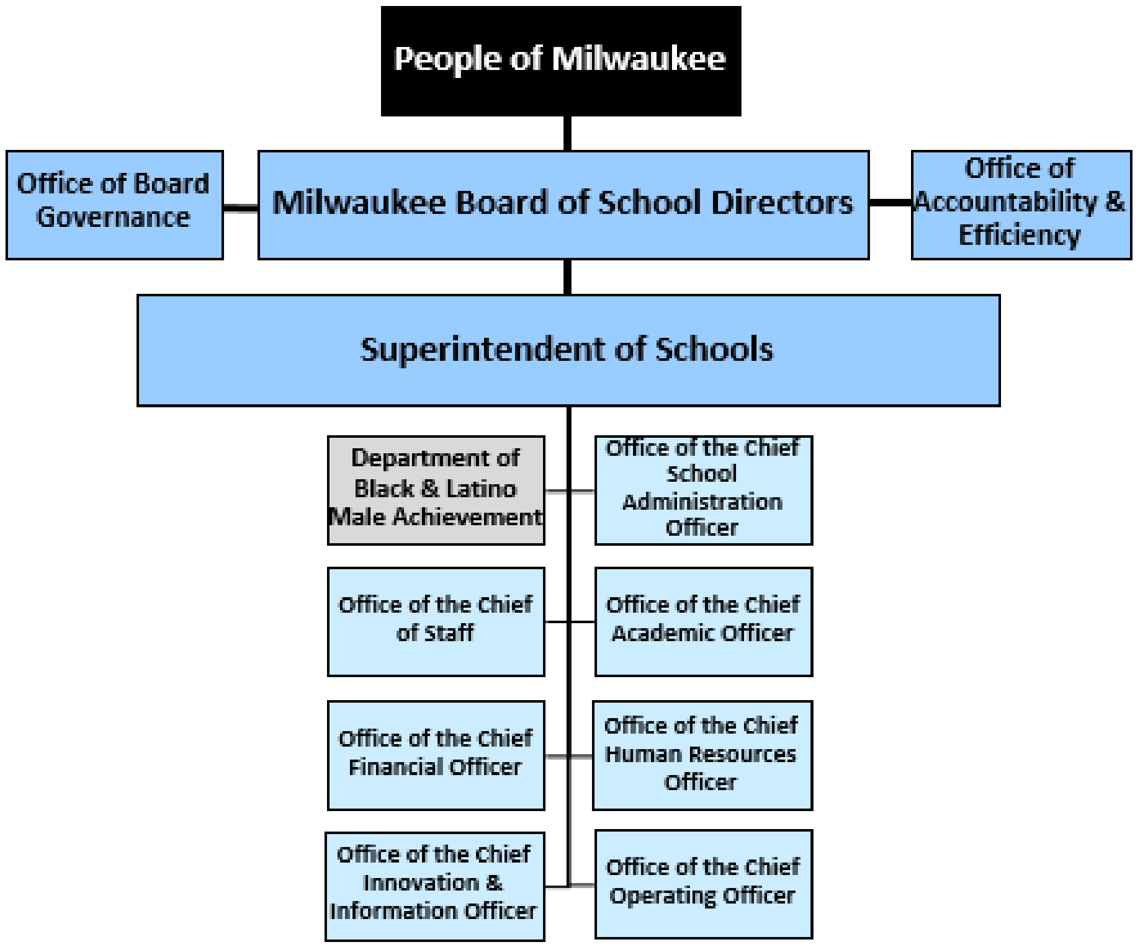
MILWAUKEE SCHOOL BOARD DISTRICTS



MILWAUKEE PUBLIC SCHOOLS

ADMINISTRATIVE OFFICERS

SUPERINTENDENT OF SCHOOLS	Ms. Darienne B. Driver, Ed.D.
Chief of Staff	Ms. Gina Spang, P.E.
Chief Innovation and Information Officer	Ms. Tonya Adair
Chief Academic Officer	Ms. Ruth Maegli
Chief Human Resources Officer	Mr. Himanshu Parikh
Chief Financial Officer	Mr. Thomas Conjurski
Chief Operations Officer	Mr. Wendell Willis
Chief School Administration Officer	Mr. Keith Posley, Ed.D.


People of Milwaukee
Office of Board Governance
Milwaukee Board of School Directors
Office of Accountability & Efficiency
Superintendent of Schools
Department of Black & Latino Male Achievement
Office of the Chief School Administration Officer
Office of the Chief of Staff
Office of the Chief Academic Officer
Office of the Chief Financial Officer
Office of the Chief Human Resources Officer
Office of the Chief Innovation & Information Officer
Office of the Chief Operating Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Milwaukee Public Schools for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of School Directors

Milwaukee Public Schools

Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

BAKER TILLY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Milwaukee Public Schools
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milwaukee Public Schools, Wisconsin, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Milwaukee Public Schools's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Milwaukee Public Schools'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 Milwaukee Public Schools's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors
Milwaukee Public Schools

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Milwaukee Public Schools, Wisconsin, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, Milwaukee Public Schools adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 86, *Certain Debt Extinguishment Issues* effective July 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milwaukee Public Schools's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milwaukee Public Schools's basic financial statements. The introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Directors
Milwaukee Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of Milwaukee Public Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Milwaukee Public Schools's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 21, 2017

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INTRODUCTION

This discussion and analysis of the financial performance of Milwaukee Public Schools (MPS or the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The intent of the management discussion and analysis is to look at the financial performance of MPS as a whole. It should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

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

- Total net position of MPS decreased to ($175.7 million) at June 30, 2017, from ($79.4 million) at June 30, 2016, a decrease of approximately $96.4 million, or 1.21%. This decrease is primarily due to *GASB Statement No. 68*, *Accounting for Pensions* which accounted for $54.7 million of the decrease, early implementation of *GASB 86 – Certain Debt Extinguishment* for $29.5 million and $10 million of medical insurance cost.
- Total revenues increased to $1.189 billion in fiscal year 2017 (FY17), up from $1.179 billion in fiscal year 2016, an increase of approximately 0.3% or $10 million. The increase is primarily attributable to $7.7 million in categorical per pupil aid.
- Total expenses increased to $1.285 billion, from $1.188 billion for the year ended June 30, 2016, an increase of 8.2% or $97 million. This increase primarily attributable to *GASB Statement No. 68, Accounting for Pensions* which accounted for $54.7 million of the increase, early implementation of *GASB 86 – Certain Debt Extinguishment* for $29.5 million and $10 million of medical insurance cost.

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

- Total fund balances of the District's governmental funds increased $9.6 million in fiscal year 2017. This increase included a $38.1 million decrease in the General Fund, a $41.1 million increase in the Construction Fund, a $6.6 million increase in the School Nutrition Fund, and no change in the Nonmajor Governmental Funds.
- The $38.1 million decrease in the General Fund balance is the result of $13.1 million *GASB 86-Certain Debt Extinguishment* implementation, $10 million of medical insurance cost, $7.5 million for Regional Development Plan and $4 million for chrome books.
- The $41.1 million increase in the Construction fund balance is mainly the result of $56.2 million of issuance of debt for Energy Efficiency improvements, offset by project construction costs.
- The $6.6 million increase in the School Nutrition fund balance is attributable to increase in federal meal reimbursements due to the District's participation in the Community Eligibility Program (CEP) which provides a healthy breakfast and lunch at no charge to all students at MPS schools. The CEP program resulted in a reduction in lunch room sales.

- Total fund balances for all governmental funds at June 30, 2017 were $139.1 million. Of this amount, $6.8 million was nonspendable, $97.4 million was restricted for self-insurance, debt service, flex spending, school nutrition services, long term capital investment and capital projects, $3.7 million was committed for construction, $2.8 million was assigned, and $28.4 million remains unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

2. Basic Financial Statements

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

3. Required Supplementary Information (RSI)

- Budget-to-Actual Comparison
- Employee Pension Plan Liabilities, Current and Past Service
- OPEB Schedule of Funding Programs and Employer Contributions
- Schedule of Proportionate Share of Net Pension Asset/Liability
- Statement of Changes in Net Pension Liability and related ratios
- Statement of Changes in Net OPEB Liability and related ratios
- Schedule of Investment Returns

Management's Discussion and Analysis section discusses the financial performance of MPS during the year ending June 30, 2017. It includes an overview of the financial statements of the District and a report on the budgetary highlights.

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

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

Table 1

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

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

Governmental Funds — Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash flow and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance MPS programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship between them.

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

Total net position decreased from the prior year by $96.4 million. This decrease is primarily due to *GASB Statement No. 68, Accounting for Pensions* which accounted for $54.7 million of the decrease, early implementation of *GASB 86 – Certain Debt Extinguishment* for $29.5 million and $10 million of medical insurance cost.

MPS ended its fiscal year with a net position of ($175.7) million, of which $521.3 million was net investment in capital assets and ($697.0) million was unrestricted deficit. The unrestricted deficit is primarily the result of a $545.1 million OPEB liability. In November 2003, the MPS Board of School Directors took action to refinance the pension liability, which at that time was owed to the Wisconsin Retirement System. The District issued pension bonds in the amount of $168.1 million to fully fund future employee pension benefits granted through collective bargaining. At June 30, 2017 the balance of the outstanding pension debt is $188.9 million due to the pension financing including capital appreciation securities which accrete over time.

Table 2

Condensed Statement of Net Position (Deficit)

(in thousands)

	Governmental Activities		
	2017	**2016**	**Difference**
Capital assets, net	$ 645,602	$ 632,475	$ 13,127
Noncapital assets and deferred outflows of resources	469,250	636,268	(167,018)
Intangible assets	12,214	15,812	(3,598)
Total assets and deferred outflows of resources	1,127,066	1,284,555	(157,489)
Current liabilities	89,009	125,208	(36,199)
Noncurrent liabilities and deferred inflows of resources	1,213,804	1,238,720	(24,916)
Total liabilities and deferred inflows of resources	1,302,813	1,363,928	(61,115)
Net position (deficit):			
Net investment in capital assets	521,306	500,042	21,264
Restricted	-	14,369	(14,369)
Unrestricted (deficit)	(697,052)	(593,784)	(103,268)
Total net position (deficit)	$ (175,746)	$ (79,373)	$ (96,373)

Capital Assets increased by $13.1 million. The increase is the net result of Construction in Progress decreasing by $6.5 million, Buildings, and Furniture increasing by $38.9 million, and Accumulated Depreciation increasing by $19.3 million.

Notable changes in Noncapital Assets is the result of *GASB Statement No. 68, Accounting for Pensions* which accounted for $106.3 million of the increase and Deferred Cash Flow Hedges-Unrealized Loss on Derivatives is reported as the District applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, a decrease in the fair value of a hedge is reported as a deferred cash flow hedge on the statement of net position. For the reporting period, all the District's derivatives met the effectiveness test. The noncurrent asset component of the increase in fair value is $23.7 million and the noncurrent asset component is $50.1 million.

Current liabilities decreased $36.2 million in the current year. This is primarily due to $32 million reduction in accounts payable and other liabilities.

A notable change in Noncurrent liabilities is the result of $23.7 million decrease in derivative instruments.

Statement of Activities

Table 3 shows that on a government-wide basis, the District ended fiscal year 2017 with a decrease in net position of $96.4 million, compared to a decrease of $8.7 million in fiscal year 2016.

Table 3

Schedule of Revenues and Expenses

(in thousands)

	Governmental Activities		
	2017	**2016**	**Difference**
Program revenues:			
Charges for services	$ 23,042	$ 19,548	$ 3,494
Operating grants and contributions	286,305	265,979	20,326
Capital grants and contributions	16,065	16,348	(283)
Total program revenues	325,412	301,875	23,537
General revenues:			
Property taxes	281,169	300,634	(19,465)
Other taxes	841	810	31
Federal and state aid	578,845	570,219	8,626
Interest and investment earnings	1,322	4,349	(3,027)
Gain on sale of capital assets	-	333	(333)
Miscellaneous	1,071	1,020	51
Total general revenues	863,248	877,365	(14,117)
Total revenues	1,188,660	1,179,240	9,420
Expenses:			
Instruction	724,642	681,195	43,447
Community services	31,771	27,789	3,982
Pupil and staff services	150,133	128,939	21,194
General administration	125,109	112,899	12,210
Business services	180,855	169,413	11,442
School nutrition	49,625	50,101	(476)
Interest on long-term debt	22,490	17,652	4,838
Bond issuance cost	408	9	399
Total expenses	1,285,033	1,187,997	97,036
Increase (decrease) in net position	(96,373)	(8,757)	(87,616)
Net Position (Deficit)-Beginning of Year	(79,373)	(70,616)	(8,757)
Net Position (Deficit)-End of Year	$ (175,746)	(79,373)	(96,373)

Total revenues increased $9.4 million or 0.8% over the prior year. The greatest changes came in the area of Program–Operating grants and contributions. Operating grants and contributions increased by $7.7 million due to increase in categorical per pupil aid.

Total expenses increased by $97 million, or 8.2%. This increase is primarily attributable to *GASB Statement No. 68, Accounting for Pensions* which accounted for $54.7 million of the increase, early implementation of *GASB 86 – Certain Debt Extinguishment* for $29.5 million and $10 million of medical insurance cost.

Capital Assets

Table 4 shows that at June 30, 2017, MPS had $1.288 billion in capital and intangible assets including Land, Buildings, Leasehold Improvements, Furniture and Equipment, and Software. This amount represents a net increase of $32.9 million from the previous year. The primary driver of this increase is Buildings which rose $38 million.

More detailed information can be found in Table 4 and in Note 5 and Note 5A to the District's financial statements.

Table 4

Change in Capital and Intangible Assets

(in thousands)

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital and intangible assets:				
Land	$ 31,106	$ —	$ 474	$ 30,632
Construction in progress	33,153	39,401	45,449	27,105
Buildings	1,065,391	45,449	7,473	1,103,367
Leasehold improvements	12,219	—	—	12,219
Furniture and equipment	52,342	1,425	497	53,270
Software	61,070	2,131	1,561	61,640
Total capital and intangible assets	1,255,281	88,406	55,454	1,288,233
Accumulated depreciation and amortization	(606,994)	(28,368)	(4,945)	(630,417)
Total Capital and intangible assets, net	$ 648,287	$ 60,038	$ 50,509	$ 657,816

Long-term Debt

Long-term debt at June 30, 2017 was $382.8 million with debt retirements totaling $65.1 million.

Table 5

Change in Long-term Debt and Capital Lease Obligations

(in thousands)

		July 1, 2016		Issuances		Retirements		June 30, 2017
Governmental activities:								
Americans with Disabilities Act loans	$	2,612	$	—	$	587	$	2,025
Neighborhood School Initiative bonds		70,059		32,316		44,856		57,519
Qualified School Construction Bonds		49,046				14,372		34,674
Qualified Zone Academy bonds		913		—		913		—
Pension refinancing debt		188,792		—		(90)		188,882
Capital leases		38,000		56,185		2,923		91,262
Other intergovernmental debt		9,920		—		1,508		8,412
Total debt	$	359,342	$	88,501	$	65,069	$	382,774

The Neighborhood School Initiative (NSI) debt is part of a state of Wisconsin-sponsored program intended to increase the capacity and improve the quality of Milwaukee's neighborhood schools. The outstanding debt is in the form of revenue bonds issued by the Redevelopment Authority of the City of Milwaukee on behalf of MPS, and is secured through bond insurance and a moral obligation pledge by the state of Wisconsin. A total of $112,040,000 of NSI debt was issued, with the first tranche issued in February 2002 (Series 2002A) in the amount of $33,300,000, and the second tranche sold on November 5, 2003 (Series 2003A) in the amount of $78,740,000. On February 1, 2007 MPS completed an advance refunding of $29,260,000 of the second tranche (Series 2003A) and also retired $5.1 million of bonds from that same tranche. On May 6, 2013, the District, through RACM, issued $45,570,000 of Refunding Revenue Bonds for a current refunding of Series 2002 and Series 2003 bonds callable on August 1, 2013. This resulted in a $6.4 million gain for the district over the life of the refunded debt. On June 29, 2017, the District, through RACM, issued $29,095,000 of Refunding Revenue Bonds for a current refunding of $31,865,000 of Series 2007 bonds callable on August 1, 2017. This resulted in a $3.0 million gain for the district over the life of the refunded debt. Approximately $44.9 million of NSI debt was retired in fiscal year 2017.

The Qualified Zone Academy Bond (QZAB) debt is in the form of lease-purchase agreements collateralized by the assets purchased with the proceeds. The QZAB program is sponsored by the Internal Revenue Service (IRS) and provides interest-free capital for the purpose of promoting academic programs in partnership with the business community. QZAB debt has been used to support the purchase of furniture and equipment, and to make building improvements at several MPS schools. Interest on the debt is paid by the IRS via tax credits to the lender. QZAB debt decreased by $913,095 in fiscal year 2017.

In December 2003, the city of Milwaukee, in connection with an intergovernmental cooperation agreement, issued $168,051,136 in bonds on behalf of the District to refund pension-related debt for the Wisconsin Retirement System totaling $165,505,293. In June 2006, MPS spent $5.9 million to retire $8.5 million of face value pension-related capital appreciation notes. The fiscal year 2017 ending balance is greater than the beginning balance given a portion of the District's pension debt is in the form of capital appreciation securities which appreciate each year.

On June 30, 2015, the District entered into $38,000,000 of new capital lease obligations to fund major modifications/improvements at various school facilities, the complete demolition and construction of a new athletic facility at South Stadium, and the complete modernization of the athletic facility at Custer Stadium. The financing vehicle for the capital lease was lease revenue bonds, designated as Qualified School Construction Bonds (QSCB), issued through the Redevelopment Authority of the City of Milwaukee (RACM). Of note, under current law, the interest on the $38.0 million of capital leases is partially reimbursed to the District by the federal government.

In FY17 (December 1, 2016 and June 29, 2017) the District entered into $56,185,000 of new capital lease obligations to fund Energy Efficiency improvements, Culinary Academies, and Art Academies at various school facilities. The financing vehicle for the capital lease was lease revenue bonds issued through the Redevelopment Authority of the City of Milwaukee (RACM). $1,470,000 of the new leases were designated as Qualified Zone Academy Bonds (QZAB), tax credit bonds with interest on the debt paid by the IRS via tax credits to the lender, $6,275,000 of the new leases were designated as Qualified Energy Conservation Bonds (QECB), with interest partially reimbursed to the District by the federal government under current law.

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

FUND FINANCIAL STATEMENTS

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

- The year-end General fund balance decreased $38,090,921 over the prior year-end. The decrease in the General fund balance is the result of $13.1 million *GASB 86-Certain Debt Extinguishment,* $10 million of medical insurance cost, $7.5 million for Regional Development Plan and $4 million for chrome books.
- The increase in the Construction fund balance is the result of $56.2 million of issuance of debt for Energy Efficiency improvements, offset by project construction costs.
- The $6,648,123 increase in the School Nutrition fund balance is attributable to increase in federal meal reimbursements due to the District's participation in the Community Eligibility Program (CEP) which provides a healthy breakfast and lunch at no charge to all students at MPS schools. The CEP program resulted in a reduction in lunch room sales.

NOTES TO BASIC FINANCIAL STATEMENTS

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

BUDGETARY HIGHLIGHTS

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

In May 2016, the MPS Board of School Directors (the Board) adopted the District's fiscal 2017 budget (July 1, 2016 – June 30, 2017). The adopted budget by necessity used a *projection* of the fiscal 2017 student enrollment. In October 2016, the Board amended the budget to take into account the *actual* student enrollment as measured on the third Friday in September 2016, as required by Wisconsin State Statute. The October amendment process is important to MPS in that its two principal revenue sources, state general aids and property taxes, are predicated on actual MPS enrollment.

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

In October 2016, the Board approved a revised fiscal year 2017 (FY17) General Fund expenditure budget in the amount of $1,142,661,444. This amount included prior year encumbrances and carryover authority.

Actual General Fund expenditures for FY17 were over 97% of the FY17 revised General Fund budget.

Current Economic Facts and Next Year's Budget

In October 2017, the MPS Board approved a revised FY18 General Fund budget of $1,146,433,029. The FY18 budget includes prior year encumbrances and carryover appropriation authority and is up 0.3% from the FY17 General Fund Budget.

The District's revenue limit for FY18 is $822,405,065, a $3.3 million or 0.4% decrease below FY17. The FY18 revenue limit is based on prior year revenues, three-year enrollment trends and other factors determined by the biennial state budget process.

State general aids, primarily equalization aid, increased 1.7% to $549,888,607. Equalization aid is based on the following: (1) expenditures and enrollment of the prior year, (2) district property values, which the State considers to be a measure of community wealth. The MPS aid required for Milwaukee Parental Choice Program (MPCP) in FY18 is $48.6 million.

The MPS District-Wide FY18 Amended Adopted Budget totals $1,182,128,031. This is 1.2% less than the FY17 Amended Adopted Budget of $1,196,354,446. The decrease is due to FY17 construction fund borrowing that will not be replicated in FY18.

Approximately 90 cents of every dollar budgeted in the School Operations Fund has been allocated for educating the City of Milwaukee children. Education is provided through MPS traditional and charter schools, open enrollment or with MPS contracted schools. Six cents of every dollar budgeted has been allocated for non-school-based staff and services. The remaining four cents of every dollar are for costs that are necessary to run schools such as utilities, insurance, technology licenses and debt repayment.

District total enrollment, based on Third Friday September 2017 counts, is 82,004. This is down, 2% from FY17. Enrollment in the District's Traditional, Charter, and Non-Instrumentality Charter Schools enrollment is down 1.7% from FY17 to FY18.

The 2017-18 Budget reflects the district's ongoing commitment to fiscal responsibility and an emphasis on student achievement. Resources have been allocated to minimize the impact of reductions that would negatively impact instruction and support in the classroom. The district is expanding summer school as well as city-wide programs to serve youth in non-school hours.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

MILWAUKEE PUBLIC SCHOOLS

Statement of Net Position (Deficit)

As of June 30, 2017

		Governmental Activities
Assets and Deferred Outflows of Resources		
Current Assets:		
Cash and investments (note 2)	$	56,825,590
Accounts receivable, net (note 3)		9,799,613
Due from other governments (note 3)		49,439,100
Inventory and other assets (note 1(g))		1,886,572
Prepaid items (note 1(g))		3,440,257
Total current assets		121,391,132
Noncurrent assets:		
Restricted cash and investments (note 1(d))		82,227,838
Deposits for self-insurance (note 1(l))		3,240,153
Capital assets not being depreciated (note 5)		57,736,955
Capital assets being depreciated, net (note 5)		587,865,349
Intangible assets not being amortized (note 5A)		626,293
Intangible assets being amoritized, net (note 5A)		11,587,522
Total noncurrent assets		743,284,110
Deferred outflows of resources:		
Deferred loss on refunding		788,554
Deferred cash flow hedges - unrealized loss on derivatives (note 7)		50,146,000
Related to pension - WRS		156,888,576
Related to pension - ERS		41,608,040
Related to pension - ASC & Teachers Supplementals		12,960,083
Total assets and deferred outflows of resources		1,127,066,495
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and other current liabilities		60,734,234
Accrued interest payable on long-term liabilities		923,290
Current portion of long-term obligations (note 7)		27,351,743
Total current liabilities		89,009,267
Noncurrent liabilities:		
Noncurrent portion of long-term obligations (note 7)		914,922,394
Net Pension Liability - WRS		21,852,710
Net Pension Liability - ERS		56,030,000
Net Pension Liability - ASC & Teachers Supplementals		83,384,646
Total noncurrent liabilities		1,076,189,750
Deferred inflows of resources:		
Deferred gain on refunding		43,953
Unearned revenue		5,489,781
Derivative instruments liability (note 7)		50,146,000
Related to pension - WRS		68,724,882
Related to pension - ERS		3,656,000
Related to pension - ASC & Teachers Supplementals		9,552,970
Total liabilities and deferred inflows of resources		1,302,812,603
Net Position (Deficit)		
Net investment in capital assets (note 1(p))		521,306,420
Unrestricted (Deficit)		(697,052,528)
Total net position (deficit)	$	(175,746,108)

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2017

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expenses) revenues and changes in net position
Governmental activities:					
Instruction	$ 724,642,011	11,587,754	202,268,798	16,064,716	(494,720,743)
Support services:					
Community services	31,770,798	4,781,636	5,331,144	—	(21,658,018)
Pupil and staff services	150,132,613	—	17,860,161	—	(132,272,452)
General, administration, and central services	125,109,527	—	—	—	(138,806,374)
Business services	180,855,290	6,006,239	7,495,159	—	(153,657,045)
School nutrition services	49,625,471	666,619	53,349,946	—	4,391,094
Interest on long-term debt	22,489,948	—	—	—	(22,489,948)
Bond issuance costs	407,528	—	—	—	(407,528)
Total support services	560,391,175	11,454,494	84,036,410	—	(464,900,271)
Total school district	$ 1,285,033,186	23,042,248	286,305,208	16,064,716	(959,621,014)
General revenues:					
Taxes:					
Property taxes levied for general purposes					257,702,427
Property taxes levied for construction					1,100,000
Property taxes levied for debt service					2,366,738
Property taxes levied for community services					20,000,000
Other taxes					840,809
Federal and state aid not restricted to a specific purpose:					
General (equalization aid)					516,742,805
Other					62,102,128
Miscellaneous					1,071,422
Interest and investment earnings					1,321,804
Total general revenues					863,248,133
Change in net position					(96,372,881)
Net position—Beginning of Year (deficit)					(79,373,227)
Net position—Ending of Year (deficit)					$ (175,746,108)

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Balance Sheet

Governmental Funds

As of June 30, 2017

Assets		General	Capital Projects Construction	Special Revenue School Nutrition Services	Nonmajor governmental funds	Total governmental funds
Deposits with the City of Milwaukee and other cash (note 2)	$	50,358,782	6,466,808	—	—	56,825,590
Receivables, net:						
Accounts (note 3)		9,551,231	248,382	—	—	9,799,613
Due from other governmental units (note 3)		44,964,174	—	1,845,575	2,629,351	49,439,100
Due from other funds (note 4)		—	7,559,347	10,844,613	—	18,403,960
Total receivables		54,515,405	7,807,729	12,690,188	2,629,351	77,642,673
Restricted cash and investments (note 1(d))		642,270	81,585,568	—	—	82,227,838
Inventories and other assets (note 1(g))		1,886,572	—	—	—	1,886,572
Prepaid items (note 1(g))		3,440,257	—	—	—	3,440,257
Deposits for self-insurance (note 1(l))		3,240,153	—	—	—	3,240,153
Total assets	$	114,083,439	95,860,105	12,690,188	2,629,351	225,263,083
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	$	23,305,518	10,336,857	1,164,134	100,671	34,907,180
Accrued salaries and wages		5,318,056	—	—	—	5,318,056
Accrued claims for self-insurance (note 8)		16,898,453	—	—	—	16,898,453
Accrued pension payable (note 9)		3,594,622	—	—	—	3,594,622
Other accrued expenditures		15,923	—	—	—	15,923
Due to other funds (note 4)		15,876,802	—	—	2,527,158	18,403,960
Total liabilities		65,009,374	10,336,857	1,164,134	2,627,829	79,138,194
Deferred inflow of resources (note 1(o))						
Unavailable revenue		1,577,872	—	—	—	1,577,872
Unearned revenue		5,287,971	200,000	288	1,522	5,489,781
Total deferred inflow of resources		6,865,843	200,000	288	1,522	7,067,653
Fund balances:						
Non-Spendable						
Noncurrent Receivable		1,482,010	—	—	—	1,482,010
Inventories and other assets		1,886,572	—	—	—	1,886,572
Prepaid items		3,440,257	—	—	—	3,440,257
Restricted:						
Self-insurance deposits		3,240,153	—	—	—	3,240,153
Debt service		642,270	—	—	—	642,270
Restricted for capital projects		—	78,832,821	—	—	78,832,821
School Nutrition Services		—		11,525,766	—	11,525,766
Flex Spending		292,095	—	—	—	292,095
Long Term Capital Investment Fund		—	2,752,746	—	—	2,752,746
Committed:						
Construction		—	3,737,681	—	—	3,737,681
Assigned for 2018 budget appropriation		2,810,155	—	—	—	2,810,155
Unassigned		28,414,710	—	—	—	28,414,710
Total fund balances		42,208,222	85,323,248	11,525,766	—	139,057,236
Total liabilities, deferred inflows of resources and fund balances	$	114,083,439	95,860,105	12,690,188	2,629,351	225,263,083

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position (Deficit)

As of June 30, 2017

Total fund balances—governmental funds			$	139,057,236
Amounts reported for governmental activities in the statement of net position are different because:				
Refunding of debt (gains)/loss are capitalized at the government-wide level and amortized over the shorter of the remaining life of the old debt or life of the new debt				744,601
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:				
Cost of capital assets	$	1,226,593,042		
Accumulated depreciation		(580,990,738)		
Net capital assets				645,602,304
Intangible assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:				
Cost of intangible assets	$	61,640,002		
Accumulated amortization		(49,426,187)		
Net intangible assets				12,213,815
Deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, are not reported in the funds				211,456,699
Net Pension Liabilities used in the governmental activities are not financial uses and, therefore, are not reported as liabilities in the governmental funds				(161,267,356)
Grant and other receivables that are not collected within 90 days after year-end are not considered to be available to pay for the current period's expenditures and, therefore, are unearned in the funds				1,577,872
Deferred inflows of resources related to pensions do not relate to current financial resources and, therefore, are not reported in the funds				(81,933,852)
Long-term liabilities (including bonds payable) are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:				
Bonds and notes payable		(362,969,432)		
Bonds premium and discounts		(7,489,830)		
Discount on capital appreciation bonds		78,947,254		
Capital leases payable		(91,261,923)		
Accrued interest payable		(923,290)		
Compensated absences payable (vacation and sick leave)		(9,675,213)		
OPEB obligation		(545,087,042)		
Workers' compensation claims payable		(3,627,228)		
Self-insurance claims payable		(325,672)		
Life insurance benefits and other long-term liabilities		(785,051)		
Total long-term debt liabilities				(943,197,427)
Total net position—government activities (deficit)			$	(175,746,108)

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

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

For the Year Ended June 30, 2017

		General	Capital Projects Construction	Special Revenue School Nutrition Services	Nonmajor governmental funds	Total governmental funds
Revenues:						
Property tax levy	$	277,702,427	1,100,000	—	2,366,738	281,169,165
Other taxes		836,627	4,182	—	—	840,809
Lunchroom sales		—	—	666,617	—	666,617
Other local sources		28,057,122	2,147,808	1,100	—	30,206,030
State aid:						
Equalization aid		516,742,805	—	—	—	516,742,805
Special classes		48,340,685	—	—	—	48,340,685
Integration		33,145,802	—	—	—	33,145,802
Other state aid		67,231,882	194	986,586	—	68,218,662
Federal aid:						
Education Consolidation Improvement Act		76,904,906	—	—	—	76,904,906
School nutrition services		—	—	51,232,829	—	51,232,829
Erate refunds		4,237,974	—	—	—	4,237,974
Other federal aid		40,292,639	—	1,129,432	23,052,978	64,475,049
Miscellaneous		848,568	—	15,807	—	864,375
Interest and investment earnings		5,269,364	185,500	—	—	5,454,864
Total revenues		1,099,610,801	3,437,684	54,032,371	25,419,716	1,182,500,572
Expenditures:						
Current:						
Instructional services:						
Undifferentiated curriculum		369,393,609	—	—	—	369,393,609
Regular and other curriculum		137,132,552	—	—	—	137,132,552
Special curriculum		140,994,226	—	—	7,786,587	148,780,813
Total instructional services		647,520,387	—	—	7,786,587	655,306,974
Community services		29,120,113	—	—	—	29,120,113
Pupil and staff services		120,557,578	—	—	15,266,391	135,823,969
General and school building administration		112,522,003	—	—	—	112,522,003
Business services		171,711,067	2,032,826	—	—	173,743,893
School nutrition services		—	—	46,971,470	—	46,971,470
Capital Outlay		14,409,748	26,574,269	412,778	—	41,396,795
Debt Service:						
Principal		—	—	—	54,677,630	54,677,630
Interest		—	—	—	22,303,962	22,303,962
Bond administrative fees		—	—	—	407,528	407,528
Total expenditures		1,095,840,896	28,607,095	47,384,248	100,442,098	1,272,274,337
Excess of revenues over (under) expenditures		3,769,905	(25,169,411)	6,648,123	(75,022,382)	(89,773,765)
Other financing sources (uses):						
Transfers In (Out)		(42,705,879)	—	—	42,705,879	—
Refunding bond debt issued		—	—	—	29,095,000	29,095,000
Premium on debt issued		—	—	—	3,221,503	3,221,503
Long term debt issued		—	56,185,000	—	—	56,185,000
Contribution for capital improvements		—	7,200,317	—	—	7,200,317
Proceeds from the sale of capital assets		845,053	2,902,565	—	—	3,747,618
Total other financing sources (uses), net		(41,860,826)	66,287,882	—	75,022,382	99,449,438
Net change in fund balances		(38,090,921)	41,118,471	6,648,123	—	9,675,673
Fund balances:						
Beginning of year		80,299,143	44,204,777	4,877,643	—	129,381,563
End of year	$	42,208,222	85,323,248	11,525,766	—	139,057,236

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2017

Net change in fund balances—total governmental funds		$ 9,675,673
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlay reported in governmental fund statements	$ 41,396,795	
Depreciation and amortization expense reported in the statement of activities	(28,368,153)	
Amount by which capital outlays are more than depreciation and amortization in the current period		13,028,642
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net position		(3,499,736)
Bond sinking cost reported as asset at the government-wide level and reported as an expenditure for government funds		(11,561,538)
Refunding of debt (gains)/loss amoritzed in the current period		214,941
Some revenues will not be collected for several months after the District's fiscal year-end, they are not considered "available" revenues and are deferred in the governmental funds		(1,682,641)
Some expenses reported in the statement of activities require the use of current financial uses and, therefore, are reported as expenditures in the government funds.		
Net pension liabilities		34,459,385
Deferred outflows of resources related to pensions		(106,307,994)
Deferred inflows of resources related to pensions		17,189,427
Bond, note, and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Debt issued:		
Bonds, notes and capital leases	(56,185,000)	
Refunded debt	(29,095,000)	
Premium on refunding	(3,221,503)	
Repayments:		
Bonds, notes and capital leases	36,309,028	
Refunded debt	31,865,000	
Net adjustment		(20,327,475)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		
Net decrease in accrued interest payable	2,918,356	
Accretion of interest on capital appreciation bonds	(3,660,729)	
Amortization of bond premium, discount and refunding deferred	556,387	
Net increase in compensated absences payable (vacation and sick pay)	(965,862)	
Net decrease in workers' compensation claims payable	1,039,679	
Net increase in OPEB liability	(28,908,855)	
Net decrease in life insurance benefits payable	1,459,459	
Net adjustment		(27,561,565)
Change in net position of governmental activities		$ (96,372,881)

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Statement of Fiduciary Net Position

As of June 30, 2017

Assets		Pension and Other Post Employment Benefits trusts	Private purpose trust	Agency
Deposits with City of Milwaukee and other cash (note 2)	$	—	—	5,733,294
Investments (note 2)		—	1,617,967	—
Money market accounts		11,781,291	—	—
Fixed Income		39,163,694		
Equity Funds		69,054,770		
Mortgage-backed securities		65	—	—
Nongovernment obligations		5,233,254	—	—
Investment with the State of Wisconsin		186,309,178	—	—
Receivables-interest and contributions		2,708,569	—	—
Total assets		314,250,821	1,617,967	5,733,294
Liabilities				
Accounts payable and accrued expenses		7,161,397	—	—
Due to student organizations		—	—	5,733,294
Total liabilities		7,161,397	—	5,733,294
Net Position				
Net Position restricted for:				
Pensions		307,089,424	—	—
Endowments		—	1,617,967	—
Total net position	$	307,089,424	1,617,967	—

See accompanying notes to basic financial statements.

MILWAUKEE PUBLIC SCHOOLS

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

		Pension and Other Post Employment Benefits trusts	Private purpose trust
Additions:			
Employer contributions	$	43,616,154	—
Participants contributions		3,291,496	—
Private donations		—	171,715
Interest income		—	1,662
Investment income:			
Net investment from the State of Wisconsin:			
Core Retirement Investment Trust Fund		17,320,878	—
Variable Retirement Trust Fund		3,847,141	—
Realized Gains on Investments		2,325,985	—
Net investment income from other investments		1,906,492	—
Total investment income:		25,400,496	—
Investment expenses		(18,908)	—
Net investment income		25,381,588	—
Total additions		72,289,238	173,377
Deductions:			
Benefits paid to participant's or beneficiaries	$	76,617,935	—
Non-trust expenses		—	187,783
Distribution of participant contribution accounts		27,335	—
Administrative expenses		302,337	—
Scholarships and awards		—	38,500
Total deductions		76,947,607	226,283
Changes in net position		(4,658,369)	(52,906)
Net position—beginning of year		311,747,793	1,670,873
Net position—end of year		307,089,424	1,617,967

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

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

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

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

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

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

(b) Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor governmental funds:

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

Categorically Aided Programs

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

Additionally, the District reports the following fund types:

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

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

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

1) Donations that are received pursuant to a trust agreement that restricts the use of the donations to the extent of the interest or other earnings of the fund. These trusts are maintained by the District for the purpose of scholarships for students.

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

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

(c) Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund statements (excluding agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. For the pension trust funds, plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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

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

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

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

(d) Restricted Assets

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

(e) Receivables

General accounts receivable have been adjusted for all known uncollectible accounts. An allowance for uncollectible accounts is reported at year-end for $949,113.

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

(f) Investments

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

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

(g) Inventories, Other Assets and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(h) Capital Assets and Intangible Assets

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

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

(i) Property Taxes

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

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

(j) Deferred Outflows of Resources

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

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

Gain/Loss on Refundings of Debt

In the government-wide financial statements, gains and losses from refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt. The unamortized amount is reported as a deferred outflow of resources or deferred inflow of resources in the government-wide statements, depending on whether it is a gain or loss on the refunding.

(k) Compensated Absences

District employees are granted vacation, compensatory time, and sick leave benefits in varying amounts in accordance with the provisions of union contracts and District policies. In the event of retirement, death, or resignation of an employee, the District is obligated to pay for all unused vacation days. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

(1) Insurance Deposits

The District has recorded deposits in the general fund for self-funded health insurance and current life insurance obligations and a restriction of fund balance aggregating $3,240,153 at June 30, 2017 to provide for payment of future claims.

(m) Bond Premiums and Discounts

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

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

(n) Claims and Judgments

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

(o) Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The deferred balances consist mainly of General Fund – primarily unavailable grant revenues of $1.4 million and available grants of $5.4 million plus long term receivable of $200,000 in the Construction Fund.

(p) Net Position

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

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

Net investment in capital assets reported on the government wide Statement of Net Position on June 30, 2017 includes the following:

	Governmental Activities
Net investment in capital assets	
Land	$ 30,632,074
Construction in progress	27,104,881
Other capital assets, net of accumulated depreciation/amortization	600,079,164
Less: unamortized debt premium/discount	(7,489,830)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(129,764,469)
Add: unamortized loss/gain on refunding	744,600
Total net investment in capital assets	$ 521,306,420

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

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

(q) Fund Balance

Governmental fund balances are displayed as follows:

- Nonspendable fund balance—Includes amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.
- Restricted fund balance—Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- Committed fund balance—Amounts that can only be used for specific purposes because of a formal action (resolution) by the government's highest level of decision-making authority. Fund balance amounts are committed through a formal action of the District. The formal action must occur prior to the end of the reporting period, but the amount of commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the

constraints imposed require the same formal action of the District that originally created the commitment.

- Assigned fund balance—Amounts that are constrained by MPS' intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom that authority has been given. The District by resolution has given authority to the District's Chief Financial Officer. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- Unassigned fund balance—This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

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

(r) Use of Estimates

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

(s) Pension

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

(t) New Accounting Pronouncements

In June 2015, the GASB issued Statement No 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) Included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This standard was implemented July 1, 2016.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. This statement provides guidance for in-substance defeasance of debt and prepaid insurance related to that debt. The District made the decision to early implement this standard, effective July 1, 2016.

(2) Deposits and Investments

District's Deposits and Investments, Exclusive of Pension Trusts

	Carrying Value	Bank Balance
Cash at the City	$ 51,747,254	$ 48,985,692
Demand deposits	12,721,692	47,142,854
Money market funds	85,226,060	128,093,893
Fixed Income Funds	39,163,694	39,163,694
Equity Funds	69,054,770	69,054,770
Total Cash and Investments	$ 257,913,470	$ 332,440,903

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$ 56,825,590
Restricted cash and investments	82,227,838
Per statement of net position – Fiduciary Funds	
Private purpose trust	1,617,966
Other post employment benefits trust	111,508,782
Agency	5,733,294
Total Cash and Investments	$ 257,913,470

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

- Time deposits with maturities of not more than 3 years.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
- The state of Wisconsin local government pooled investment fund.
- Bonds or securities of any county, city, drainage district, vocational or technical college, village, town or school district in Wisconsin, local exposition district, local professional baseball park district, local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, local cultural arts district, or Wisconsin Aerospace Authority.
- Fully collateralized repurchase agreements.
- Any security that matures within 7 years and has a credit rating which is the highest or second highest rating assigned by Standard & Poor's corporation, Moody's investor service, or other similar nationally recognized rating agencies.
- No-load securities of open-end, registered, management investment companies or investment trusts investing in bonds and securities issued by or guaranteed by the federal government or a commission, board or other instrumentality of the federal government.

The District has funds invested in money market funds, fixed income and equity funds. $39,163,694 Fixed Income Funds are rated range from AAA to D/NR (Standard & Poors and Fitch). The $69,054,770 Equity Funds are rated 5 to 3 stars (Morningstar).

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

As of June 30, 2017, the District had the following investments, shown with their maturities.

	Maturities (in Years)	
Investment Type	**Fair Value**	**Less Than 1**
Fixed Income Funds	$ 39,163,694	$ 39,163,694
Equity Funds	69,054,770	69,054,770
	$ 108,218,464	$ 108,218,464

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

At year-end the District's demand deposit balance (exclusive of funds held and controlled by the treasurer of the City) was $47,142,854. Of the $47,142,854 bank balance, $1,860,224 was covered by the Federal Depository Insurance Corporation (FDIC) and the state of Wisconsin Public Deposit Guarantee Fund, and $45,282,630 was uninsured. MPS is a beneficiary of an Irrevocable Standby Letter of Credit (LC) with the Federal Home Loan Bank (FHLB) for $24,700,000. This Letter of Credit is for the benefit of the Milwaukee Public Schools and it is intended to collateralized deposit accounts that Milwaukee Public Schools has established at JPMorgan, which accounts are Public Unit Deposits as defined under applicable laws and regulations of the State of Wisconsin Balances that would exceed FDIC insurance, WI insurance, and the FHLB LC are collateralized through a deposit security agreement or have posted securities at 102% of the UST and Agency securities. However, the collateral and posted securities are not held in the Districts' name but are allocated to the District. As such, the deposits are considered uncollateralized. Therefore, $5,194,559 is uninsured and uncollateralized and $40,088,071 is uninsured and collateralized by securities held by a third party not in the District's name.

The money market funds total $128,093,893 of which $125,341,147 is uninsured and uncollateralized and $2,752,746 is uninsured and collateralized by securities held by a third party not in the District's name.

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

Funds held and controlled by the treasurer of the City are insured by the FDIC and the Wisconsin Public Deposit Guarantee Fund. Per Common Council the City Treasurer shall require collateralization of certificates of time deposit (excluding interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of $650,000. Milwaukee Public Schools' deposits with the City Treasurer for investments are all insured or collateralized on June 30, 2017.

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

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

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

	June 30, 2017			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Funds	$ 39,163,694	$ -	$ -	$ 39,163,694
Equity Funds	69,054,770	-	-	69,054,770
	$ 108,218,464	$ -	$ -	$ 108,218,464

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

The Trustees of the Plan have adopted a Statement of Investment Policy (the "Policy"). It articulates asset allocation targets; guidelines for interest rate risk, credit risk, and concentration of credit risk for separately managed portfolios; and performance benchmarks. Under Wisconsin statutes, equities, other than investments in the State of Wisconsin Employee Trust Funds ("SWIB funds"), are subject to the statutory limitation that they may not exceed 50% of the market value of the plan assets. The Plan has no equity investments other than those in the SWIB funds. The Policy targets equities in the SWIB Variable Fund to equal 150% of the amount in Fixed Income securities at BMO, with the remainder of the portfolio allocated to the SWIB Core Fund. The Policy target for Fixed Income is the sum of six months benefit payments plus six months administrative expense. The portfolio is rebalanced toward the Policy targets quarterly. On June 30, 2017, the SWIB Core Fund strategic targets were 29% to U. S. Stocks, 41% to Fixed Income, 24% to International Stocks, 6% to Real Estate, and 9% to Alternative Investments. On June 30, 2017, the SWIB Variable Fund asset-mix targets were 70% to U.S. Stocks, 30% to International Stocks, and 0% to Alternative Investments.

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

A. Interest Rate Risk

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

The following schedule summarizes the duration and fair value of the investments at BMO as of June 30, 2017 and the fair value at SWIB as of June 30, 2017.

Investment	Duration (Years)	Fair Value
SWIB Core and Variable Funds	Details on SWIB fixed income investments as of 12/31/16 are included below.	$ 43,773,428
Money market accounts (at BMO)	0.1	$ 1,051,724
Mutual Funds (at BMO)	3.7	$ 2,089,076
Mortgage Backed Securities	N/A	$ 65

SWIB information provided within the accompanying financial statement is as of December 31, 2016. There has been no significant change in SWIB's investment strategies, asset allocations and investment pricing methods from December 31, 2016 to June 30, 2017. Based on SWIB information, the District feels the information presented for SWIB Investments as of December 31, 2016 is a fair representation for June 30, 2017.

The following schedule displays the duration or weighted average maturity of the investments by type of investment at SWIB as of December 31, 2016.

SWIB Investments	Duration (Years)	Fair Value
Asset Backed Securities	1.8	$ 28 Million
Commercial Paper	18 days	$ 217 Million
Corporate Bonds and Private Placements	6.0	$ 5,356 Million
Foreign Gov't/Agency Bonds	7.1	$ 4,288 Million
Municipal Bonds	9.6	$ 117 Million
Repurchase Agreements	3 days	$ 456 Million
US Government Agencies	4.1	$ 294 Million
US TIPS	7.5	$ 9,297 Million
U.S. Treasury Securities	5.2	$ 4,161 Million
US Treasury Short Positions	0.2	($ 55Million)
Commingled Funds	0.2 to 6.7	$11,183 Million

Note: On June 30, 2017, SWIB's Core Fund and Variable Fund had $94.7 billion and $7.4 billion in assets, respectively. As of June 30, 2017, the Plan's assets were invested 81% in the SWIB Core Fund, 11% in the SWIB Variable Fund, and 8% in portfolios managed by BMO. For SWIB, the duration of each U.S. Fixed Income portfolio shall remain within 15% of the assigned benchmark's duration. For the bond portfolio for the payment of benefits and expenses, the duration will be within a range of 50% to 150% of the duration of the benchmark index.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule displays the credit quality percentage distributions of the fixed income investments in the SWIB Core and Variable Funds on December 31, 2016 and in the separate accounts managed by BMO on June 30, 2017. For SWIB, the schedule displays the lowest credit rating assigned by several nationally recognized statistical rating organizations.

Ratings*	SWIB 12/31/2016	BMO 6/30/2017
P-1 or A-1	0%	N/A
P-2 or A-2	1%	N/A
UST and AGY	N/A**	N/A
AAA/Aaa	1%	67%
AA/Aa	41%	N/A
A	8%	N/A
BBB/Baa	7%	N/A
BB/Ba	3%	N/A
B	3%	N/A
CCC/Caa	1%	N/A
CC/Ca	N/A	N/A
C	N/A	N/A
D	N/A	N/A
Commingled Trusts & Mutual Funds***	32%	33%
Not-Rated	3%	0%

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

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

***Additional Information on the Fixed Income Commingled Funds in the SWIB portfolio is in the table labeled "Investments Measured at Net Asset Values.

SWIB’s Core Fund’s Government/Credit Portfolio shall maintain an average quality rating of A or better. Non-Investment Grade securities shall not exceed 15% of the portfolio’s market value. For SWIB’s Global Bond Portfolio, overall portfolio quality must be maintained at an average rating of A or better. Corporate securities may not exceed 20% of the portfolio’s market value and must be rated at least “B-“ and above. Corporate securities rated”BB+” may not exceed 5% of the portflio’s market value. Emerging market sovereign debt is limited to (a) securities that are rated “B-“ or above and (b) debt of countries in the J.P. Morgan Emerging Market Bond Index Global Diversified; Emerging market corporate debt is limited to (a) securities that are rated “B-“ or above and (b) issuers in the Bloomberg Barclays US Credit Index. Relative emerging market debt shall not exceed 10% of the portfolio’s market value.

C. Custodial Credit Risk

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

Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the fund will not be able to recover deposits that are in the possession of an outside party. SWIB had uninsured and uncollateralized deposits totaling $551.6 million on December 31, 2016. In addition, SWIB held certificate of deposit which were covered by depository insurance with a fair value of $72.2 on December 31, 2016 In total, these deposits represented 0.65% of the combined assets of the SWIB Core and Variable Funds, on December 31, 2016.

Investments - Custodial credit risk for investments is the risk that, in the event of the failure of counterparty to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. The repurchase agreements held by the fund were 8 agreements totaling $455.9 million as of December 31, 2016. All of these repurchase agreements were tri-party agreements held in short–term cash management portfolios managed by SWIB's custodian. The underlying securities for these repurchase agreements were held by the tri-party's agent, not in SWIB's name. These agreements represented 0.5% of the combined assets of the SWIB Core and Variable Funds on December 31, 2016.

D. Concentration of Credit Risk

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

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2016, $21.5 billion of the SWIB Core and Variable Funds currency exposure was denominated in foreign currency. For the BMO managed portfolios, there was no foreign currency exposure. The risk definitions noted above are from the Governmental Accounting Standards Board. The data, risk descriptions, and guidelines for the SWIB Funds were provided by SWIB and the data and risk information for the other investment types were provided by BMO.

F. Derivative Investments

The Plan holds investments in SWIB Funds, which may enter into a variety of financial contracts, including futures and options, primarily to enhance performance, reduce volatility of the portfolio, and aid in cash flow management. SWIB also enters into foreign exchange positions, such as forward and spot contracts, to obtain or hedge foreign currency exposure. The financial contracts are included in SWIB Variable and Core Investments on the Statement of Net Investment Position. At June 30, 2017, the Plan's interest in the plan net position of the Core Trust was approximately 0.041% and the Plan's interest in the plan net position of the Variable Trust was approximately 0.070%. The SWIB Funds are exposed to credit risk in the event of non-performance by counterparties to financial instruments. Exposure to market risk, the risk that future changes in market conditions may make an instrument less valuable, is managed in accordance with risk limits through buying or selling instruments or entering into offsetting positions.

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

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

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

The following table summarizes the aggregate notional or contractual amounts for SWIB's derivative financial instruments at December 31, 2016 (in thousands):

	12/31/2016
Future contracts (Notional)	$ 15,710,232
Foreign exchange forward and spot contracts – Receivable (Fair Value)	3,733,790
Foreign exchange forward and spot contracts – Payable (Fair Value)	(3,666,766)
OTC Derivative Investments subject to Counterparty Credit Risk-Receivable (Fair Value)	5,103,202
OTC Derivative Investments subject to Counterparty Credit Risk-Payable (Fair Value)	(5,013,557)
Options – puts (Notional)	(47,994)
Options – calls (Notional)	17,963

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended June 30, 2017.

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

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

	June 30, 2017			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market accounts	$ -	$ 1,051,724	$ -	$ 1,051,724
Mortgage-back securities	-	65	-	65
Mutual Funds:				
Short-Term Investment Grade Bond Funds	880,509	-	-	880,509
Intermediate-Term Investment Grade Bond Fund	1,208,567	-	-	1,208,567
	$ 2,089,076	1,051,789	-	$ 3,140,865

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

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

The Trustees of the Plan have adopted a Statement of Investment Policy (the "Policy"). It articulates asset allocation targets; guidelines for interest rate risk, credit risk, and concentration of credit risk for separately managed portfolios; and performance benchmarks. Under Wisconsin statutes, equities, other than investments in the State of Wisconsin Employee Trust Funds ("SWIB funds"), are subject to the statutory limitation that they may not exceed 50% of the market value of the plan assets. The Plan has no equity investments other than those in the SWIB funds. The Policy targets equities in the SWIB Variable Fund to equal 150% of the amount in Fixed Income securities at BMO, with the remainder of the portfolio allocated to the SWIB Core Fund. The Policy target for Fixed Income is the sum of six months benefit payments plus six months administrative expense. The portfolio is rebalanced toward the Policy targets quarterly. On June 30, 2017, the SWIB Core Fund strategic targets were 29% U.S. Stocks, 39% to Fixed Income, 23% to International Stocks, 7% to Real Estate, and 10% to Alternative Investments. On June 30, 2017, the SWIB Variable Fund strategic targets were 70% to U.S. Stocks, 30% to International Stocks, and 0% to Alternative

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

A. Interest Rate Risk

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

The following schedule summarizes the duration and fair value of the investments at BMO as of June 30, 2017 and at the fair value at SWIB as of June 30, 2017.

Investment	Duration (Years)	Fair Value
SWIB Core and Variable Funds	Details on the SWIB fixed income investments are as of 12/31/16 are included below.	$ 142,535,750
Money market accounts (at BMO)	0.04	$ 7,439,249
Mutual Funds (at BMO)	4.0	$ 3,144,178

SWIB information provided within the accompanying financial statement is as of December 31, 2016. There has been no significant change in SWIB's Investment strategies, asset allocations and Investment pricing methods from December 31, 2016 to June 30, 2017. Based on the SWIB information, the District feels the information presented for SWIB Investments as of December 31, 2016 is a fair representation for June 30, 2017.

The following schedule displays the duration or weighted average maturity of the investments by type of investment at SWIB as of December 31, 2016.

SWIB Investments	Duration (Years)	Fair Value
Asset Backed Securities	1.8	$ 28 Million
Commercial Paper	18 days	$ 217 Million
Corporate Bonds and Private Placements	6.0	$ 5,356 Million
Foreign Gov't/Agency Bonds	7.1	$ 4,288 Million
Municipal Bonds	9.6	$ 117 Million
Repurchase Agreements	3 days	$ 456 Million
US Government Agencies	4.1	$ 294 Million
U.S. TIPS	7.5	$ 9,297 Million
U.S. Treasury Securities	5.2	$ 4,161 Million
US Treasury Short Positions	0.2	($ 55 Million)
Commingled Funds	0.2 to 6.7	$ 11,183 Million

Note: On June 30, 2017, SWIB's Core Fund and Variable Fund had $94.7 billion and $7.4 billion in assets, respectively. As of June 30, 2017, the Plan's assets were invested 85% in the SWIB Core Fund, 10% in the SWIB Variable Fund, and 5% in portfolios managed by BMO. For SWIB, the duration of each U.S. Fixed Income portfolio shall remain within 15% of the assigned benchmark's duration. For the bond portfolio for the payment of benefits and expenses, the duration will be within a range of 50% to 150% of the duration of the benchmark index.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule displays the credit quality percentage distributions of the fixed income investments in the SWIB Core and Variable Funds as of December 31, 2016 and in the separate accounts managed by BMO on June 30, 2017. For SWIB, the schedule displays the lowest credit rating assigned by several nationally recognized statistical rating organizations.

Ratings*	SWIB 12/31/2016	BMO 6/30/2017
P-1 or A-1	0%	N/A
P-2 or A-2	1%	N/A
UST and AGY	N/A**	N/A
AAA/Aaa	1%	30%
AA/Aa	41%	N/A
A	8%	N/A
BBB/Baa	7%	N/A
BB/Ba	3%	N/A
B	3%	N/A
CCC/Caa	1%	N/A
CC/Ca	N/A	N/A
C	N/A	N/A
D	N/A	N/A
Commingled Funds & Mutual Funds***	33%	70%
Not-Rated	3%	0%

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

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

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

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

C. Custodial Credit Risk

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

Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the fund will not be able to recover deposits that are in the possession of an outside party. SWIB had uninsured and uncollateralized deposits totaling $551.6 million on December 31, 2016. In addition, SWIB held certificate of deposit which were covered by depository insurance with a fair value of $72.2 million on December 31, 2016. In total, these deposits represented 0.65% of the combined assets of the SWIB Core and Variable Funds on December 31, 2016.

Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a counter party to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. The repurchase agreements held by the fund were 8 agreements totaling $455.9 million as of December 31, 2016. All of these repurchase agreements were tri-party agreements held in short-term cash management portfolios managed by SWIB's custodian. The underlying securities for these repurchase agreements were held by the tri-party's agent, not in SWIB's name. These agreements represented 0.47% of the combined assets of the SWIB Core and Variable Funds on December 31, 2016.

D. Concentration of Credit Risk

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

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2016, $21.5 billion of the SWIB Core and Variable Funds' was denominated in foreign currency. For the BMO managed portfolios, there was no foreign currency exposure.

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

F. Derivative Investments

The Plan holds investments in SWIB Funds, which may enter into a variety of financial contracts, including futures and options, primarily to enhance performance, reduce volatility of the portfolio, and aid in cash flow management. SWIB also enters into foreign exchange positions, such as forward and spot contracts, to obtain or hedge foreign currency exposure. The financial contracts are included in SWIB Variable and Core Investments on the Statement of Net Investment Position. At June 30, 2017, the Plan's interest in the plan net position of the Core Trust was approximately 0.138% and the Plan's interest in the plan net position of the Variable Trust was approximately 0.211%. The SWIB Funds are exposed to credit risk in the event of non-performance by counterparties to financial instruments. Exposure to market risk, the risk that future changes in

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

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

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

The following table summarizes the aggregate notional or contractual amounts for SWIB's derivative financial instruments at December 31, 2016 (in thousands):

	12/31/2016
Future contracts (Notional)	$ 15,710,232
Foreign exchange forward and spot contracts – Receivable (Fair Value)	3,733,790
Foreign exchange forward and spot contracts – Payable (Fair Value)	(3,666,766)
OTC Derivative Investment subject to Counterparty Credit Risk-Receivable (Fair Value)	5,103,202
OTC Derivative Investments subject to Counterparty Credit Risk-Payable (Fair Value)	(5,013,553)
Options – puts (Notional)	(47,994)
Options – calls (Notional)	17,963

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended June 30, 2017.

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

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

	June 30, 2017			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market accounts	$ -	$ 7,439,249	$ -	$ 7,439,249
Mutual Funds:				
Short-Term Investment				
Grade Bond Funds	1,325,291	-	-	1,325,291
Intermediate-Term				
Investment Grade Bond Fund	1,818,887	-	-	1,818,887
	$ 3,144,178	7,439,249	-	$ 10,583,427

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

(3) Receivables

Receivables as of June 30, 2017 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

		General Fund	Construction Fund	School Nutrition Services Fund	Nonmajor Fund	Total
Receivables:						
Accounts	$	10,500,344	248,382	—	—	10,748,726
Intergovernmental-federal		26,309,416	—	1,845,575	2,629,351	30,784,342
Intergovernmental-state		18,654,758	—	—	—	18,654,758
Gross receivables		55,464,518	248,382	1,845,575	2,629,351	60,187,826
Less allowance for uncollectibles		(949,113)	—	—	—	(949,113)
Total receivables, net	$	54,515,405	248,382	1,845,575	2,629,351	59,238,713

The District expects to collect all receivables within one year except for $1,482,010.

On June 30, 2017, the City of Milwaukee (for the benefit of MPS) sold the property located at 2770 N. 5th Street to Gorman & Company for $250,000 with $50,000 paid at closing. A $200,000 mortgage note was executed with Fifth Street School, LLC., with an interest rate of 2.68% per annum and a final maturity of June 30, 2035. The mortgage note is secured by a Real Estate Mortgage.

The entire outstanding balance of this note is due on or before June 30, 2035. Beginning on April 30, 2019 and each year thereafter through April 30, 2035, payments of interest only shall be due only to the extent that there is available cash flow to make such payments. Any unpaid interest remaining unpaid after any annual payments made are due on or before the maturity date of June 30, 2035. Remaining payments due as of June 30, 2017 are as follows:

		Principal	Interest	Total
Fiscal years:				
2018	$	-	-	-
2019		-	5,360	5,360
2020		-	5,360	5,360
2021		-	5,360	5,360
2022		-	5,360	5,360
2023 - 2027		-	26,800	26,800
2028 - 2032		-	26,800	26,800
2033 - 2035		200,000	16,080	216,080
Totals	$	200,000	91,120	291,120

On February 1, 2013, the City of Milwaukee (for the benefit of MPS) entered into a Land Contract to sell the property located at 4601 N. 84th Street to Hmong American Peace Academy, Ltd (HAPA), an MPS Non-Instrumentality Charter School.

The purchase price of the property was $2,770,000 with $11,000 paid at the execution of the contract. The balance of $2,759,000, with an interest rate of 3% per annum, was being paid in $15,301.35 monthly installments which began on March 1, 2013. On February 22, 2017, the remaining $2,330,982 principal balance with interest, was received in full and title to the property was transferred as all conditions were fully performed.

(4) Interfund Transactions

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

The following balances as of June 30, 2017 represent due to/from balances among all funds:

		Due from other funds			
		General Fund	Construction Fund	School Nutrition Services Fund	Total
Due to other funds:					
General Fund	$	—	5,032,189	10,844,613	15,876,802
Nutrition fund		—	—	—	—
Nonmajor funds		—	2,527,158	—	2,527,158
Total	$	—	7,559,347	10,844,613	18,403,960

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

The following balances as of June 30, 2017 represent transfer in/out balances among all funds:

Fund Transferred To	Fund Transferred From	Amount	Reason
Debt Service Fund	General Fund	$42,705,879	To fund current year debt service

(5) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 31,105,876	—	473,802	30,632,074
Construction in progress	33,152,192	39,401,500	45,448,811	27,104,881
Total capital assets, not being depreciated	64,258,068	39,401,500	45,922,613	57,736,955
Capital assets, being depreciated:				
Buildings	1,065,391,627	45,448,811	7,473,519	1,103,366,919
Leasehold improvements	12,219,204	—	—	12,219,204
Furniture and equipment	52,342,588	1,424,899	497,523	53,269,964
Total capital assets, being depreciated	1,129,953,419	46,873,710	7,971,042	1,168,856,087
Less accumulated depreciation for:				
Buildings	(507,862,066)	(22,142,991)	(4,467,290)	(525,537,767)
Leasehold improvements	(5,357,894)	(540,942)	—	(5,898,836)
Furniture and equipment	(48,516,127)	(1,515,827)	(477,819)	(49,554,135)
Total accumulated depreciation	(561,736,087)	(24,199,760)	(4,945,109)	(580,990,738)
Total capital assets, being depreciated	568,217,332	22,673,950	3,025,933	587,865,349
Capital assets, net	$ 632,475,400	62,075,450	48,948,546	645,602,304

Depreciation expense for governmental activities for the year ended June 30, 2017 was charged to functions/programs as follows:

Governmental activities:		
Instruction	$	14,120,581
Community services		595,748
Pupil and staff services		2,815,314
General, administration and central services		2,346,076
Business services		3,391,455
School nutrition		930,586
Total depreciation	$	24,199,760

(5A) Intangible Assets

Intangible assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Intangible assets, not being amortized:				
Work in progress	$ 1,617,309	570,396	1,561,412	626,293
Total intangible assets, not being amortized	1,617,309	570,396	1,561,412	626,293
Intangible assets, being amortized:				
Software	$ 59,452,297	1,561,412	—	61,013,709
Total intangible assets, being amortized	59,452,297	1,561,412	—	61,013,709
Less accumulated amortization for:				
Software	(45,257,794)	(4,168,393)	—	(49,426,187)
Total accumulated amortization	(45,257,794)	(4,168,393)	—	(49,426,187)
Total intangible assets being amortized	14,194,503	(2,606,981)	—	11,587,522
Intangible assets, net	$ 15,811,812	(2,036,585)	1,561,412	12,213,815

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Amortization expense for governmental activities for the year ended June 30, 2017 was charged to functions/programs as follows:

Governmental activities:		
Instruction	$	2,432,261
Community services		102,617
Pupil and staff services		484,936
General, administration and central services		404,110
Business services		584,176
School nutrition		160,293
Total amortization	$	4,168,393

(6) Short-term Borrowings

To finance on an interim basis Milwaukee Pubic Schools general operating expenses pending receipt of state school aid payments, the City of Milwaukee issued $45,000,000 of commercial paper on September 29, 2016, maturing October 25, 2016. $180,000,000 of Revenue Anticipation Notes (RANs), Series 2016 M8, were issued on October 20, 2016, maturing October 1, 2017. Interest was payable on April 1 and at maturity. The debt was repaid from the District's equalization aid allocations received from the state government prior to June 30, 2017.

(7) Long-term Obligations

The City school bonds, notes and capital lease obligations outstanding at June 30, 2017 totaled $393,684,490. Of this total, $10,910,559 represents school bonds and notes that will be repaid by the City using the City's property tax levy. As the District does not have an obligation to repay these bonds and notes from its own property tax levy, the debt is not reflected in the District's long-term obligations. The remaining balance of $382,773,931 represents bonds, promissory notes and capital leases, the debt service of which is being reimbursed by the District to the City from the District's property tax levy. Since the District does have an obligation to repay this debt under intergovernmental cooperation agreements with the City, this debt is reflected in the District's long-term obligations.

Long-term obligations of the District are as follows:

	Original amount	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount due in one year
Intergovernmental cooperation agreements with the City of Milwaukee:						
American with Disabilities Act loans:						
2002A Refund (Trust Loans & C5, O, R & T)	$ 5,395,000	206,254	—	206,254	—	—
2.5 – 3.0%, due in annual installments to February 2019	2,700,000	810,000	—	270,000	540,000	270,000
5.0%, due in installments to February 2024	1,350,000	1,350,000	—	—	1,350,000	—
5.25%, due August 15th, 2014 to February 2019	443,810	244,954	—	110,954	134,000	67,000
General Obligation Bonds:						—
5.0%, due in installments to May 2021	4,095,000	3,045,000	—	555,000	2,490,000	580,000
Plus: Premium on issuance	787,801	437,669	—	87,533	350,136	—
4.0%, due in installments to March 2025	3,175,000	3,175,000	—	—	3,175,000	—
Plus: Premium on Issuance	387,059	296,409	—	45,325	251,084	—
2.0 -4.0%, due in installments to to March 2020	3,732,791	2,966,080	—	820,648	2,145,432	739,473
Qualified School Construction Bonds:						
1.18%, due in annual installments to December 2025	12,000,000	12,000,000	—	4,600,000	7,400,000	925,000
Less: Discount on issuance	(450,000)	(253,125)	—	(28,125)	(225,000)	—
5.25%, due in annual installments August 15th 2014 to February 2027	37,300,000	37,300,000	—	9,800,000	27,500,000	2,450,000
Neighborhood Schools Initiative Bonds (NSI), 3.5% – 4.875%, due in annual installments to August 2023	218,570,000	65,715,000	29,095,000	44,405,000	50,405,000	7,120,000
Plus: Premium on issuance	1,357,121	49,708	—	24,318	25,390	—
Less: Discount on 2007A issuance	(338,503)	(124,771)	—	(124,771)	—	—
Plus: Premium on 2013A issuance	6,627,903	4,418,824	—	552,107	3,866,717	—
Plus: Premium on 2017 issuance	3,221,503	—	3,221,503	—	3,221,503	—
QZAB—Qualified Zone Academy Bonds, 0%, maturities from December 27, 2015 to December 28, 2022	19,318,100	913,095	—	913,095	—	—
Pension debt refinancing:						
Capital appreciation note, due in annual installments beginning April 1, 2005 through April 1, 2023	46,715,000	30,025,000	—	3,570,000	26,455,000	3,160,000
Less: Discount	(25,232,986)	(6,483,739)	—	(1,440,241)	(5,043,498)	—
Capital appreciation bonds, due in annual installments beginning April 1, 2026 through April 1, 2041	110,525,000	110,525,000	—	—	110,525,000	—
Less: Discount	(94,805,878)	(76,124,244)	—	(2,220,488)	(73,903,756)	—
Pension bonds, variable interest rate "index-linked", interest due in semi-annual installment, principal due at maturity on October 1, 2043	130,850,000	130,850,000	—	—	130,850,000	—
Capital lease - RACM 2015 - 2017 QSCB, QZAB, QECB, Energy Efficiency	94,185,000	38,000,000	56,185,000	2,923,077	91,261,923	1,901,538
Total intergovernmental cooperation agreement debt		$ 359,342,114	88,501,503	65,069,686	382,773,931	17,213,011

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Amount due in one year
Intergovernmental cooperation agreements with the City of Milwaukee (from previous page)	$ 359,342,114	88,501,503	65,069,686	382,773,931	17,213,011
Accrued compensated absences	8,709,351	7,018,881	6,053,019	9,675,213	6,000,000
Accrued OPEB Obligation	516,178,187	62,664,276	33,755,421	545,087,042	—
Net Pension Liability	195,726,741	—	34,459,385	161,267,356	—
Workers' compensation claims	4,666,907	5,303,902	6,343,581	3,627,228	3,600,000
General insurance claims	325,672	—	—	325,672	—
Life insurance benefits	1,959,459	—	1,459,459	500,000	538,732
Liability for other long-term benefits	285,051	—	—	285,051	—
Total long-term obligations	$ 1,087,193,482	163,488,562	147,140,551	1,103,541,493	27,351,743

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

The total liability for workers' compensation claims was approximately $3.6 million.

Aggregate scheduled debt service requirements for the retirement of the intergovernmental cooperation agreement debt (excluding capital lease obligations) as of June 30, 2017 are as follows:

Fiscal year ended June 30:	Principal	Interest	Total
2018	$ 15,311,473	11,889,031	27,200,504
2019	16,999,980	11,442,959	28,442,939
2020	17,967,980	10,991,570	28,959,550
2021	16,655,000	10,568,460	27,223,460
2022	18,800,000	10,163,335	28,963,335
2023 – 2027	64,175,000	43,614,657	107,789,657
2028 – 2032	54,060,001	25,433,169	79,493,170
2033 – 2037	76,050,000	16,668,713	92,718,713
2038 – 2042	70,624,998	7,949,838	78,574,836
2043 – 2044	12,325,000	575,142	12,900,142
Total	$ 362,969,432	149,296,874	512,266,306

Interest on the $130,850,000 variable rate pension debt (index-linked bonds), included in the schedule of future payments above, is based upon the one-month LIBOR rate (the London Interbank Offered Rate) plus 25 basis points (.25%) and is adjusted monthly. The LIBOR interest rate was 1.22389% as of June 30, 2017.

Since 2015, the District entered into five series of capital leases in the aggregate principal amount of $94,185,000 to fund certain remodeling, renovation and equipping projects at MPS schools. The financing vehicle for the capital leases were lease revenue bonds Series 2015A, 2016A, 2016B, 2016C, and 2017, issued through the Redevelopment Authority of the City of Milwaukee (RACM).

In FY17, $56,185,000 in the following lease revenue bond Series were issued:

$18,710,000 of Series 2016A with a final maturity in November 2032 and interest coupon rates of 3.00% – 5.00%.

$6,275,000 of Series 2016B, designated Qualified Energy Conservation Bonds (QECB) – Direct Payment Subsidy, which under current regulations, interest is 70% reimbursable by the federal government up to the applicable tax credit rate of 4.50%. MPS, therefore, is entitled to receive $197,663 per year of direct payment from the US treasury for reimbursement of interest paid, subject to sequestration. The Series 2016B bonds have a final maturity in November 2036 and interest coupon rates of 4.588%.

$1,470,000 of Series 2016C, designated Qualified Zone Academy Bonds (QZAB), tax credit bonds with a mandatory purchase date of December 2023 and initial supplemental coupon of 0%. The Series 2016C Bonds may be retired or remarketed after the mandatory purchase date for other interest periods up to the maturity date (Nov 2051) with the same or a different interest rate.

$29,730,000 of Series 2017 with a final maturity in November 2036 and interest coupon rates of 3.00% - 5.00%.

The District is also holding approximately $77.2 million of restricted cash and investments under this capital lease arrangement.

Future maximum lease payments under this capital lease at June 30, 2017 are as follows:

Fiscal year ended June 30:		
2018	$	6,772,850
2019		7,375,800
2020		7,904,650
2021		7,903,275
2022		7,899,100
2023 – 2027		40,910,002
2028 – 2032		39,386,252
2033 – 2037		38,186,694
2038 – 2041		13,693,915
Total remaining maximum lease payments		170,032,538
Less amount representing interest		78,770,615
Present value of maximum lease payments	$	91,261,923

In addition to the above capital leases, the District received $7.2 million of additional funds for capital improvements purposes and does not have to be repaid.

The maximum allowable amount of City debt (including school debt) outstanding at any time shall not be greater than 5% of the total equalized taxable property in the City (Wisconsin State Statute Chapter 67.03). Wisconsin State Statute Chapter 119.49 further authorizes referendum-approved bonding in an additional amount equivalent to 2% of the equalized taxable property for school capital purposes. The total equalized taxable property in the City for calendar year 2017 was $26,903,884,900 and the 5% debt limit was $1,345,194,245. No referendum-approved debt is outstanding at June 30, 2017.

The District has pledged future Intradistrict Aid revenues to repay $50,405,000 million in Neighborhood School Initiative Bonds due between the fiscal years ending June 30, 2018 and June 30, 2023. The bonds are payable solely from pledged revenues and are payable to bondholders through August 1, 2023. Annual principal and interest payments on the bonds are expected to require 30.7% of net revenues at the point of the highest bondholder debt service payment, due August 1, 2023. The total principal and interest remaining to be paid on the bonds as of June 30, 2017 is $57,155,350. Principal and interest paid for the year ended June 30, 2017 was $9,074,591 while the Intradistrict Aid revenues were $31,676,210.

Revenue debt payable at June 30, 2017 consists of the following:

Neighborhood Schools Initiative Bonds

Amounts Outstanding

	Principal	Interest	Total
Fiscal year ended:			
2018	$ 7,120,000	2,051,300	9,171,300
2019	7,740,000	1,679,800	9,419,800
2020	8,400,000	1,302,800	9,702,800
2021	8,140,000	939,750	9,079,750
2022	9,090,000	578,400	9,668,400
2023	9,915,000	198,300	10,113,300
	$ 50,405,000	6,750,350	57,155,350

Current Refunding

On June 29, 2017 the District issued $29,095,000 of Refunding Revenue Bonds Series 2017 with an average interest rate of 4.00% to refund $31,865,000 of Series 2007A Neighborhood Schools Initiative bonds that had an average interest rate of 3.97%. The proceeds of the new notes with related premium less applicable issuance cost, plus $575,636 of funds on hand were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 2007A bonds are callable on August 1, 2017. The refunding gave the District an economic gain of approximately $2.976 million net present value.

Projected cash flow for debt before refunding	$35,754,562
Projected cash flow for debt after refunding	32,778,677
Projected net savings from refunding	$ 2,975,885

Derivative Instruments - Interest Rate Swap Agreements

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

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

The following is a summary of the fair values and notional amounts of derivative instruments outstanding as of June 30, 2017 and the changes in fair value of such derivative instruments for the year then ended as reported in the 2017 financial statements are as follows (amounts in thousands; gains shown as positive amounts, losses as negative):

	2017 Change in Fair Value		Fair Value, End of 2017		
	Classification	Amount	Classification	Amount	Notional Amount
Governmental activities					
Interest Rate Derivatives:					
Pay-fixed interest rate swaps	Deferred outflow	$23,745	Derivative	($50,146)	$130,850

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the District's hedging derivative instruments outstanding at June 30, 2017, along with the credit rating of the associated counterparty (amounts in thousands).

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value	Counterparty Credit Rating
A	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	$21,255	09/23/2011	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	($8,140)	A/A2/A+
B	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	$49,595	09/23/2011	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	($18,994)	AA-/Aa2/AA
C	Pay fixed, receive variable interest rate swap	Hedge of changes in cashflow on the Series 2003 D bonds	$60,000	12/23/2003	10/1/2043	Receive LIBOR + 20 basis points, pay LIBOR + 25 basis points.	($23,012)	BBB+/A3/A
						Total Fair Value	($50,146)	

Objective. As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance in December 2003, the District entered into three interest rate swap agreements in connection with the $130,850,000 Taxable Pension Funding Bonds, 2003 Series D (originally variable auction rate securities, converted to index-linked bonds on July 7, 2005). The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 5.56%. The conversion to index-linked bonds eliminated liquidity and basis risk, and maintained the swap agreements, but with a fixed rate cost to MPS of 5.61%.

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

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

Risks of Derivative Instruments

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

As of June 30, 2017 the District was not exposed to credit risk because the swaps had negative fair value. There are three swap counterparties with whom the District has a total of three swap agreements. The credit ratings of the counterparties are provided in the prior table. To mitigate the potential for credit risk, if the credit quality is below Aa3 by Moody's Investor's Service, AA- by Standard & Poor's, and AA- by Fitch Ratings, the fair value of the swap will be fully collateralized by the counterparty. Collateral is posted with the trustee of the bonds.

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

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

Termination risk – Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default and mergers in which the successor entity does not meet credit criteria. The District or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. The swaps may be terminated by the District at any time. A swap may be terminated by a counterparty if the District's credit quality rating falls below "BBB-" as issued by Standard & Poor's or "Baa3" by Moody's Investors Service. If a swap is terminated, the variable-rate bonds will no longer carry a synthetic interest rate and the District would be subject to interest costs reflective of the variable interest rates. Also, if at the time of termination the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value. At June 30, 2017 the swap's currently have a cumulative negative fair value of $50.146 million.

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

Swap payments and associated debt – Using rates as of June 30, 2017, debt service requirements of the variable-rate index-linked bonds and net swap payments, assuming current interest rates remain the same for their term, were as follows (as rates vary, variable rate interest payments and net swap payments will vary):

	Variable-rate bonds		Interest rate	
	Principal	**Interest**	**swaps, net**	**Total**
Fiscal year ended June 30:				
2018	$ —	$ 1,601,460	$ 5,739,225	$ 7,340,685
2019	—	1,601,460	5,739,225	7,340,685
2020	—	1,601,460	5,739,225	7,340,685
2021	—	1,601,460	5,739,225	7,340,685
2022	—	1,601,460	5,739,225	7,340,685
2023 – 2027	25,075,000	7,418,635	26,586,497	59,080,132
2028 – 2032	31,250,000	5,548,556	19,884,612	56,683,168
2033 – 2037	31,200,000	3,636,483	13,032,229	47,868,712
2038 – 2042	31,000,000	1,734,354	6,215,483	38,949,837
2043 – 2044	12,325,000	125,474	449,668	12,900,142
Totals	$ 130,850,000	26,470,802	94,864,614	252,185,416

(8) Risk Management

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

The District purchases commercial property insurance, auto liability insurance, errors and omissions insurance, fiduciary liability and excess liability insurance. The District assumes a $250,000 self-insured retention for any one loss or occurrence under its self-insured general liability program. The District purchases excess liability insurance for its general liability that provides per-occurrence and general aggregate protection. The District is fully self-insured for environmental-related liabilities and purchases no excess environmental liability insurance. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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

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

Effective January 1, 2015 The District approved providing post-Medicare benefits to eligible retirees through a fully-insured Medicare Advantage plan. This fully-insured Medicare Advantage plan provides comparable benefits to the current self-insured PPO and EPO plans, however 2017 premium rates are 68% lower than the monthly premium for the EPO and 67% less expensive than the monthly premium for the PPO.

Life insurance benefits are provided for active and retired employees through a variable funding life insurance program. Life insurance costs that exceed certain rates are funded by MPS. Effective January 1, 2017, all benefits eligible employees will receive life insurance valued at one time annual base salary and long term disability paid by the District. Also, as of January 1, 2017, the District provides voluntary (employee paid) supplemental life and short term disability insurance programs.

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

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

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

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

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

		Year ended June 30	
		2017	**2016**
Beginning of year liability	$	29,969,081	27,421,514
Current year claims and changes in estimate		125,449,763	149,298,712
Claim payments		(133,680,945)	(146,751,145)
End of year liability	$	21,737,899	29,969,081

The District has recognized the liability for health and dental benefits, which totaled $16,865,882 and $18,746,365 as of June 30, 2017 and 2016, respectively, in the general fund. The District has also recognized a liability of $134,056 and $3,985,628 as of June 30, 2017 and 2016, respectively, in the general fund for workers' compensation claims that were due as of the respective year-end. Accrued claims also include $32,571 of other insurance related liabilities. All other claims liabilities are considered to be long-term liabilities and are recognized in the government-wide financial statements.

(9) Retirement Plans

Wisconsin Retirement System

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

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

During the reporting period, the WRS recognized $24,975,348 in contributions from the District.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.8%	6.8%

At June 30, 2017, the District reported a liability of $21,852,710 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions of benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District's proportion was 2.65125965% which was a decrease of .04371888% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $54,948,917.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,332,442	$ 68,724,882
Changes in assumptions	22,847,854	-
Net differences between projected and actual earnings on pension plan investments	108,775,864	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,804,135	-
Employer contributions subsequent to the measurement date	14,128,281	-
Total	$ 156,888,576	$ 68,724,882

$14,128,281 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 51,868,075	$ 21,941,409
2019	51,868,074	21,941,409
2020	42,373,795	21,941,409
2021	(3,397,140)	2,900,655
2022	47,491	-
Thereafter	-	-

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Valuation Date	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2%-5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50 %	45 %	8.3 %	5.4 %
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
Variable Fund Asset Class				
US Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5

New England Pension Consultants Long Term US CPI (Inflation) Forecast 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension (asset) to changes in the discount rate. The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the district's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	$ 287,486,405	$ 21,852,710	$ (182,697,269)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://legis.wisconsin.gov/lab/ and reference report number 15-11.

At June 30, 2017, the District reported a payable to the pension plan of $2,697,885, which represents contractually required contributions outstanding as of the end of the year.

Employes' Retirement System of the City of Milwaukee

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

Funding Policy – For general employees participating prior to January 1, 2014, they are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5% of their annual pensionable income, and for general employee, participating on or after January 1, 2014, they are required to contribute 4% of their annual pensionable income. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute 5.5% of their earnable compensation for pension benefits. The District's contributions to the System for the years ended December 31, 2016, 2015, and 2014, were $8,128,743, $7,645,538, and $5,676,000, respectively, equal to the required contributions on behalf of the plan members for each year.

At June 30, 2017, the District reported a liability of $56,030,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions of benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016 the District's proportion was 13.1496289% which was an increase of 0.3723878% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $36,217,448.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,060,000
Changes in assumptions	-	358,000
Net differences between projected and actual earnings on pension plan investments	37,113,000	207,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	172,000	31,000
Employer contributions subsequent to the measurement date	4,323,040	-
Total	$ 41,608,040	$ 3,656,000

$4,323,040 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 13,706,925	$ 1,524,757
2019	13,706,925	1,524,757
2020	9,626,673	520,005
2021	244,477	86,481
Thereafter	-	-

Actuarial assumptions. The last actuarial valuation was performed as of January 1, 2016, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2016, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial valuation date	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
Actuarial cost method	Entry age normal-Level Percentage of Pay
Amortization method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The differences between projected and actual earnings are amortized over a closed period of five years.
Asset Valuation Method	Fair Market value
Actuarial Assumptions:	
Investment rate of return and discount rate	8.25% for calendar years through 2017, and 8.50% beginning with calendar year 2018
Projected Salary increases	General City 3.0%-7.5%
	Police & Fire 3.0% - 14.4%
Inflation Assumption	3.00%
Cost of living Adjustments	Vary by Employee Group as explained in summary of plan provisions
Mortality Table	For regular retirees and for survivors, the RP-2000 Combined Mortality Table projected nine years using Scale AA. Future generational rates are projected from 2009 based on Scale AA. For duty and ordinary disability retirees, use the RP-2000 Disability Mortality Table. For death in active service, the rates are similar to those used for regular retirees and survivors with a 6-year setback.
Experience Study	The actuarial assumptions used in December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2007-December 31, 2011.

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 Buck Consultants. The results of the experience review were presented to the Board by Buck Consultants at the Board's December, 2012 Meeting and adopted at the same meeting. The rate of return assumption was based on the Retirement System's target asset allocation. In the experience review, Buck Consultants developed best estimate ranges of expected future real rates of return (net of inflation) for the portfolio, based on the expected returns of each major asset class and their weights in the portfolio. Buck used an econometric model that forecast a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Expected investment expenses were subtracted and expected inflation was added to arrive at the long term expected nominal return. A value for the expected long-term expected return was selected for the portfolio such that there was a better than 50% likelihood of the emerging returns exceeding the expected return.

Best estimated of arithmetic real rates of return (net of inflation) for each major asset class included in the Retirement System's target asset allocation as of December 31, 2016, are listed in the table below:

Asset Class	Policy	Actual	Long-term Expected Real Rate of Return*
Public Equity	55.00%	55.72%	8.32%
Fixed Income	21.00%	20.50%	1.87%
Cash	1.00%	0.62%	0.92%
Real Estate	7.00%	7.95%	6.82%
Real Assets	3.00%	2.20%	5.63%
Private Equity	5.00%	4.96%	12.52%
Absolute Return	8.00%	8.05%	4.67%
	100.00%	100.00%	

**Rates provided by Conduent HR Consulting, LLC*

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

Sensitivity of the 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 8.50 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50 percent) or 1 - percentage-point higher (9.50 percent) than the current rate (in thousands):

	1% Decrease (7.50%)	Current Discount (8.50%)	1% Increase (9.50%)
District proportionate share of the net pension liability (asset)	$132,107,100	56,030,000	(8,133,000)

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

Supplemental Retirement Plans

(a) Plan Descriptions and Funding Policies

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

The plan is a single-employer defined benefit pension plan established to provide benefits after early retirement which will supplement the pension benefits provided by the WRS and the System. Separately issued financial statements on the plan may be obtained by contacting the Pension Office, Department of Pensions and Data Systems, Milwaukee Public Schools, 5225 W. Vliet Street, Room 128, Milwaukee, WI 53208.

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

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

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

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

- Transfer the benefit formula under the teachers plan to the plan for those individuals who have prior MPS teaching service after July 1, 1982 and are eligible to receive a benefit from the teachers plan. Such individuals will have the option of electing either the teachers or ASC plan benefit formula.
- Eliminate employee contributions to the plan.
- Close the plan to anyone who is not a covered employee as of June 30, 2003 and previous employees that are rehired after June 30, 2003.
- Eliminate the suspension of benefits provision in the plan and replace it with a new provision that suspends benefits paid from the plan if the retired annuitant is rehired as a covered employee and elects to participate as an active employee under the WRS.

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

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

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

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

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

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

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

The Plan does not provide for any postretirement increases.

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

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

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

At June 30, 2017, the district reported a net pension liability of $3,807,895 for the Plan. The net pension liability was measured as of June 30, 2017.

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

The plan is a single-employer defined benefit pension plan established to provide benefits after early retirement which will supplement the pension benefits provided by the WRS. Separately issued financial statements on the plan may be obtained by contacting the Pension Office, Department of Pensions and Data Systems, Milwaukee Public Schools, 5225 W. Vliet Street, Room 128, Milwaukee, WI 53208.

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

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

- Enrollment in the Plan was closed to any employees hired or rehired or transferred or demoted to the teacher unit covered under the Plan on or after July 1, 2013; and

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

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

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

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

At June 30, 2017, the district reported a net pension liability of $79,576,751 for the Plan. The net pension liability was measured as of June 30, 2017.

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

For the year ended June 30, 2017, the district recognized pension expense of $1,225,321.

At June 30, 2017, the district reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	3,190,426	1,503,579
Total	$ 3,190,426	$ 1,503,579

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

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 1,266,903	$ 375,895
2019	1,266,903	375,895
2020	656,620	375,895
2021	-	375,894
2022	-	-
Thereafter	-	-

Changes in the Net Pension Liability at June 30, 2017:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Total Pension Liability (a)-(b)
Balance at 6/30/16	$ 52,672,956	$ 46,110,766	$ 6,562,190
Changes for the year:			
Service cost	226,072	-	226,072
Interest	3,753,201	-	3,753,201
Difference between expected and actual experience	(352,172)	-	(352,172)
Contributions employer	-	1,209,134	(1,209,134)
Net investment income	-	5,238,182	(5,238,182)
Benefit payments, including refunds	(5,008,339)	(5,008,339)	-
Administrative expense	-	(65,920)	65,920
Other changes	-	-	-
Net changes	$ (1,381,238)	$ 1,373,057	$ (2,754,295)
Balance at 6/30/17	$ 51,291,718	$ 47,483,823	$ 3,807,895

<u>Milwaukee Board of School Directors Early Retirement Supplemental Early Retirement Plan for Teachers</u>

For the year ended June 30, 2017, the district pension liability decreased by $6,367,571.

At June 30, 2017, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,693,698
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	9,769,657	4,355,693
Total	$ 9,769,657	$ 8,049,391

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

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 3,864,061	$ 3,360,111
2019	3,864,061	2,401,519
2020	2,041,535	1,198,837
2021		1,088,924
2022	-	-
Thereafter	-	-

Changes in the Net Pension Liability at June 30, 2017:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Total Pension Liability (a)-(b)
Balance at 6/30/16	$ 233,165,482	$ 141,528,809	$ 91,636,673
Changes for the year:			
Interest	16,635,125	-	16,635,125
Difference between expected and actual experience	(3,241,431)	-	(3,241,431)
Contributions employer	-	9,456,955	(9,456,955)
Net investment income	-	16,153,487	(16,153,487)
Benefit payments, including refunds	(16,244,782)	(16,244,782)	-
Administrative expense	-	(156,826)	156,826
Other changes	-	-	-
Net changes	$ (2,851,088)	$ 9,208,834	$ (12,059,922)
Balance at 6/30/17	$ 230,314,394	$ 150,737,643	$ 79,576,751

Actuarial Assumptions

In February 2012, the Plan actuary performed an experience study based on actuarial valuations for the period July 1, 2006 to July 1, 2011. Based on this study the following assumptions were implemented effective for the July 1, 2012 actuarial valuation. The total pension liability was determined by an actuarial valuation as of July 1, 2016 and data rolled forward to June 30, 2017, using the following actuarial methods and assumptions:

	Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	**Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers**
Actuarial valuation date	July 1, 2016	July 1, 2016
Measurement date of Net Pension Liability	June 30, 2017	June 30, 2017
Actuarial cost method	Entry Age Normal	Entry age normal
Asset Valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	7.5% net of investment expenses	7.5% net of investment expenses
Inflation	2.8% per year	0.0%
Salary increases	Certificated participants: In addition to price inflation, service based increases of up to 3.7% per year. Classified Participants :4.0% to 5.0% per year.	No longer required as Plan was frozen effective July 1, 2013. Therefore salary increases after this date will not be considered pensionable under the Plan.
Morality rate	Wisconsin Projected Experience Table-2005 for women and 90% of Wisconsin Projected Experience Table-2005 for men.	Wisconsin Projected Experience Table-2005 for women and 90% of Wisconsin Projected Experience Table-2005 for men.

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class as of December 31, 2016 are as follows:

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

Asset Class SWIB Core Fund	Actual Allocation	Long-Term Expected Real Rate of Return
Global Equities	45.00%	5.40%
Fixed Income	37.00%	1.40%
Inflation Sensitive Assets	20.00%	1.50%
Real Estate	7.00%	3.60%
Private Equity/Debt	7.00%	6.50%
Multi-Asset	4.00%	3.70%
Cash	(20.00)%	0.50%
Portfolio Target Allocation	79.00%	

Asset Class SWIB Variable Fund	Actual Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	70.00%	4.70%
International Equity	30.00%	5.60%
Portfolio Target Allocation	14.00%	
BMO Fund		
Intermediate Fixed Income	100.00%	0.50%
Portfolio Target Allocation	7.00%	
Long-Term Inflation Assumption		2.75%

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

Asset Class

SWIB Core Fund	Actual Allocation	Long-Term Expected Real Rate of Return
Global Equities	45.00%	5.40%
Fixed Income	37.00%	1.40%
Inflation Sensitive Assets	20.00%	1.50%
Real Estate	7.00%	3.60%
Private Equity/Debt	7.00%	6.50%
Multi-Asset	4.00%	3.70%
Cash	(20.00)%	0.50%
Portfolio Target Allocation	85.00%	

SWIB Variable Fund	Actual Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	70.00%	4.70%
International Equity	30.00%	5.60%
Portfolio Target Allocation	10.00%	

BMO Fund		
Intermediate Fixed Income		0.50%
Portfolio Target Allocation	5.00%	
Long-Term Inflation Assumption		2.75%

Single Discount Rate

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

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that the plan sponsor would make the actuarially determined contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (6.5%) or 1-percentage- point higher (8.5%) for the year ending June 30, 2017:

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

	1% Decrease 6.5%	Current Discount 7.5%	1% Increase 8.5%
Net Pension Liability	$8,014,392	$3,807,895	$58,029

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

	1% Decrease 6.5%	Current Discount 7.5%	1% Increase 8.5%
Net Pension Liability	$101,575,201	$79,576,751	$60,810,427

(10) Post-Employment Life and Healthcare Insurance Benefits

The District administers a single-employer defined benefit healthcare plan and life insurance plan ("the Retiree Plan"). The plan provides health insurance contributions for eligible retirees and their eligible dependents through the District's group health insurance plan, which covers both active and retired members. The plan also provides for life insurance contributions for eligible retirees through the District's group life insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and Board policy and plan provisions which state that eligible retirees and their spouses receive lifetime healthcare benefits and eligible retirees receive lifetime life insurance benefits either on a self-paid basis or a District-paid basis at established contribution rates. The Retiree Plan was closed to employees hired or rehired on or after July 1, 2013. The Retiree Plan does not issue a publicly available financial report.

Employee and retiree contribution requirements are established through collective bargaining agreements and Board policy and plan provisions. Contributions may be amended only through negotiations between the District and the union in the case of represented employees and by Board policy, as may be amended by action of the governing body, in the case of non-represented employees. 2011 Wisconsin Acts 10 and 32 stipulate that once existing collective bargaining agreements expire, or are terminated, extended, modified or renewed, such benefit provisions are a prohibited subject of bargaining and therefore such benefits including contributions are established through Board policy and plan provisions as may be amended by action of the governing body. As of June 30, 2013 all collective bargaining agreements expired.

An employee who is age 55 or older with 15 or more years of eligible service and 70 percent or more of the maximum accumulated sick leave at the time of retirement, in accordance with collective bargaining agreements and Board policy, will receive a monthly Board subsidy at the Board's share of the PPO/Indemnity active single plan or family plan premium rate in effect as of the employee's date of retirement. (Certain bargaining units and certain non-represented employees who submit a retirement notice by either March 1 or April 1 will receive the greater of the June 30th or July 1st premium rate as their monthly Board subsidy in accordance with their collective bargaining agreement and Board policy.) A special one-time provision providing the higher PPO/Indemnity active single plan or family plan premium rate of March 31, 2011 or July 1, 2011 was extended to certain bargaining units and non-represented employees who gave their retirement notice by April 1, 2011 and retired by the end of their regular work year in June, 2011. Generally, the Board subsidy for health insurance remains fixed for the lifetime of the retiree while the retiree continues enrollment in an MPS health plan. MPS will reimburse the retiree for the retiree's Medicare Part B premium in an amount not to exceed the Board subsidy. Employees who meet all other eligibility retirements, but do not meet the 70 percent maximum accumulated eligibility requirement for the Board subsidy, may continue coverage in an MPS health plan as a retiree on a self-paid basis at the group premium rate. There are also disability retirement provisions that provide for lifetime health coverage for the disabled retiree and eligible dependents. The surviving spouse coverage provisions for death of an employee in active service or after retirement for certain collective bargaining units and non-represented employees provide lifetime health coverage for the surviving spouse and limited coverage for eligible dependents at the established Board subsidy rate.

Effective with dates of retirement on or after July 1, 2013, eligibility provisions for retiree health insurance were changed to whichever of the following occurs earlier: (a) age 60 or older and 20 years of eligible service; OR (b) age 55 or older with 30 or more years of eligible service until sunset on July 1, 2015. Eligibility for the Board subsidy was also changed to 90 percent or more of the maximum accumulated sick leave at time of retirement for employees who meet the age and service requirements for dates of retirement on or after July 1, 2013.

The District provides an explicit subsidy for healthcare benefits that is not indexed for healthcare inflation once the member retires. However, because premiums for pre-Medicare retiree and active coverage are rated in one pool, the District is also providing an implicit subsidy after retirement that is indexed for inflation. Consequently, healthcare inflation impacts the implicit subsidy and the explicit subsidy of retirees. However, effective with dates of retirement on or after July 1, 2013, the methodology to determine premium rates was changed to establish pre-Medicare premium rates.

Effective with dates of retirement on or after July 1, 2013, the Board subsidy was changed to the Board's share of the average of the active PPO/Indemnity Health Plan and the EPO Health Plan. Upon reaching Medicare eligibility, the Board subsidy will be adjusted (reduced) to reflect coordination with Medicare. As of January 1, 2015, all Medicare eligible retirees and their Medicare eligible spouses have been enrolled in the MPS Group Medicare Advantage Plan that includes a group Medicare Part D pharmacy benefit.

Effective August 1, 2011, all active employees pay premium contributions for health insurance based on either a percentage of the active premium rate or a percentage of salary in accordance with their collective bargaining agreement and Board Policy. This is as a result of settlement of all union contracts in late 2010 and early 2011. Prior to this, there was no employee premium contribution for most active employees. Certain non-represented employees paid 5 percent of their health plan premium. Board members pay any premium difference between the health plan they selected and the lowest cost health plan. Effective July 1, 2012 or July 1, 2013 upon expiration of labor contracts all employees will pay a percentage of premium for health insurance ranging from 5% to 14 percent based on their annual salary. Effective January 1, 2015, a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) was offered to all active employees with a lower employee premium share ranging from 2% to 9% based on their annual salary.

In general and in accordance with collective bargaining agreements, Board policy and plan provisions, retirees who meet the age and service requirements for retiree life insurance pay the premium contribution at the group rate until age 65 after which the District pays the premium. Certain collective bargaining units and non-represented employees who meet the age requirement and have 30 or more years of service receive life insurance benefits fully paid by the District. Certain other bargaining units have retiree life insurance benefits that are fully paid by the retiree at the group premium rate. Once retirees attain age 65, the life insurance coverage is reduced by 25 percent of the original coverage for each year following their 65^{th} birthday. Coverage is not reduced below 25 percent of the original coverage in effect at time of retirement.

Effective with dates of retirement on or after July 1, 2013, eligibility provisions for retiree life insurance were changed to whichever of the following occurs earlier: (a) age 60 or older and 20 years of eligible service; OR (b) age 55 or older with 30 or more years of eligible service until sunset on July 1, 2015. The maximum benefit payable at the 25 percent reduction at age 67 was changed to $25,000.

Effective July 1, 2010 the District established an IRC Section 115 trust for the purpose of holding assets and funding for the District's postemployment health and life insurance benefits. The trust is reported as a fiduciary fund in the District's financial statement. For fiscal year ending June 30, 2017, the District contributed $33,755,421 (including pre-funding contributions) to the Retiree Plan. For fiscal year ending June 30, 2017, total member contributions to the Retiree Plan were $3,291,496.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 89,979,057
Interest on Net OPEB Obligation	23,486,108
Adjustment to annual required contribution	(50,800,889)
Annual OPEB cost	62,664,276
MPS Contributions made	(33,755,421)
Decrease in Net OPEB Obligation	28,908,855
Net OPEB obligation, beginning of year	516,178,187
Net OPEB obligation, end of year	$545,087,042

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2017 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	$ 62,664,276	53.9%	$545,087,042
6/30/16	62,287,640	85.2%	516,178,187
6/30/15	75,250,634	131.5%	506,962,986

The funded status of the plan is based on the most recent actuarial valuation date of July 1, 2015 was as follows:

Actuarial accrued liability (AAL)	$ 997,489,628
Actuarial value of plan assets	128,837,270
Unfunded Actuarial Accrued Liability (UAAL)	$ 868,652,358
Funded ratio (actuarial value of plan assets/AAL)	12.9%
Covered payroll (active plan members)	$ 376,389,784
UAAL as a percentage of covered payroll	230.8 %

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB financial disclosure information for fiscal year ending, June 30, 2017 was based on the assumptions and methods in the November 27, 2017 actuarial valuation. The District made significant changes to the retiree healthcare plan provisions and eligibility conditions effective during 2012 and 2013 which reduced both the annual OPEB cost and growth of actuarial liabilities. The impact of these changes and the anticipated accelerated retirements during fiscal years 2012 and 2013 due to these changes were measured in the valuation as of July 1, 2011. The entry age normal actuarial cost method was used. The District established an IRC Section 115 trust to contribute 105 percent of actual retiree healthcare claims to the trust beginning July 1, 2010. The actuarial assumptions include a 4.55 percent investment rate of return that reflects the District's prefunding policy and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 7 years. Both rates include a 3 percent inflation assumption**.** The Retiree Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. In accordance with the GASB No. 45 standard, the unfunded actuarial liability is amortized over a 25 year period with an open amortization method. Financial statements of the Other Post Employment Benefits Trust are included on pages 110 and 111.

11) Net OPEB Liability

PLAN DESCRIPTION

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

Management of the Retiree Plan is vested to the Milwaukee Board of School Directors ("Governing Body") and its administrative staff ("Staff"). The Staff delegates certain functions to an investment advisor ("Advisor").

Plan membership. At June 30, 2017, the Retiree Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	6,978
Active plan members	7,184
	14,162

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

Benefits provided. The Retiree Plan provides healthcare and life insurance benefits for eligible retirees and their eligible dependents. Benefits are provided through a third-party insurer for Medicare Eligible retirees and dependents. The District is self-funded for all eligible pre-Medicare retirees and dependents. The District provides a subsidy towards the cost of benefits covered by the plan or depending on prior collective bargaining, for some retirees the full cost of benefits are covered. The authority to establish and amend the benefit terms to the Retiree Plan is established through Board policy of the District's Governing Body.

Contributions. The authority to establish and amend the contribution requirements of the Retiree Plan is established through Board policy of the District's Governing Body. The District establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the District's average contribution rate was 8.71 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

INVESTMENTS

Investment policy. The Retiree Plan's policy in regard to the allocation of invested assets is established and may be amended by Board policy of the District's Governing Body. It is the policy of the District's Governing Body to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Retiree Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

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

On August 25, 2016, the Governing Body approved a policy change in the OPEB investment policy from a 100% short and intermediate fixed income portfolio asset allocation target to the allocation targets as reflected above. This change was made to diversify the portfolio asset allocation with a long-term investment perspective invested in a similar time horizon as the liabilities.

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 3.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NET OPEB LIABILITY OF THE DISTRICT

The components of the net OPEB liability of the District at June 30, 2017, were as follows:

Total OPEB liability	$ 955,596,287
Plan fiduciary net position	108,867,958
District's net OPEB liability	$846,728,329
Plan fiduciary net position as a percentage of the total OPEB liability	11.39%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.8 percent
Salary increases	Depends on age, service and employer group. Rate ranges from 7.00% at less than 1 year of service to 2.80% at 34 or more years of service. Salary increase includes wage inflation assumption.
Investment rate of return	Short-term account earns 3% per year. Long-term account earn 7.25% per year.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2017, trend starts at 8.50% and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.38% is added to non-Medicare cost on and after 2026 to account for the Excise Tax.

For retirees and survivor: Mortality rates were based on the RP-2000 White Collar Annuitant Mortality Table with mortality improvements projected to 2009, for males and females. For active members: RP-2000 White Collar Annuitant Mortality Table with mortality improvements projected to 2009 with 6-year set back for males and females. All tables reflect future mortality improvements using Projection Scale AA.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial valuation date of July 1, 2015, projected to a measurement date of June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a phase in of the short-term assumed rate of 3.00% and the long-term rate of 7.25% over the period that the plan is projected to be fully funded. This methodology results in a 22 year period to full funding.

Discount rate. The discount rate used to measure the total OPEB liability was 4.885 percent. The projection of cash flows used to determine the discount rate assumed that the District will contribute the pay-as-you-go contributions, plus an additional pre-funding contribution equal to 5% of expected employer paid claim costs. On average three months of pay-as-you go costs are held in a short-term account and all other assets are held in a long-term account. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

On August 25, 2016, the Governing Body approved a change in the OPEB investment policy resulting in a change in the discount rate from 4.55% to the current 4.885%.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.885 percent) or 1-percentage-point higher (5.885 percent) than the current discount rate:

	1% Decrease (3.885%)	Discount Rate (4.885%)	1% Increase (5.885%)
Net OPEB liability	$ 974,417,545	$846,728,329	$ 742,535,365

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (7.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.5% Decreasing to 4.5%)	1% Increase (9.5% Decreasing to 5.5%)
Net OPEB liability	$ 785,176,328	$ 846,728,329	$ 910,310,328

(12) Limitation on District Revenues

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

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

For the fiscal year ended June 30, 2017, the District was under its revenue limitation by $625,983.

(13) Excess Expenditures Over Appropriations

The following funds and departments had an excess of actual expenditures over appropriations for the year ended June 30, 2017:

Fund	Excess Expenditures
General Fund:	
Supplemental School Support	$ 500,480
Art, Music, Physical Education, Library	1,057,874
School Nurses	127,052
Substitute Teachers	4,685,162
Central Guidance	412,301
Education Maintenance	3,969,295
Career and Technical Education	494,539
Transportation Operations	778,640
Special & Contingent Funds	9,338,484
CAMP	5,023,758
Benefit Clearing - Extension	260,873
Debt Service Fund	60,590,595

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

(14) Commitments and Contingencies

(a) Grants

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant program are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of District management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

(b) Contractual Commitments

The District has $65.9 million of encumbrances outstanding as of June 30, 2017 of which $57.9 million are contractual commitments. The encumbrances and contract commitments by major and non-major funds are as follows:

	Encumbrance totals of 6/30/17	Contract Commitments at 6/30/17
Major Funds		
General Fund	$ 39,746,350	$ 32,442,761
Construction Fund	23,069,864	22,436,529
Nutrition Fund	3,063,076	2,989,136
Total Major Funds	$ 65,879,290	$ 57,868,426
Non-Major Funds	47,077	14,989
Total Encumbrances and Contract Commitments	$ 65,926,367	$ 57,883,415

(c) Litigation

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

(d) FCC Channels

The District has for a number of years held a license issued by the Federal Communications Commission (FCC) for Educational Broadband Service (ESB) station KHF80 on 4 channels in the Milwaukee area. The District must renew the FCC license every 10 years, with the next renewal scheduled to take place in 2018. The FCC permits excess capacity of these stations to be leased, and MPS entered into a long-term lease of the station in 2008. MPS received $4,200,000 upfront in March 2008, and $55,000 per month initially, with monthly payment increases 3% each March during the contract period.

(15) Subsequent Events

To finance on an interim basis MPS' general operating expenses pending receipt of state school aid payments, $50,000,000 was drawn on a line of credit by the City of Milwaukee on September 7, 2017 and was paid October 20, 2017. $180,000,000 of Revenue Anticipation Notes (RANs), Series 2017 M11, was issued on October 19, 2017. The RANs mature as on September 27, 2018. Interest is payable at maturity.

On December 28, 2017, MPS is expected to close on $34,933,000 of Redevelopment Authority of the City of Milwaukee (RACM) Lease Revenue Bonds as Qualified School Construction Bonds (QSCB). The proceeds from these bonds will be used to fund various rehabilitation, repair, and improvement projects at various school facilities.

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

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

Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14

Statement No. 81, Irrevocable Split-Interest Agreements

Statement No. 83, Certain Asset Retirement Obligations

Statement No. 84, Fiduciary Activities

Statement No. 85, Omnibus 2017

Statement No. 86, Certain Debt Extinguishment Issues

Statement No. 87, Leases

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

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REQUIRED SUPPLEMENTARY INFORMATION

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2017

	Budgeted amounts		Actual	Variance with
	Adopted	**Revised**	**(GAAP basis)**	**Revised Budget**
REVENUES:				
Property Tax Levy	$ 277,614,455	$ 277,702,427	$ 277,702,427	$ -
Equalization & Integration Aids	559,924,718	562,335,900	562,335,900	-
Other State Aids	78,487,735	77,046,300	76,719,959	(326,341)
Federal Aids	10,849,848	10,047,018	11,400,801	1,353,783
Other Local Revenues	15,945,295	15,326,815	21,010,433	5,683,618
Applied Surplus	2,574,177	975,383	-	(975,383)
SCHOOL OPERATIONS & EXTENSION	945,396,228	943,433,843	949,169,520	5,735,677
CAMP	-	-	5,252,589	5,252,589
GRANTS	141,088,538	152,975,281	145,188,692	(7,786,589)
Total Revenues	1,086,484,766	1,096,409,124	1,099,610,801	3,201,677
EXPENDITURES:				
PROGRAM ACCOUNTS				
High Schools	61,285,305	64,690,385	62,781,456	1,908,929
Middle Schools	12,914,055	13,045,158	12,974,073	71,085
K-8 Schools	103,581,195	108,808,016	106,323,137	2,484,879
Multilevel Schools	16,166,870	16,531,361	16,433,411	97,950
Elementary Schools	59,871,666	63,224,333	61,771,152	1,453,181
Charter Schools	78,211,849	76,762,772	76,408,574	354,198
Supplemental School Support	4,294,999	4,506,158	5,011,409	(505,251)
Art, Music, Physical Education, Library	18,758,681	19,190,484	20,267,655	(1,077,171)
Grant Transitional	600,407	1,089,370	660,529	428,841
School Nurses	1,862,716	2,433,699	2,563,191	(129,492)
Substitute Teachers	7,832,648	7,885,042	12,582,183	(4,697,141)
School Office Staff, Support and School Safety	57,875,985	59,062,209	58,960,209	102,000
Central Guidance	7,874,342	8,197,373	8,617,879	(420,506)
Education Maintenance	2,270,703	5,106,788	9,084,733	(3,977,945)
Career and Technical Education	-	73,175	568,255	(495,080)
Credit Recovery	2,301,610	2,427,127	1,499,691	927,436
Advanced Studies	678,085	819,579	599,331	220,248
Advanced Acadmic Studies (AP, IB) & Assessmen	2,809,445	2,812,410	1,935,928	876,482
Black Lives Matter	461,219	465,012	289,170	175,842
College Access Center	636,403	1,497,581	1,256,745	240,836
Interscholastic Athletics & Academics	5,018,265	5,108,218	4,730,709	377,509
Milwaukee County Collaborative	1,066,073	1,068,177	381,039	687,138
MPS Alternative Schools/Programs	10,181,013	10,580,274	9,691,900	888,374
Universal Driver Education	631,809	632,322	521,680	110,642
Newcomer Center	1,278,908	1,236,625	471,438	765,187
Non-MPS Costs (3 Year Old Screening)	693,823	700,338	658,429	41,909
Itinerant Allied Health Services	5,151,243	5,472,482	5,003,013	469,469
Special Education Services	160,720,511	162,329,491	156,613,554	5,715,937
Summer School	3,934,534	4,560,045	4,074,388	485,657
Partnership/Contracted Programs	8,880,127	9,886,285	8,452,981	1,433,304
School Special and Unallotted	67,451,060	71,853,475	64,085,964	7,767,511
TOTAL - PROGRAM ACCOUNTS	**$** 705,295,549	**$** 732,055,764	**$** 715,273,806	**$** 16,781,958

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

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2017

	Budgeted amounts Adopted	Budgeted amounts Revised	Actual (GAAP basis)	Variance with Revised Budget
INDIRECT & SUPPORT SERVICES				
Board/Office of Board Governance	$ 2,798,697	3,227,908	2,202,249	1,025,659
Office of Accountability and Efficiency	1,072,726	1,354,962	938,132	416,830
Office of Superintendent	831,737	882,673	835,200	47,473
Office of School Administration	8,416,535	8,627,008	7,270,439	1,356,569
Office of Academic	8,989,403	9,416,780	8,867,434	549,346
Office of Finance	4,940,963	5,155,631	4,661,113	494,518
Office of Operations	24,764,834	26,150,121	26,129,420	20,701
Office of the Chief of Staff	3,354,385	3,284,683	3,186,486	98,197
Office of Human Resources	5,247,949	5,981,115	4,911,627	1,069,488
Office of Innovation & Information	14,746,365	15,204,706	13,701,741	1,502,965
TOTAL - INDIRECT & SUPPORT	75,163,594	79,285,587	72,703,841	6,581,746
OTHER ACCOUNTS				
Building Operations Sites, Tenant Costs, Utilities	53,076,344	53,700,075	51,741,884	1,958,191
District Insurance & Judgements	9,565,997	9,998,833	9,655,478	343,355
Management Intern Program	470,478	475,934	340,255	135,679
Special & Contingent Funds	(2,599,545)	(11,088,014)	(1,749,530)	(9,338,484)
Transportation Operations	62,166,643	62,166,643	62,945,283	(778,640)
Regional Development	6,206,976	15,306,684	12,391,543	2,915,141
Technology Licenses & Equipment	10,298,582	19,376,902	15,193,756	4,183,146
Safe Schools Supplement	-	1,500	-	1,500
Employee Medical Clinic	-	1,000,000	-	1,000,000
TOTAL - OTHER ACCOUNTS	139,185,475	150,938,557	150,518,669	419,888
DIVISION OF RECREATION AND COMMUNITY SERVICES				
Playgrounds & Recreation Centers	10,194,139	12,111,959	8,985,800	3,126,159
Summer School Wrap-around	5,403,786	7,427,825	5,206,765	2,221,060
Educational Programs	518,697	870,971	364,345	506,626
Partnership for the Arts/Humanities	1,750,417	2,481,649	1,595,443	886,206
Facilities	3,114,708	4,137,727	1,380,842	2,756,885
Insurance and Utilities	541,885	541,885	487,597	54,288
MPS Cares	-	1,335,335	745,144	590,191
Benefits Clearing Account	116,416	116,416	377,289	(260,873)
TOTAL DIVISION OF RECREATION AND COMMUNITY SERVICES	21,640,048	29,023,767	19,143,225	9,880,542
OFFSET FOR CHARGES TO SCHOOLS AND OTHER ADJUSTMENTS TOTAL - CHARGES	(10,309,901)	(10,639,450)	(10,540,377)	(99,073)
SCHOOL OPERATIONS & EXT. FUND	930,974,765	980,664,225	947,099,164	33,565,061
CAMP	-	-	5,023,758	(5,023,758)
GRANTS	141,088,538	152,975,281	143,579,926	9,395,355
Total Expenditures	1,072,063,303	1,133,639,506	1,095,702,848	37,936,658
Excess of revenues over (under) expenditures	14,421,463	(37,230,382)	3,907,953	(41,138,335)
Transfer In (Out)	(14,421,463)	(14,431,787)	(42,705,879)	28,274,092
Insurance Proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	845,053	(845,053)
Change in Fund Balance	$ -	$ (51,662,169)	(37,952,873)	$ 13,709,296
Fund balance-beginning of year			80,299,143	
Fund balance-end of year			$ 42,346,270	

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

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

Budgetary Comparison Schedule for the School Nutrition Services Fund

For the Year Ended June 30, 2017

	Budgeted amounts		Actual	Variance with
	Adopted	**Revised**	**(GAAP basis)**	**Revised Budget**
Revenues:				
Lunchroom sales	$ 700,000	$ 700,000	$ 666,617	$ (33,383)
Other local sources	—	1,100	1,100	—
State aid:				
School nutrition aid	950,000	950,000	986,586	36,586
Federal aid:				
School nutrition aid	48,922,000	48,922,000	51,232,829	2,310,829
Other federal aid	—	1,134,300	1,129,432	(4,868)
Miscellaneous	—	—	15,807	15,807
Total revenues	50,572,000	51,707,400	54,032,371	2,324,971
Expenditures:				
Current operating:				
School Nutrition Services	49,672,000	50,538,655	46,971,470	3,567,185
Capital Outlay	900,000	1,900,000	412,778	1,487,222
Total expenditures	50,572,000	52,438,655	47,384,248	5,054,407
Excess of revenues over(under) expenditures	—	(731,255)	6,648,123	7,379,378
Net change in fund balances	$ —	(731,255)	6,648,123	7,379,378
Fund balance—beginning of year			4,877,643	
Fund balance—end of year			$ 11,525,766	

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

MILWAUKEE PUBLIC SCHOOLS

Required Supplementary Information

For the Year Ended June 30, 2017

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

Wisconsin Retirement System

Plan Year end date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2016	0.0265129650%	$ 21,852,710	$ 374,885,669	5.83%	99.12%
12/31/2015	0.0269497853	43,792,878	382,623,535	11.45	98.20
12/31/2014	0.0273277092	(67,124,330)	369,586,810	18.16	102.74

Employes' Retirement System

Plan Year end date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2016	13.1496289000%	$ 56,030,000	n/a	n/a	n/a
12/31/2015	12.7771027471	53,735,000	n/a	n/a	n/a
12/31/2014	12.3564611222	14,021,000	n/a	n/a	n/a

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

Plan Year end date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2017	100%	$ 3,807,895	$ 14,255,879	26.71%	333.08%
6/30/2016	100	6,562,190	15,674,128	41.87	294.18
6/30/2015	100	4,502,572	17,917,354	25.10	276.23

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

Plan Year end date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2017	100%	$ 79,576,751	$ 236,655,777	33.63%	63.69%
6/30/2016	100	91,636,673	250,768,000	36.54	56.44
6/30/2015	100	87,715,155	262,424,327	33.42	56.19

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Wisconsin Retirement System

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 24,975,348	$ 24,975,348	-	$ 374,885,669	6.66%
12/31/2015	26,030,471	26,030,471	-	382,623,535	6.80
12/31/2014	25,878,102	25,878,102	-	369,586,810	7.00

Employes' Retirement System

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 9,199,639	$ 9,199,639	-	n/a	n/a
12/31/2015	9,574,716	9,574,716	-	n/a	n/a
12/31/2014	9,719,624	9,719,624	-	n/a	n/a

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

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2017	$ 1,477,690	$ 1,209,134	$ 268,556	$ 14,255,879	10.40%
6/30/2016	1,618,641	1,498,910	119,731	15,674,128	10.30
6/30/2015	2,346,545	1,710,809	635,736	17,917,354	13.10
6/30/2014	3,214,623	2,451,003	763,620	18,483,299	17.40
6/30/2013	3,519,437	3,073,400	446,037	23,710,188	14.80
6/30/2012	4,210,948	3,829,233	381,715	25,014,230	16.80
6/30/2011	3,595,479	7,209,843	(3,614,364)	33,781,612	10.60
6/30/2010	3,242,746	742,746	2,500,000	36,616,849	8.90
6/30/2009	2,482,200	2,662,961	(180,761)	38,094,012	6.50
6/30/2008	2,576,104	2,362,519	213,585	41,149,363	6.30

Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers

District Fiscal Year end date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2017	$ 9,791,544	$ 9,456,955	$ 334,589	$ 236,665,777	4.1%
6/30/2016	9,897,438	9,888,196	9,242	250,768,000	3.9
6/30/2015	10,329,340	9,540,139	789,201	262,424,327	3.9
6/30/2014	11,168,472	10,954,526	213,946	288,512,864	3.9
6/30/2013	14,365,412	13,998,622	366,790	323,922,137	4.4
6/30/2012	15,797,043	15,126,448	670,595	333,480,915	4.2
6/30/2011	15,645,398	27,419,691	(11,774,293)	342,784,884	4.6
6/30/2010	15,641,408	4,381,384	11,260,024	353,723,230	4.4
6/30/2009	15,235,493	11,406,727	3,828,766	350,580,446	4.3
6/30/2008	15,408,267	15,308,946	99,321	341,271,505	4.5

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

MILWAUKEE PUBLIC SCHOOLS
Early Retirement Supplement and Benefit Improvement Plan
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
As of June 20, 2017

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 226,072	$ 283,894	$ 276,863	$ 267,144
Interest on the total pension liability	3,753,201	3,855,014	3,949,902	3,988,475
Differences between expected and actual experience	(352,172)	(297,565)	383,007	-
Changes of assumptions	-	-	200,199	-
Benefit payments, including refunds	(5,008,339)	(5,164,498)	(5,238,295)	(5,487,407)
Net Change in Total Pension Liability	(1,381,238)	(1,323,155)	(428,324)	(1,231,788)
Total Pension Liability - Beginning	52,672,956	53,996,111	54,424,435	55,656,223
Total Pension Liability - Ending (a)	$ 51,291,718	$ 52,672,956	$ 53,996,111	$ 54,424,435
Plan Fiduciary Net Position				
Contributions - employer	$ 1,209,134	$ 1,498,910	$ 1,710,809	$ 2,451,003
Net investment income	5,238,182	345,326	799,276	7,589,400
Benefit payments, including refunds	(5,008,339)	(5,164,498)	(5,238,295)	(5,487,407)
Administrative expense	(65,920)	(62,511)	(58,374)	(56,590)
Net Change in Plan Fiduciary Net Position	1,373,057	(3,382,773)	(2,786,584)	4,496,406
Plan Fiduciary Net Position - Beginning	46,110,766	49,493,539	52,280,123	47,783,717
Plan Fiduciary Net Position - Ending (b)	$ 47,483,823	$ 46,110,766	$ 49,493,539	$ 52,280,123
Net Pension Liability - Ending (a) - (b)	$ 3,807,895	$ 6,562,190	$ 4,502,572	$ 2,144,312
Plan fiduciary net position as a percentage of the total Pension liability	92.58%	87.50%	91.70%	96,1%
Covered-employee payroll	$ 14,255,879	$ 15,674,128	$ 17,917,354	$ 18,483,299
Net Pension liability as a percentage of covered-employee payroll	26.71%	41.87%	25.13%	11.60%

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

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

MILWAUKEE PUBLIC SCHOOLS
Supplemental Early Retirement Plan for Teachers
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
As of June 20, 2017

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ -	$ -	$ -	$ -
Interest on the total pension liability	16,635,125	16,846,685	17,001,811	17,203,578
Differences between expected and actual experience	(3,241,431)	(2,247,617)	(2,929,293)	-
Benefit payments, including refunds	(16,244,782)	(16,607,340)	(17,037,741)	(16,891,272)
Net Change in Total Pension Liability	(2,851,088)	(2,008,272)	(2,965,223)	312,306
Total Pension Liability - Beginning	233,165,482	235,173,754	238,138,977	237,826,671
Total Pension Liability - Ending (a)	$ 230,314,394	$ 233,165,482	$ 235,173,754	$ 238,138,977
Plan Fiduciary Net Position				
Contributions - employer	$ 9,456,955	$ 9,888,196	$ 9,540,139	$ 10,954,526
Net investment income	16,153,487	964,012	2,410,365	21,504,411
Benefit payments	(16,244,782)	(16,607,340)	(17,037,741)	(16,891,272)
Administrative expense	(156,826)	(174,658)	(145,726)	(176,226)
Net Change in Plan Fiduciary Net Position	9,208,834	(5,929,790)	(5,232,963)	15,391,439
Plan Fiduciary Net Position - Beginning	141,528,809	147,458,599	152,691,562	137,300,123
Plan Fiduciary Net Position - Ending (b)	$ 150,737,643	$ 141,528,809	$ 147,458,599	$ 152,691,562
Net Pension Liability - Ending (a) - (b)	$ 79,576,751	$ 91,636,673	$ 87,715,155	$ 85,447,415
Plan fiduciary net position as a percentage of the total Pension liability	65.45%	60.70%	62.70%	64.12%
Covered-employee payroll	$ 236,655,777	$ 250,768,000	$ 262,424,327	$ 288,512,864
Net Pension liability as a percentage of covered-employee payroll	33.62%	36.54%	33.42%	29.62%

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

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

MILWAUKEE PUBLIC SCHOOLS
Required Supplementary Information
For the Year Ended June 30, 2017

Post-Employment Life and Healthcare Insurance Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Normal	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	$ 128,837,270	$ 997,489,628	$ 868,652,358	12.9 %	$ 376,737,589	230.6 %
7/1/2013	60,528,101	1,403,017,033	1,342,488,932	4.3	431,242,385	311.3
7/1/2011	9,368,067	1,393,486,064	1,384,117,997	0.7	488,996,859	283.1

Note: The District is required to present the above information for the three most recent actuarial studies.

Schedule of Employer Contributions

Postemployment Health Care Plan

Fiscal Year Beginning	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
7/1/2016	$ 89,979,057	37.5 %	$ 545,087,042
7/1/2015	87,848,228	60.4	516,178,187
7/1/2014	96,317,356	102.7	506,962,986
7/1/2013	109,858,625	92.9	530,646,534
7/1/2012	110,503,788	72.3	523,394,993
7/1/2011	109,216,666	84.7	520,600,193
7/1/2010	194,969,742	33.5	389,150,650
7/1/2009	186,702,017	32.7	261,946,200

For the plan year beginning July 1, 2009, there were several changes made to the assumptions from the prior valuation done. The changes include a change in the discount rate from 4.5% to 4.55%, less increase in healthcare costs then the trend previously used, and a change in demographic assumptions, including less retirements and less new actives than expected.

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

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

As of June 20, 2017

	2017
Total OPEB Liability	
Service cost	$ 4,101,247
Interest on the total OPEB liability	45,599,496
Differences between expected and actual experience	2,563,048
Benefit payments	(52,906,009)
Net Change in Total OPEB Liability	(642,218)
Total OPEB Liability - Beginning	956,238,505
Total OPEB Liability - Ending (a)	$ 955,596,287
Plan Fiduciary Net Position	
Contributions - employer	$ 33,755,421
Net investment income	3,910,328
Benefit payments	(52,906,009)
Net Change in Plan Fiduciary Net Position	(15,240,260)
Plan Fiduciary Net Position - Beginning	124,108,219
Plan Fiduciary Net Position - Ending (b)	$ 108,867,959
Net OPEB Liability - Ending (a) - (b)	$ 846,728,328
Plan fiduciary net position as a percentage of the total OPEB liability	11.39%
Covered-employee payroll *(1)*	$ 387,681,000
Net OPEB liability as a percentage of covered-employee payroll	218.41%

Notes to Schedule:

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

(1) Estimated payroll for fiscal year end June 30, 2017, based on fiscal year end June 30, 2016, payroll adjusted by wage inflation assumption of 3.00 percent.

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

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
As of June 30, 2017

		2017
Actuarially contractual determined contribution	$	N/A
Contributions in relation to the actuarially determined contribution	$	33,755,421
Contribution deficiency (excess)	$	N/A
Covered-employee payroll	$	387,681,000
Contributions as a percentage of covered-employee payroll		8.71%

Notes to Schedule

Valuation date: July 1, 2015
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine actuarial liability and contributions:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Inflation	2.8% (3.0% General Employees)
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2017, trend starts at 8.50% and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.38% is added to non-Medicare cost on and after 2026 to account for the Excise Tax.
Salary increases	Depends on age, service and employer group. Rate ranges from 7.00% at less than 1 year of service to 2.80% at 34 or more years of servide. Salary increase includes wage inflation assumption.
Investment rate of return	Short-term account earns 3% per year. Long-term account earn 7.25% per year.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For retirees and survivor: RP-2000 White Collar Annuitant Morality Table with mortality improvements projected to 2009, for males and females. For active members: RP-2000 White Collar Mortality Table with mortality improvements projected to 2009 with 6-year set back for males and females. All tables reflect future mortality improvements using Projection Scale AA.

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

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

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF INVESTMENT RETURNS
As of June 30, 2017

Annual Money -Weighted Rate of Reurn, Net of Investment Expenses	3.30%

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

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

(1) Budgeting

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

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

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

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

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

(2) Wisconsin Retirement System (WRS) Pension

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

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

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

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

(3) Employes' Retirement System (ERS)

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

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

Changes of assumptions. There were no changes in the assumptions

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

(4) Supplemental Retirement Plans

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

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

Changes of assumptions. There were no changes in the assumptions

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Special Revenue Funds

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

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

Debt Service Fund

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

MILWAUKEE PUBLIC SCHOOLS

Combining Balance Sheet—Nonmajor Governmental Funds

As of June 30, 2017

		Special Revenue		
Assets		**Categorically Aided Programs**	**Debt Service**	**Total**
Receivables due from other governmental units	$	2,629,351	—	2,629,351
Total assets	$	2,629,351	—	2,629,351
Liabilities, Deferred inflow of resources and Fund Balances				
Liabilities:				
Accounts Payable	$	100,671	—	100,671
Due to other funds		2,527,158	—	2,527,158
Total liabilities		2,627,829	—	2,627,829
Deferred inflows of Resources - unearned revenue (note 1(o))		1,522	—	1,522
Fund balances:				
Restricted		—	—	—
Total fund balances		—	—	—
Total liabilities, deferred inflows of resources and fund balances	$	2,629,351	—	2,629,351

MILWAUKEE PUBLIC SCHOOLS

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

For the Year Ended June 30, 2017

	Special Revenue Categorically Aided Programs	Debt Service	Total
Revenues:			
Property taxes	$ —	2,366,738	2,366,738
Federal aid:			
Other federal aid	23,052,978	—	23,052,978
Total revenues	23,052,978	2,366,738	25,419,716
Expenditures:			
Instructional services— special curriculum	7,786,587	—	7,786,587
Pupil and staff services	15,266,391	—	15,266,391
Debt service:			
Principal	—	54,677,630	54,677,630
Interest	—	22,303,962	22,303,962
Bond administrative fees	—	407,528	407,528
Total expenditures	23,052,978	77,389,120	100,442,098
Excess of revenues over (under) expenditures	—	(75,022,382)	(75,022,382)
Other financing sources:			
Refunding bond issued debt	—	29,095,000	29,095,000
Premium on refunded debt issued	—	3,221,503	3,221,503
Transfers In	—	42,705,879	42,705,879
Total other financing sources, net	—	75,022,382	75,022,382
Net changes in fund balances	—	—	—
Fund balances:			
Beginning of year	—	—	—
End of year	$ —	—	—

MILWAUKEE PUBLIC SCHOOLS

Categorically Aided Programs Fund

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

For the Year Ended June 30, 2017

	Budgeted amounts		Actual
	Adopted	Revised	(GAAP basis)
Revenues:			
Other local sources	$ —	—	—
Federal aid:			
Other federal aid	22,048,015	25,949,156	23,052,978
Total revenues	22,048,015	25,949,156	23,052,978
Expenditures:			
Instructional services—			
Special curriculum	7,447,141	8,764,827	7,786,587
Pupil and staff services	14,600,874	17,184,329	15,266,391
Total expenditures	22,048,015	25,949,156	23,052,978
Net change in fund balance	$ —	—	—
Fund balance—beginning of year			—
Fund balance—end of year			$ —

MILWAUKEE PUBLIC SCHOOLS

Debt Service Fund

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

For the Year Ended June 30, 2017

	Budgeted amounts		Actual
	Adopted	**Revised**	**(GAAP basis)**
Revenues:			
Property taxes	$ 2,366,738	2,366,738	2,366,738
Total revenues	2,366,738	2,366,738	2,366,738
Expenditures:			
Current operating:			
Debt service	16,788,201	16,798,525	77,389,120
Total expenditures	16,788,201	16,798,525	77,389,120
Excess of revenues over (under) expenditures	(14,421,463)	(14,431,787)	(75,022,382)
Other financing sources			
Refunding bond issued debt	—	—	29,095,000
Premium on refunded debt issued	—	—	3,221,503
Transfers In	14,421,463	14,431,787	42,705,879
Total other financing sources, net	14,421,463	14,431,787	75,022,382
Net changes in fund balances	$ —	—	—
Fund balance—beginning of year			—
Fund balance—end of year			$ —

Pension Trust Funds

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

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

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

Other Post Employment Benefits Trust—This fund is used to account for assets used to pay post employment benefits or fund accrued liability associated with such benefits.

Agency Fund

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

MILWAUKEE PUBLIC SCHOOLS

Combining Statement of Net Position—Pension and Other Post Employment Benefits Trust Funds

As of June 30, 2017

		Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers	Other Post Employment Benefits trust	Total
Assets					
Investments					
Money market accounts	$	1,051,724	7,439,249	3,290,318	11,781,291
Fixed Income		—	—	39,163,694	39,163,694
Equity Funds		—	—	69,054,770	69,054,770
Mortgage-backed securities		65	—	—	65
Nongovernmental obligations		2,089,076	3,144,178		5,233,254
Investment with the State of Wisconsin		43,773,428	142,535,750	—	186,309,178
Receivables-interest and contributions		1,004,123	6,224	1,698,222	2,708,569
Total assets		47,918,416	153,125,401	113,207,004	314,250,821
Liabilities					
Accounts payable and accrued expenses		434,593	2,387,758	4,339,046	7,161,397
Total liabilities		434,593	2,387,758	4,339,046	7,161,397
Net Position					
Net position restricted for pensions	$	47,483,823	150,737,643	108,867,958	307,089,424

MILWAUKEE PUBLIC SCHOOLS

Combining Statement of Changes in Net Position—Pension and Other Post Employment Benefits Trust Funds

For the Year Ended June 30, 2017

		Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan	Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers	Other Post Employment Benefits trust	Total
Additions:					
Employer contributions	$	1,209,134	9,456,955	32,950,065	43,616,154
Participants contributions		—	—	3,291,496	3,291,496
Investment income:					
Net investment from the State of Wisconsin:					
Core Retirement Investment Trust Fund		4,162,123	13,158,755	—	17,320,878
Variable Retirement Trust Fund		1,004,530	2,842,611	—	3,847,141
Unrealized Gains on Investments		—	—	2,325,985	2,325,985
Net investment income from other investments		77,088	165,470	1,663,934	1,906,492
Total investment income:		5,243,741	16,166,836	3,989,919	25,400,496
Investment expenses		(5,559)	(13,349)	—	(18,908)
Net investment income		5,238,182	16,153,487	3,989,919	25,381,588
Total additions		6,447,316	25,610,442	40,231,480	72,289,238
Deductions:					
Benefits paid to participant's or beneficiaries		4,981,004	16,244,782	55,392,149	76,617,935
Distribution of participant contribution accounts		27,335	—	—	27,335
Administrative expenses		65,920	156,826	79,591	302,337
Total deductions		5,074,259	16,401,608	55,471,740	76,947,607
Changes in net position		1,373,057	9,208,834	(15,240,260)	(4,658,369)
Net Position—Beginning of Year		46,110,766	141,528,809	124,108,218	311,747,793
Net Position—Ending of Year	$	47,483,823	150,737,643	108,867,958	307,089,424

MILWAUKEE PUBLIC SCHOOLS

Agency Fund

Schedule of Changes in Assets and Liabilities

For the Year Ended June 30, 2017

Assets		**Balance July 1, 2016**	**Additions**	**Deductions**	**Balance June 30, 2017**
Cash and cash equivalents	$	5,477,368	6,534,034	(6,278,108)	5,733,294
Total assets	$	5,477,368	6,534,034	(6,278,108)	5,733,294
Liabilities					
Liabilities:					
Due to student organizations	$	5,477,368	6,534,034	(6,278,108)	5,733,294
Total liabilities	$	5,477,368	6,534,034	(6,278,108)	5,733,294

Milwaukee Public Schools

Schedule of Charter School Authorizer Operating Costs
For the Year Ended June 30, 2017

OPERATING ACTIVITY	COST
Employee Salaries	323,432
Employee Benefits	148,779
Purchased Services	3,124
Service Fee/Dues	2,000
Supplies	1,968
TOTAL	**479,303**

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents **Page**

MILWAUKEE PUBLIC SCHOOLS
Statement of Net Position
Last Ten Fiscal Years

Governmental activities

	2017	2016	2015	2014(a)	2013	2012	2011	2010	2009	2008
Net investment in capital assets	$ 521,306,420	500,041,665	489,612,270	483,025,586	490,235,574	495,794,462	499,760,461	494,531,410	499,644,800	483,877,761
Restricted for debt service	—	14,368,921	16,570,259	9,914,758	6,866,476	13,472,018	11,247,463	4,699,678	8,351,394	16,045,169
Restricted for pensions	—	—	67,124,130							
Unrestricted (Deficit)	(697,052,528)	(593,783,813)	(643,922,647)	(641,998,220)	(652,162,327)	(641,733,484)	(637,144,852)	(520,167,556)	(389,665,110)	(249,579,105)
Total net position	$ (175,746,108)	(79,373,227)	(70,615,988)	(149,057,876)	(155,060,277)	(132,467,004)	(126,136,928)	(20,936,468)	118,331,084	250,343,825

(a) These numbers are reported prior to the GASB #68 restatement.

See accompanying independent auditors' report.

MILWAUKEE PUBLIC SCHOOLS
Changes in Net Position
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Instruction	$ 724,642,011	681,195,330	647,364,824	666,593,314	714,036,147	685,589,990	863,184,570	887,815,447	864,409,791	826,151,034
Support services:										
Community services	31,770,798	27,789,456	29,311,872	27,612,053	30,536,990	26,041,483	27,499,000	25,538,287	25,574,386	19,658,453
Pupil and staff services	150,132,613	128,939,561	131,798,496	127,673,917	130,189,957	135,648,452	160,715,900	143,517,392	138,220,288	132,463,255
General, administration, and central services	125,109,527	112,898,587	98,125,128	101,276,207	103,502,882	113,952,373	117,817,193	132,145,392	118,454,437	117,404,599
Business services	180,855,290	169,413,167	160,678,353	167,752,510	149,452,181	154,701,665	169,960,141	159,725,009	161,738,970	176,006,641
School nutrition services	49,625,471	50,101,295	47,234,192	43,656,550	44,945,680	44,527,282	44,205,351	40,555,069	40,891,942	40,654,079
Interest on long-term debt	22,489,948	17,660,687	16,331,690	20,088,560	16,147,608	17,790,345	17,926,945	17,166,361	16,181,174	16,771,008
Bond issuance costs	407,528	-	-	-	-	-	-	-	-	-
Loss on sale/disposal of assets	-	-	-	-	260,129	4,028,012	-	-	-	-
Total support services	$ 560,391,175	506,802,753	483,479,731	488,059,797	475,035,427	496,689,612	538,124,530	518,647,510	501,061,197	502,958,035
Total expenses	$ 1,285,033,186	1,187,998,083	1,130,844,555	1,154,653,111	1,189,071,574	1,182,279,602	1,401,309,100	1,406,462,957	1,365,470,988	1,329,109,069
Program revenues:										
Charges for services:										
Instruction	$ 11,587,754	8,619,364	7,144,293	7,347,485	6,135,034	4,897,115	5,270,970	4,668,475	5,508,572	9,168,741
Community services	4,781,636	4,365,200	4,144,116	1,904,323	1,789,570	1,844,915	1,981,562	2,022,823	1,994,701	2,333,636
Business services	6,006,239	5,398,788	5,068,641	4,899,266	3,230,905	2,613,852	1,962,560	1,755,862	2,000,182	1,571,882
Nutrition services	666,619	1,164,444	802,764	3,127,925	2,933,140	3,027,221	3,233,097	3,900,398	4,186,989	3,915,031
Operating grants and contributions:										
Instruction	202,268,798	184,229,896	201,995,731	202,656,277	218,784,528	218,860,380	284,307,386	288,369,454	314,249,488	211,544,865
Community services	5,331,144	5,559,121	6,141,526	5,865,138	6,689,857	6,286,075	6,693,672	7,218,268	8,472,311	6,389,186
Pupil and staff services	17,860,161	18,367,601	22,295,180	20,743,806	17,344,944	27,257,411	16,187,840	15,608,318	15,106,248	10,811,749
Business services	7,495,159	5,580,111	7,056,988	6,747,421	6,045,771	6,758,686	7,058,695	6,631,649	7,140,808	6,867,633
Nutrition services	53,349,946	52,242,705	49,190,624	41,820,458	39,875,043	39,259,843	39,640,325	37,770,914	34,803,122	32,462,000
Capital grants and contributions:										
Instruction	16,064,716	16,348,227	849,132	3,546,175	6,491,624	3,244,501	11,532,654	11,118,264	1,698,541	10,906,976
Total program revenues	$ 325,412,172	301,875,457	304,688,995	298,658,274	309,320,416	314,049,999	377,868,761	379,064,425	395,160,962	295,971,699
Net (expense)/revenue	$ (959,621,014)	(886,122,626)	(826,155,560)	(855,994,837)	(879,751,158)	(868,229,603)	(1,023,440,339)	(1,027,398,532)	(970,310,026)	(1,033,137,370)
General revenues and other changes in net position:										
Taxes:										
Property taxes levied for general purposes	$ 257,702,427	268,759,174	271,012,144	270,306,782	269,493,379	270,368,281	259,744,794	274,190,085	257,763,742	223,761,147
Property taxes levied for construction	1,100,000	10,600,000	9,600,000	9,600,000	8,619,687	5,127,012	14,729,342	9,074,793	17,001,718	16,975,373
Property taxes levied for debt service	2,366,738	4,209,121	4,600,529	2,477,582	5,426,145	5,475,630	5,698,454	2,342,002	1,870,414	-
Property taxes levied for community services	20,000,000	17,065,872	17,065,872	17,065,871	17,065,871	16,815,871	13,334,418	10,226,234	11,142,826	10,340,610
Other taxes	840,809	810,337	1,837,208	53,662	32,559	533,466	1,729,836	59,021	49,468	133,509
Federal and state aid not restricted to a specific purpose:										
General (equalization aid)	516,742,805	509,173,092	505,323,745	500,659,964	494,557,826	496,690,640	544,914,729	514,990,790	469,912,641	570,812,646
Other	62,102,128	61,046,450	58,305,357	58,682,525	58,969,122	63,378,858	73,161,388	75,412,753	78,351,979	70,601,690
Interest and investment earnings	1,321,804	4,349,251	2,913,071	2,541,815	254,662	224,216	289,979	759,476	1,159,402	2,496,060
Gain on sales of fixed assets	-	332,510	-	111,363	113,881	-		-	-	817,921
Other	1,071,422	1,019,580	932,736	497,674	2,624,753	3,285,553	4,636,939	1,075,826	1,045,095	-
Total general revenues	$ 863,248,133	877,365,387	871,590,662	861,997,238	857,157,885	861,899,527	918,239,879	888,130,980	838,297,285	895,938,956
Change in net position	$ (96,372,881)	(8,757,239)	45,435,102	6,002,401	(22,593,273)	(6,330,076)	(105,200,460)	(139,267,552)	(132,012,741)	(137,198,414)

See accompanying independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable										
Inventories	$ 1,886,572	1,643,145	1,026,248	973,880	907,073	746,342	586,777	-	-	-
Prepaid expenditures	3,440,257	9,453,791	5,236,234	5,908,136	1,388,395	2,011,198	3,032,231	-	-	-
Noncurrent advances				2,736,923	4,973,734	3,786,936	2,251,164	-	-	-
Noncurrent receivables	1,482,010	923,445	573,763	671,498						
Restricted										
Self-insurance deposits	3,240,153	8,069,749	7,243,936	5,550,712	4,408,669	4,454,209	3,723,449	-	-	-
Debt service	642,270	18,438,783	20,759,322	10,395,435	10,599,746	16,305,038	15,818,504	-	-	-
Flex spending	292,095	228,216	273,097	263,746	253,825	191,658	241,978	-	-	-
Committed for Construction					2,122	2,122	2,122	-	-	-
Assigned	2,810,155	975,383	2,732,369	2,421,323	3,104,129	4,925,111	1,123,863	-	-	-
Unassigned	28,414,710	40,566,631	41,791,865	49,871,027	53,322,696	63,927,286	64,820,786	-	-	-
Reserved	-	-	-	-	-	-	-	35,081,314	56,034,728	70,201,296
Unreserved	-	-	-	-	-	-	-	56,933,260	40,610,378	28,063,255
Total general fund	$ 42,208,222	80,299,143	79,636,834	78,792,680	78,960,389	96,349,900	91,600,874	92,014,574	96,645,106	98,264,551
Other Governmental Funds										
Restricted										
Debt service	$ -	-	-	3,657,983	941,258	940,863	-	-	-	-
Long term investment fund	2,752,746	2,750,127	250,000	-	-	-	-	-	-	-
School Nutrition Services	11,525,766	4,877,643	539,429	-	-	-	-	-	-	-
Capital projects	78,832,821	20,444,142	40,228,316	-	-	-	-	-	-	-
Committed										
Construction	3,737,681	21,010,508	9,207,227	18,002,317	17,075,169	27,013,589	44,604,504	-	-	-
Assigned	-	-	-	-						
Unassigned	-	-	-	(2,736,923)	(4,973,734)	(3,786,936)	(2,251,164)	-	-	-
Reserved	-	-	-	-	-	-	-	9,341,521	9,191,384	12,494,623
Unreserved										
Construction fund	-	-	-	-	-	-	-	37,687,706	-	858,122
Special revenue fund	-	-	-	-	-	-	-	(2,154,013)	(5,557,534)	(5,628,473)
Total all other governmental funds	$ 96,849,014	49,082,420	50,224,972	18,923,377	13,042,693	24,167,516	42,353,340	44,875,214	3,633,850	7,724,272

The District implemented GASB Statement No. 54 for the total governmental fund statements on June 30, 2011; accordingly, prior year data is based on before GASB Statement No. 54.

See accompanying independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property tax levy	$ 281,169,165	300,634,166	302,278,545	299,450,235	300,605,082	297,786,794	293,507,008	295,833,114	287,778,700	251,077,130
Other taxes	840,809	810,337	72,837	79,171	75,084	104,824	108,820	97,291	92,608	88,839
Lunchroom sales	666,617	1,164,437	802,753	3,112,692	2,924,898	2,943,482	3,226,519	3,853,462	4,180,102	3,774,957
Other local sources	30,206,030	24,708,014	20,881,176	17,998,591	15,033,619	11,680,793	11,836,869	10,288,493	12,686,419	16,967,736
Microsoft Settlement Refunds	—	5,918,672	—	1,557,605	4,492,796	278,642	6,706,515	6,796,310	—	—
State aid:										
Equalization aid	516,742,805	509,173,092	505,323,745	500,659,964	494,557,826	496,690,640	544,914,729	514,990,790	469,912,641	570,812,646
Special classes	48,340,685	50,423,437	53,338,018	53,565,720	51,792,301	54,013,275	49,429,225	46,323,816	47,564,912	42,288,233
Integration	33,145,802	31,692,817	32,247,348	33,522,834	34,178,357	35,235,721	39,158,028	40,804,682	41,276,129	41,864,808
Other state aid	68,218,662	59,234,848	60,425,803	52,813,148	51,039,137	48,365,268	72,947,102	73,460,777	76,658,767	55,720,015
Federal aid:										
Education Consolidation Improvement Act	76,904,906	68,908,095	77,649,649	89,387,237	96,038,429	106,765,706	121,910,586	121,231,450	102,207,198	81,727,901
School nutrition services	51,232,829	49,598,103	46,739,199	40,115,810	38,289,523	37,629,945	38,163,553	36,525,598	33,501,200	31,387,925
Erate refunds	4,237,974	9,682,625	—	—	52,666	2,753,269	3,346,923	1,920,868	1,751,957	3,638,805
Other federal aid	64,475,049	61,369,218	69,073,018	69,125,693	70,965,810	82,063,530	102,780,085	111,175,815	157,572,767	79,462,513
Intergovernmental aid from the City of Milwaukee	—	—	—	—	—	—	—	191,000	—	6,000,000
Miscellaneous	864,375	1,284,082	1,231,850	567,085	3,190,257	3,346,721	4,533,161	1,222,859	932,475	816,009
Interest and investment earnings	5,454,864	4,349,251	2,913,071	2,541,815	218,550	224,215	289,981	759,476	1,159,402	2,496,060
Total revenues	$ 1,182,500,572	1,178,951,194	1,172,977,012	1,164,497,600	1,163,454,335	1,179,882,825	1,292,859,104	1,265,475,801	1,237,275,277	1,188,123,577
Expenditures:										
Instructional services:										
Undifferentiated curriculum	$ 369,393,609	339,332,220	346,521,378	350,611,296	364,488,175	379,231,430	408,281,267	419,013,141	426,468,415	420,350,045
Regular and other curriculum	137,132,552	136,707,351	137,364,946	140,829,291	147,099,479	129,989,610	153,723,073	162,055,281	152,019,378	139,085,524
Special curriculum	148,780,813	152,478,100	162,957,532	167,157,217	170,451,744	158,713,453	169,704,527	158,358,450	141,682,491	128,758,524
Total instructional services	655,306,974	628,517,671	646,843,856	658,597,804	682,039,398	667,934,493	731,708,867	739,426,872	720,170,284	688,194,093
Community services	29,120,113	27,347,401	29,162,858	26,962,332	29,146,352	24,841,805	23,467,701	23,184,162	23,482,483	19,337,638
Pupil and staff services	135,823,969	126,867,497	132,154,096	126,212,196	127,419,348	132,786,434	158,034,350	141,633,899	136,274,148	130,014,574
General and school building administration	112,522,003	111,159,224	99,027,539	99,204,832	101,012,616	111,351,669	118,430,195	128,618,542	118,520,404	112,066,634
Business services	173,743,893	169,127,014	160,159,754	163,583,290	161,469,675	155,497,490	170,709,794	160,335,051	161,983,843	154,214,637
School nutrition services	46,971,470	48,841,829	46,653,985	42,699,913	43,938,860	43,525,912	43,247,754	39,803,908	39,547,617	38,476,566
Capital Outlay	41,396,795	38,460,201	39,116,285	14,690,949	21,948,535	34,504,618	21,847,799	19,371,066	21,845,269	38,476,566
Debt service:										
Principal	54,677,630	14,648,669	21,671,993	12,955,845	67,860,692	11,374,372	14,099,135	18,929,274	11,849,070	11,037,918
Interest	22,303,962	14,797,376	13,523,580	13,963,568	14,312,624	14,528,046	14,176,335	13,261,491	13,407,173	13,698,240
Bond issuance cost	407,528	8,762	61,999	36,434	528,668	34,769	111,525	2,113,376	33,858	480,561
Other	—	—	—	—	—	—	—	—	—	—
Total expenditures	$ 1,272,274,337	1,179,775,644	1,188,375,945	1,158,907,163	1,249,676,768	1,196,379,608	1,295,833,455	1,286,677,641	1,247,114,149	1,205,997,427
Excess of revenues over (under) expenditures	$ (89,773,765)	(824,450)	(15,398,933)	5,590,437	(86,222,433)	(16,496,783)	(2,974,351)	(21,201,840)	(9,838,872)	(17,873,850)
Other financing sources (uses) (note 7):										
Long-Term Debt Issued	$ 56,185,000	—	—					49,300,000	4,050,000	—
Proceeds from qualified zone academy bonds	—	—	—	—	—	—	—	—	—	—
Proceeds from Sale of Assets	3,747,618	120,245	1,406,273	122,538	183,585	3,059,985	38,777	287,395	—	—
Premium on debt issued	3,221,503	—	387,058	—	7,415,704	—	—	—	—	—
Proceeds from capital leases	—	—	38,000,000	—	—	—	—	11,504,297	—	—
Insurance proceeds	—	223,962	843,560	—	—	—	—	60,980	79,005	2,997,170
Refunding bond debt issued	29,095,000	—	6,907,791	—	50,108,810	—	—	11,020,000	—	—
Payment for refunded bond debt	—	—	—	—	—	—	—	(14,360,000)	—	—
Contribution for capital improvements	7,200,317	—	—	—	—	—	—	—	—	—
Discount on debt issued	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses), net	$ 99,449,438	344,207	47,544,682	122,538	57,708,099	3,059,985	38,777	57,812,672	4,129,005	2,997,170
Net change in fund balance	$ 9,675,673	(480,243)	32,145,749	5,712,975	(28,514,334)	(13,436,798)	(2,935,574)	36,610,832	(5,709,867)	(14,876,680)
Debt service as a percentage of noncapital expenditures	6.7%	2.6%	3.2%	2.4%	7.2%	2.3%	2.3%	2.8%	2.1%	2.2%

See accompanying independent auditors' report.

Source of information Statement of Revenues, Expenditures, and Changes in Fund Balance statement.

MILWAUKEE PUBLIC SCHOOLS

Assessed and Equalized Valuation—City of Milwaukee

(in thousands)

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

Assessed Year		Assessed valuation	Assessed valuation increase (decrease) over prior years	Equalized valuation
1987	....	$ 11,303,217	$ 163,214	$ 11,709,716
1988	....	11,865,999	562,782	12,002,681
1989	....	12,017,462	151,463	12,648,530
1990	....	12,614,531	597,069	12,808,708
1991	....	12,701,237	86,706	13,189,084
1992	....	13,336,770	635,533	13,279,156
1993	....	13,345,968	9,198	14,047,985
1994	....	14,029,734	683,766	14,363,706
1995	....	13,976,649	(53,085)	14,821,109
1996	....	14,850,607	873,958	15,041,199
1997	....	14,914,137	63,530	15,511,857
1998	....	16,072,114	1,157,977	16,228,218
1999	....	15,773,850	(298,264)	16,701,225
2000	....	17,582,995	1,809,145	17,344,251
2001	....	17,699,784	116,789	19,453,830
2002	....	19,866,255	2,166,471	20,298,387
2003	....	21,009,517	1,143,262	21,730,754
2004	....	22,772,419	1,762,902	23,491,773
2005	....	25,222,149	2,449,730	26,256,714
2006	....	28,354,952	3,132,803	30,226,984
2007	....	29,374,373	1,019,421	31,887,192
2008	....	30,431,675	1,057,302	32,257,525
2009	....	28,944,573	(1,487,102)	31,266,329
2010	....	28,048,464	(896,109)	29,520,783
2011	....	27,917,642	(130,822)	27,954,670
2012	....	25,322,101	(2,595,541)	26,421,932
2013	....	25,034,158	(287,943)	26,089,611
2014	....	25,024,542	(9,616)	26,138,108
2015	....	25,262,963	238,421	25,980,470
2016	....	25,974,259	711,296	27,042,047

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

MILWAUKEE PUBLIC SCHOOLS

Property Tax Rates—Direct and Overlapping Government

Last Ten Years

Budget year	Milwaukee School Board (B)		City of Milwaukee (A)		Milwaukee Area District Board of Vocational, Technical, and Adult Education		County of Milwaukee		State of Wisconsin		Milwaukee Metropolitan Sewerage District		Total (C)	
	TAX RATES PER $1,000 OF ASSESSED VALUE AND PERCENT OF TOTAL													
2007	7.48	33.4	7.28	32.5	1.89	8.4	4.18	18.7	0.19	0.8	1.39	6.2	22.41	100.0 %
2008	7.96	34.4	7.46	32.2	1.92	8.3	4.22	18.3	0.19	0.8	1.39	6.0	23.14	100.0
2009	8.75	36.3	7.59	31.6	1.94	8.1	4.20	17.5	0.18	0.8	1.37	5.7	24.03	100.0
2010	9.41	36.2	8.42	32.4	2.06	8.0	4.48	17.2	0.18	0.7	1.43	5.5	25.98	100.0
2011	9.49	35.7	8.67	32.6	2.02	7.6	4.69	17.7	0.18	0.7	1.52	5.7	26.57	100.0
2012	9.69	36.0	8.86	32.9	1.95	7.3	4.72	17.6	0.17	0.6	1.51	5.6	26.90	100.0
2013	10.73	35.8	9.87	33.0	2.21	7.4	5.26	17.5	0.18	0.6	1.70	5.7	29.95	100.0
2014	10.86	35.5	10.23	33.4	2.22	7.2	5.35	17.5	0.18	0.6	1.78	5.8	30.62	100.0
2015	10.93	36.5	10.42	34.7	1.33	4.4	5.33	17.8	0.17	0.6	1.79	6.0	29.97	100.0
2016	10.52	35.8	10.29	35.1	1.29	4.4	5.28	18.0	0.18	0.6	1.79	6.1	29.35	100.0

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

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

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

Source: City of Milwaukee CAFR

MILWAUKEE PUBLIC SCHOOLS

Tax Rates for School Purposes

Last Ten Years
(per $1,000 of Assessed Value)

Budget Year (a)	School Operations	Construction	Extension	Total(b)
2008	$ 6.60	$ 0.50	$ 0.31	$ 7.41
2009	7.44	0.49	0.32	8.25
2010	8.36	0.27	0.31	8.94
2011	8.18	0.45	0.41	9.05
2012	8.61	0.16	0.53	9.30
2013	9.47	0.30	0.59	10.35
2014	9.57	0.34	0.60	10.51
2015	9.72	0.34	0.60	10.66
2016	9.26	0.36	0.58	10.20
2017	8.63	0.04	0.66	9.33

Tax Levies for School Purposes

Last Ten Years

Budget Year (a)	School Operations	Construction	Extension	Total
2008	$ 223,761,147	$ 16,975,373	$ 10,340,610	$ 251,077,130
2009	259,634,156	17,001,718	11,142,826	287,778,700
2010	276,532,087	9,074,793	10,226,234	295,833,114
2011	265,443,248	14,729,342	13,334,418	293,507,008
2012	275,843,911	5,127,012	16,815,871	297,786,794
2013	274,919,524	8,619,687	17,065,871	300,605,082
2014	272,784,364	9,600,000	17,065,871	299,450,235
2015	275,612,673	9,600,000	17,065,871	302,278,544
2016	272,968,295	10,600,000	17,065,871	300,634,166
2017	260,069,165	1,100,000	20,000,000	281,169,165

(a) Corresponds to MPS fiscal year dates.

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

Milwaukee Public Schools
Principal Property Taxpayers
(Thousands of Dollars)

Employer	City's Fiscal Year 2016 Assessed Value	City's Fiscal Year 2016 Percentage of Total Assessed	City's Fiscal Year 2007 Assessed Value	City's Fiscal Year 2007 Percentage of Total Assessed
Northwestern Mutual Life Insurance Company	$ 278,980	1.07 %	$ 172,345	0.61 %
U.S. Bank	223,288	0.86	231,041	0.81
Mandel Group	150,405	0.58	—	—
Juneau Village/Prospect Tower/Katz Properties	125,457	0.48	—	—
Forest County Potawatomi Community	130,968	0.4	—	—
Metropolitan Associates	98,785	0.38	107,792	0.38
Marcus Corp./Mil. City Center/Pfister	92,772	0.36	97,492	0.34
NNN 411 E. Wisconsin LLC	87,371	0.34	97,877	0.35
Gorman & Co.	80,247	0.31	—	—
Jackson Street Holdings	79,175	0.30	—	—
Towne Realty	—	—	94,774	0.33
M&I Marshall & Ilsley Bank/Metavente Corp	—	—	80,462	0.28
Crichton-Hauk/Shoreline/Juneau Village	—	—	73,276	0.26
E C Milwaukee Joint Venture	—	—	68,405	0.24
	$ 1,347,448	5.08 %	$ 1,023,464	3.6 %

Source: City CAFR

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

				Collected for the Levy Year (B)		Collections		Total Collections to Date	
Budget Year*	Taxes Levied for the Fiscal Year (Original Levy) (D)	Purchased and Adjustments (A)	Total Adjusted Levy	Current Tax Collections	Percent Original Levy Collected	Purchased Delinquents Original Levy Year (C)	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2007	$ 265,319	$ 31,679	$ 296,998	$ 257,347	97.00 %	$ 18,577	$ 20,894	$ 296,817	99.94 %
2008	286,180	37,048	323,228	277,115	96.83	23,945	21,934	322,995	99.93
2009	276,186	33,854	310,040	265,691	96.20	18,017	25,923	309,631	99.87
2010	291,943	30,882	322,825	281,196	96.32	16,482	24,420	322,098	99.77
2011	295,967	29,299	325,266	284,691	96.19	16,049	23,285	324,025	99.62
2012	301,051	27,696	328,747	288,749	95.91	13,596	24,623	326,968	99.46
2013	304,700	25,668	330,368	293,489	96.32	16,237	17,713	327,440	99.11
2014	307,246	21,966	329,212	296,107	96.37	13,875	13,767	323,751	98.34
2015	312,216	20,703	332,919	302,094	99.76	12,471	7,883	322,448	96.85
2016	312,091	20,032	332,123	302,007	96.77	5,743	-	307,750	92.66

Milwaukee Public Schools		
Budget Year*	Total Tax Levy	Percentage of Levy
2007	$ 251,077	100.00 %
2008	287,779	100.00
2009	295,833	100.00
2010	293,507	100.00
2011	297,787	100.00
2012	300,605	100.00
2013	299,450	100.00
2014	302,279	100.00
2015	300,634	100.00
2016	281,169	100.00

(A) This column includes adjustments. The City purchases delinquent taxes from the other units (Milwaukee County, Metropolitan Sewage District, State, Milwaukee Area Technical College and Milwaukee Public Schools). Prior years' amounts in this column have been revised to reflect activity in CAFR 2016.

(B) Tax collections begin in December for the succeeding Budget Year. Prior years' amounts in this column have been revised to reflect activity in CAFR 2016.

(C) Collections of (A) in the year purchased. Prior years' amounts in this column have been revised to reflect activity in CAFR 2016.

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

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

Source: City of Milwaukee CAFR and MPS

Milwaukee Public Schools
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
(Thousand of Dollars)

Fiscal Year(1)	Real Estate	Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
2007	$ 28,430,813	$ 943,560	$ 29,374,373	$ 31,887,192	7.99	92.1 %
2008	29,429,740	1,001,935	30,431,675	32,257,525	8.00	94.3
2009	27,961,413	983,160	28,944,573	31,266,329	8.09	92.6
2010	27,091,120	957,344	28,048,464	29,520,783	8.89	95.0
2011	27,007,839	909,804	27,917,643	27,954,670	9.12	99.9
2012	24,450,181	871,920	25,322,101	26,421,932	9.25	95.8
2013	24,169,993	864,165	25,034,158	26,089,611	10.25	96.0
2014	24,084,276	940,266	25,024,542	26,138,108	10.58	95.7
2015	24,412,068	850,895	25,262,963	25,980,470	10.71	97.2
2016	25,131,707	842,552	25,974,259	27,042,047	10.61	96.1

(1) Corresponds to City of Milwaukee's Budget Year.

Source: City CAFR & 2016 City Assessor's Office

MILWAUKEE PUBLIC SCHOOLS

Computation of Direct and Overlapping Governmental Activities

December 31, 2016

(in thousands)

Name of governmental unit	Net debt outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with property taxes			
Direct debt:			
Milwaukee Public Schools	$ 381,985	100.00 %	$ 382,774
Overlapping debt:			
City of Milwaukee	857,223	100.00	857,223
Milwaukee Area Technical College District Board	104,295	36.00	37,546
County of Milwaukee	648,080	44.83	290,534
Milwaukee Metropolitan Sewerage Area	881,224	45.46	400,604
Total overlapping debt			1,585,907
Total district and overlapping debt			$ 1,968,681

Sources: City of Milwaukee CAFR 2016 except Milwaukee Public Schools based on 6-30-17.

Milwaukee Public Schools
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	General Bonded Debt				
Fiscal Year	General Obligation Bonds and Notes	Less: Resources Restricted to Repaying Principal	Total	Percentage of Equalized Property Value(1)	Per Capita
2008	$ 9,804,615	$ 1,568,600	$ 8,236,015	0.03%	0.04%
2009	12,165,969	383,600	11,782,369	0.04%	0.05%
2010	71,415,847	383,600	71,032,247	0.24%	0.33%
2011	67,042,677	383,510	66,659,167	0.24%	0.29%
2012	62,607,058	349,614	62,257,444	0.24%	0.26%
2013	63,000,610	1,270,148	61,730,462	0.24%	0.26%
2014	61,880,101	4,678,301	57,201,800	0.22%	0.23%
2015	63,854,812	11,514,175	52,340,637	0.20%	0.20%
2016	61,578,241	14,606,254	46,971,987	0.17%	N/A
2017	45,110,652	-	45,110,652	0.17%	N/A

	Other Governmental Activities Debt								
		Pension Debt Revenue Bonds							
Fiscal Year	QZAB Revenue Bonds	Capital Appreciation Bonds	Variable Rate Debt	NSI Revenue Bonds	TEACH Loans	Capital Leases	Total Primary Government	Percentage of Personal Income(2)	Per Capita
2008	$ 8,369,589	$ 40,250,009	$ 130,850,000	$ 106,447,870	$ 4,520,395	$ 33,222,400	$ 331,896,278	1.48%	$ 562
2009	7,042,189	42,799,284	130,850,000	103,527,948	2,429,771	29,460,000	327,891,561	1.52%	561
2010	5,668,324	45,510,230	130,850,000	99,607,279	1,659,026	14,625,679	368,952,785	1.71%	636
2011	4,560,243	48,393,112	130,850,000	95,480,699	849,744	10,929,713	357,722,677	1.54%	601
2012	3,681,039	51,458,848	130,850,000	90,994,121	-	10,245,000	349,486,452	1.44%	587
2013	2,769,721	54,719,050	130,850,000	85,933,361	-	4,950,000	340,952,594	1.42%	572
2014	2,054,976	56,259,857	130,850,000	81,869,778	-	4,375,000	332,611,411	1.34%	558
2015	1,418,388	56,856,122	130,850,000	76,171,399	-	38,000,000	355,636,546	1.39%	597
2016	913,095	57,942,017	130,850,000	70,058,760	-	38,000,000	344,735,859	N/A	580
2017	-	58,032,746	130,850,000	57,518,610	-	91,261,923	382,773,931	N/A	N/A

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

Milwaukee Public Schools
Pledged Revenue Coverage
Last Ten Fiscal Years

Neighborhood Schools Initiative Bonds

Fiscal Year	Intradistrict Aid	Debt Service Principal	Debt Service Interest	Coverage
2008	$ 38,625,243	$ 1,790,000	$ 4,373,834	6.27
2009	37,965,736	2,980,000	4,308,219	5.21
2010	37,439,086	3,985,000	4,204,253	4.57
2011	36,130,070	4,195,000	4,071,676	4.37
2012	32,120,101	4,555,000	3,919,868	3.79
2013	31,449,026	4,960,000	3,745,504	3.61
2014	31,282,469	4,430,000	3,675,067	3.86
2015	30,325,834	5,130,000	3,192,335	3.64
2016	29,913,303	5,550,000	3,004,385	3.50
2017	31,676,210	6,530,000	2,544,591	3.49

MILWAUKEE PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

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

(A) *The December 31, 2007 through 2016 populations are estimated from the Wisconsin Department of Administration. (The population differs from the Census Bureau).*

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

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

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

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

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

source: City of Milwaukee 2016 CAFR.

MILWAUKEE PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

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

(1) Reflects full-time equivalent employees of businesses and industrial firms.
Note: Data includes all of Milwaukee County and areas contiguous to Milwaukee County.

source: City of Milwaukee CAFR

MILWAUKEE PUBLIC SCHOOLS

Comparative per Capita Cost Statistics

Last Ten Fiscal Years

		Cost per pupil	
2007 – 2008	....	13,055	
2008 – 2009	....	13,783	**
2009 – 2010	....	14,574	**
2010 – 2011	....	14,803	**
2011 – 2012	....	13,911	**
2012 – 2013	....	14,059	
2013 – 2014	....	13,673	
2014 – 2015	....	14,269	
2015 – 2016	....	14,612	
2016 – 2017	....	15,697	

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

MILWAUKEE PUBLIC SCHOOLS

Comparative Statement of Annual School Census

Children Between 4 and 19 Years of Age
Residing in the City of Milwaukee

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

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

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

MILWAUKEE PUBLIC SCHOOLS

Annual Enumeration of Children Residing
in the City of Milwaukee

As of June 30, 2017

Ages**	Males	Females	Total**	Attended public school	Attended parochial or private school	Did not attend school
Under 4	18,988	18,526	37,514	7,031	2,258	28,225
4 to 9	27,898	26,245	54,143	33,531	8,979	11,633
10 to 14	21,383	21,330	42,713	33,055	8,679	979
15 to 17	12,694	13,049	25,743	20,892	3,946	905
18 to 19	11,096	11,092	22,188	11,333	5,993	4,862
20	6,012	5,838	11,850	6,053	3,201	2,596
Grand total	98,071	96,080	194,151	111,895	33,056	49,200

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

MILWAUKEE PUBLIC SCHOOLS

Government-wide Expenses by Function

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal year	Instruction	Community services	Pupil and staff services	General administrative and central services	Business services	School Nutrition Services	Interest on long-term debt	Loss on sale/ disposal of buildings/software	Total
2008	$ 826,151	$ 19,658	$ 132,463	$ 117,405	$ 176,007	$ 40,654	$ 16,771	-	$ 1,329,109
2009	864,410	25,574	138,220	118,454	161,739	40,892	16,181	-	1,365,471
2010	887,815	25,538	143,517	132,145	159,725	40,555	17,166	-	1,406,463
2011	863,185	27,499	160,716	117,817	169,960	44,205	17,927	-	1,401,309
2012	685,590	26,042	135,649	113,952	154,702	44,527	17,790	4,028	1,182,280
2013	714,036	30,537	130,190	103,503	149,452	44,946	16,148	260	1,189,072
2014	666,593	27,612	127,674	101,276	167,753	43,657	20,089	-	1,154,653
2015	647,365	29,312	131,799	98,125	160,678	47,234	16,332	-	1,130,845
2016	681,195	27,789	128,940	112,899	169,413	50,101	17,661	-	1,187,998
2017	724,642	31,771	150,133	125,110	180,855	49,625	22,897	-	1,285,033

MILWAUKEE PUBLIC SCHOOLS

Government-wide Revenues

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal year	Charges for services	Operating grants and contributions	Capital grants and contributions	Property taxes	Federal and state aid not restricted to a specific purpose	Interest and investment earnings	Miscellaneous	Total
2008	$ 16,989	$ 268,075	$ 10,907	$ 251,211	$ 641,415	$ 2,496	$ 818	$ 1,191,911
2009	13,690	379,772	1,699	287,828	548,265	1,159	1,045	1,233,459
2010	12,348	355,599	11,118	295,892	590,404	759	1,076	1,267,195
2011	12,448	353,888	11,533	295,237	618,076	290	4,637	1,296,109
2012	12,383	298,422	3,245	298,320	560,070	224	3,286	1,175,950
2013	14,089	288,740	6,492	300,637	553,527	255	2,738	1,166,478
2014	17,279	277,833	3,546	299,505	559,342	2,542	609	1,160,656
2015	17,160	286,680	849	304,116	563,629	2,913	933	1,176,280
2016	19,548	265,979	16,348	301,444	570,219	4,349	1,353	1,179,240
2017	23,042	286,305	16,065	282,010	578,845	1,322	1,071	1,188,660

MILWAUKEE PUBLIC SCHOOLS

Governmental Fund Expenditures by Function

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal year	Instruction	Community services	Pupil & staff services	General and school building administration	Business services	School Nutrition Services	Capital outlay	Debt service	Other	Total
2008	$ 688,194	$ 19,337	$ 130,014	$ 112,067	$ 169,020	$ 38,477	$ 23,671	$ 25,217	—	$ 1,205,997
2009	720,170	23,483	136,274	118,520	161,984	39,548	21,845	25,290	—	1,247,114
2010	739,427	23,184	141,634	128,619	160,335	39,804	19,371	34,304	—	1,286,678
2011	731,709	23,468	158,034	118,430	170,710	43,248	21,848	28,387	—	1,295,834
2012	667,935	24,842	132,786	111,352	155,497	43,526	34,505	25,937	—	1,196,380
2013	682,039	29,146	127,419	101,013	161,470	43,939	21,949	82,702	—	1,249,677
2014	658,598	26,962	126,212	99,205	163,583	42,700	14,691	26,956	—	1,158,907
2015	646,844	29,163	132,154	99,028	160,160	46,654	39,116	35,257	—	1,188,376
2016	628,518	27,347	126,868	111,159	169,127	48,842	38,460	29,455	—	1,179,776
2017	655,307	29,120	135,824	112,522	173,744	46,971	41,397	77,389	—	1,272,274

MILWAUKEE PUBLIC SCHOOLS

General Governmental Revenues by Source

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal year	Property tax levy	Lunchroom sales	Other local sources	State aid	Federal aid	Intergovernmental aid	Miscellaneous	Interest and investment earnings	Total
2008	$ 251,077	$ 3,775	$ 17,056	$ 710,686	$ 196,218	$ 6,000	$ 816	$ 2,496	$ 1,188,124
2009	287,779	4,180	12,779	635,413	295,033	-	932	1,159	1,237,275
2010	295,833	3,853	17,182	675,581	270,854	191	1,223	759	1,265,476
2011	293,507	3,227	18,652	706,449	266,201	-	4,533	290	1,292,859
2012	297,787	2,943	12,065	634,305	229,212	-	3,347	224	1,179,883
2013	300,605	2,925	19,601	631,567	205,347	-	3,190	219	1,163,454
2014	299,450	3,113	19,635	640,562	198,629	-	567	2,542	1,164,498
2015	302,279	803	20,954	651,335	193,461	-	1,232	2,913	1,172,977
2016	300,634	1,164	31,437	650,524	189,559	-	1,284	4,349	1,178,951
2017	281,169	667	31,047	666,448	196,851	-	864	5,455	1,182,501

MILWAUKEE PUBLIC SCHOOLS

School Accommodations

Last Thirty-six Years

	Instructional staff (a)	Number of school buildings (b)	Average school year daily membership	
1981 – 1982	5,167	150	82,632	(c)
1982 – 1983	5,019	150	82,353	(c)
1983 – 1984	5,026	144	82,667	
1984 – 1985	5,126	143	84,443	
1985 – 1986	5,380	145	86,836	
1986 – 1987	5,474	144	87,283	
1987 – 1988	5,581	145	87,949	
1988 – 1989	5,675	146	89,675	
1989 – 1990	5,791	146	90,595	
1990 – 1991	5,920	149	90,487	
1991 – 1992	6,872	154	91,071	
1992 – 1993	6,811	156	94,694	
1993 – 1994	6,817	155	96,496	
1994 – 1995	6,816	155	98,312	
1995 – 1996	6,682	154	99,278	
1996 – 1997	6,785	154	101,622	
1997 – 1998	7,005	157	102,914	
1998 – 1999	7,187	157	102,097	
1999 – 2000	7,114	157	100,682	
2000 – 2001	7,128	158	99,332	
2001 – 2002	7,154	164	99,302	
2002 – 2003	7,137	164	99,054	
2003 – 2004	7,266	168	98,323	
2004 – 2005	6,512	173	96,874	
2005 – 2006	6,420	177	94,973	
2006 – 2007	6,033	177	92,224	
2007 – 2008	6,010	178	89,110	
2008 – 2009	5,961	178	87,137	
2009 – 2010	5,853	177	85,239	
2010 – 2011	5,501	174	84,422	
2011 – 2012	5,267	173	82,982	
2012 – 2013	4,959	175	81,754	
2013 – 2014	5,385	168	81,744	
2014 – 2015	5,298	169	80,437	
2015 – 2016	5,271	168	78,173	
2016 – 2017	5,199	168	78,652	

(a) Including principals.
(b) Includes leased sites.
(c) Kindergarten 1/2 day membership converted to full day equivalents.

MILWAUKEE PUBLIC SCHOOLS

Number and Distribution of Instructional Staff

Last Ten Fiscal Years

Classifications	**2007 – 2008**	**2008 – 2009**	**2009 – 2010**	**2010 – 2011**	**2011 – 2012**	**2012 – 2013**	**2013 – 2014**	**2014 – 2015**	**2015 – 2016**	**2016 – 2017**
Senior high and middle schools:										
Principals	32	30	29	25	22	18	20	18	23	20
Assistant principals	74	71	76	61	52	52	54	51	56	64
Teachers	1,701	1,464	1,404	1,432	1,510	1,406	1,425	1,204	1,392	1,376
Total	1,807	1,565	1,509	1,518	1,584	1,476	1,499	1,273	1,471	1,460
Elementary schools:										
Principals	110	101	104	96	96	84	92	88	92	93
Assistant principals	59	68	61	55	34	34	55	52	56	61
Teachers	3,425	3,678	3,610	3,452	2,987	2,616	2,898	2,961	2,912	2,831
Total	3,594	3,847	3,775	3,603	3,117	2,734	3,045	3,101	3,060	2,985
Special schools and classes:										
Principals	3	3	4	2	5	10	7	8	9	10
Assistant principals	4	4	7	4	6	7	8	9	11	9
Teachers	602	542	558	374	555	323	363	374	365	367
Total	609	549	569	380	566	340	378	391	385	386
Summary:										
Principals	145	134	137	123	123	112	119	114	124	123
Assistant principals	137	143	144	120	92	93	117	112	123	134
Teachers	5,728	5,684	5,572	5,258	5,052	4,345	4,686	4,539	4,669	4,574
Total	6,010	5,961	5,853	5,501	5,267	4,550	4,922	4,765	4,916	4,831
Superintendent, deputy and assistant superintendent, department directors and assistants, guidance and psychological counselors, librarians, and supervisors	418	420	421	406	416	409	463	476	484	510
Grand total	6,428	6,381	6,274	5,907	5,683	4,959	5,385	5,241	5,400	5,341

MILWAUKEE PUBLIC SCHOOLS

Population and Pupils
Residing in the City of Milwaukee

Last Ten Fiscal Years

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Total number of school age children according to city-wide child census	152,244	152,323	151,232	148,293	146,741	144,870	160,214	158,267	144,696	156,637 **
Enrollment for state aid:*										
Third Friday	91,947	90,053	87,914	87,157	85,886	84,725	84,597	83,126	80,617	80,843
Summer school	428	430	374	382	115	107	163	155	123	210
Total	92,375	90,483	88,288	87,539	86,001	84,832	84,760	83,281	80,740	81,053
Average number enrolled:										
Senior high	28,466	27,839	27,308	26,660	25,337	24,769	24,516	23,957	23,680	23,418
Junior high/middle	19,233	18,204	17,469	17,492	17,649	17,201	17,064	16,603	16,396	16,557
Elementary	46,273	46,218	45,269	45,262	44,932	44,762	45,259	44,419	43,389	43,874
Total	93,972	92,261	90,046	89,414	87,918	86,732	86,839	84,979	83,465	83,849
Average number attending:										
Senior high	22,205	22,958	22,469	23,172	21,111	21,010	20,807	20,771	20,035	19,701
Junior high/middle	17,047	16,015	15,623	15,737	16,037	15,682	15,491	15,531	15,311	15,400
Elementary	42,465	42,363	41,793	41,737	41,254	41,076	41,753	41,561	40,777	41,038
Total	81,717	81,336	79,885	80,646	78,402	77,768	78,051	77,863	76,123	76,139

* Non-resident and choice students not included.

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

Milwaukee Public Schools
Operating Statistics
Last Ten Years

Fiscal Year	Enrollment For State Aid		Operating Expenses	Cost Per Pupil		Teaching Staff	Pupil/ Teacher Ratio	
2017	81,053		$1,285,033,186	$ 15,854		5,694	14.23:1	
2016	80,740		1,187,998,083	14,714		5,687	14.20:1	
2015	83,281		1,130,844,555	13,579		5,649	14.74:1	
2014	84,760		1,154,653,111	13,623		5,545	15.29:1	
2013	84,832		1,189,071,574	14,017		5,591	15.17:1	
2012	86,001	(a)	1,182,279,602	13,747	(a)	5,505	15.62:1	(a)
2011	87,539	(a)	1,401,309,100	16,008	(a)	6,134	14.27:1	(a)
2010	88,288	(a)	1,406,462,957	15,930	(a)	6,602	13.37:1	(a)
2009	90,483	(a)	1,365,470,988	15,091	(a)	6,819	13.27:1	(a)
2008	92,375		1,329,109,069	14,388		6,944	13.30:1	

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

Milwaukee Public Schools
School District Employees - Full Time Staff & Part Time
Last Ten Years

Year Ending June 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Supervisory										
Officials, Admin., Mgrs.	103	102	96	103	93	91	79	52	56	54
Principals	123	124	117	120	114	124	122	137	134	142
Part time profess/Ins.	571	534	511	419	317	396	361	439	682	574
Total supervisory	797	760	724	642	524	611	562	628	872	770
Instruction										
Asst. Prin. - Teach	134	123	114	116	101	91	118	144	143	165
Elementary Clsrm. Teach	2,832	2,913	2,922	2,867	2,960	3,003	3,264	3,610	3,678	3,697
Secondary Clsrm. Teach	1,098	1,131	1,142	1,173	1,412	1,396	1,546	1,404	1,464	1,680
Other Clsrm. Teach	645	625	643	648	343	441	499	558	542	589
Other Prof. Staff	499	497	463	390	417	358	354	494	484	397
Teacher Aides	486	398	365	351	358	216	353	392	508	416
Total instruction	5,694	5,687	5,649	5,545	5,591	5,505	6,134	6,602	6,819	6,944
Student Services										
Guidance	105	97	93	94	88	76	70	56	48	49
Psychological	135	137	137	128	135	139	150	163	152	145
Librarian/Audiovisual	30	30	33	30	25	27	36	44	39	32
Consultants/Supervisors	137	118	117	72	61	97	95	96	96	80
Technicians	94	96	94	64	52	70	71	65	71	64
Total student services	501	478	474	388	361	409	422	424	406	370
Support and Administration										
Clerical/Secretarial	353	339	359	353	388	350	435	491	520	583
Service Workers	446	408	397	387	397	572	573	416	415	415
Craft Workers - Skilled	301	309	312	354	362	339	351	352	382	448
Laborers - Unskilled	55	52	53	69	13	52	55	67	80	95
All other Part-time	3,810	3,687	3,820	3,710	4,081	3,928	4,396	4,107	4,961	4,786
Total support and administration	4,965	4,795	4,941	4,873	5,241	5,241	5,810	5,433	6,358	6,327
Total	11,957	11,720	11,788	11,448	11,717	11,766	12,928	13,087	14,455	14,411

Milwaukee Public Schools
Nutrition Services - Facts and Figures
Last Ten Years

Year Ending June 30,

	2017	2016	2015*	2014	2013	2012	2011	2010	2009	2008
Number of schools participating in:										
Lunch - regular schedule	163	156	158	163	164	158	164	171	175	170
Breakfast program	163	157	158	163	164	152	155	161	158	158
Snack program	68	66	70	93	83	65	82	85	100	99
Student lunches served:										
Free	9,540,046	9,529,532	9,570,975	7,928,445	7,784,596	8,005,894	7,876,717	7,686,178	7,246,531	7,176,603
Reduced	-	-	-	368,321	436,303	482,170	537,693	776,288	901,725	954,705
Fully paid	-	-	-	684,351	773,741	884,638	1,078,221	1,207,742	1,380,135	1,381,187
Total	9,540,046	9,529,532	9,570,975	8,981,117	8,994,640	9,372,702	9,492,631	9,670,208	9,528,391	9,512,495
Non-federal program meals served:	226,439	325,722	288,695	301,692	152,376	175,783	187,634	194,135	213,691	227,208
Student breakfasts/snacks served:										
Free	7,004,583	6,956,879	6,434,123	5,365,033	5,220,603	4,636,128	4,680,041	4,436,904	3,981,425	3,864,927
Reduced	-	-	-	177,137	207,954	223,890	253,677	355,182	379,262	384,493
Fully paid	-	-	-	364,781	392,529	407,651	504,831	498,973	517,415	484,573
Total	7,004,583	6,956,879	6,434,123	5,906,951	5,821,086	5,267,669	5,438,549	5,291,059	4,878,102	4,733,993
Number of serving days:										
Regular schedule	218	204	204	204	213	225	234	250	262	225
Average daily participation:										
Student lunch	43,762	46,713	46,917	44,025	42,228	41,656	40,567	38,681	40,720	42,278
Adult lunch	1,039	1,597	1,415	1,479	715	781	802	777	913	1,010
Student breakfast	30,020	31,178	29,197	26,278	26,060	22,417	22,157	19,744	19,226	19,331
Student snacks	2,169	2,071	2,178	2,108	2,184	2,184	2,856	2,773	3,588	3,331
September 15 pupil count	80,843	80,617	83,126	84,597	84,725	87,157	87,914	90,053	87,392	90,825
Percentage of students daily eating school lunch	54.13%	57.94%	56.44%	52.04%	49.84%	47.79%	46.14%	42.95%	46.59%	46.55%

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

Milwaukee Public Schools
Capital Asset Information
Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools										
Number of Buildings	122	124	120	119	119	119	121	121	122	121
Square Footage	9,037,640 (a)	9,151,094 (a)	8,349,586 (a)	8,028,355	8,028,355	8,028,355	8,201,800	8,217,917	8,282,172	8,479,854
Capacity	57,054 (a)	57,452 (a)	58,399 (a)	65,751	65,751	65,751	66,923	67,095	67,316	66,416
Enrollment	45,834	45,750	46,944	47,605	48,011	48,305	49,689	50,007	50,457	50,275
Middle Schools										
Number of Buildings	6	6	9	7	7	7	8	13	10	14
Square Footage	1,070,000 (a)	1,070,000 (a)	1,500,105 (a)	1,343,877	1,343,877	1,343,877	1,462,631	2,362,648	1,753,494	2,403,230
Capacity	5,393 (a)	5,393 (a)	7,586 (a)	5,900	5,900	5,900	6,620	11,480	8,300	12,420
Enrollment	3,244	4,174	4,098	4,559	5,198	5,993	6,286	6,343	6,841	8,213
High Schools										
Number of Buildings	16	16	12	13	13	13	13	11	12	14
Square Footage	4,584,995 (a)	4,584,995 (a)	3,961,021 (a)	3,621,282	3,621,282	3,621,282	3,621,282	3,253,455	3,548,890	4,080,365
Capacity	18,512 (a)	18,512 (a)	15,403 (a)	18,138	18,138	18,138	18,138	15,370	17,370	20,539
Enrollment	17,272	16,996	17,793	18,344	18,960	19,906	20,754	21,590	22,252	23,193
Other Schools										
Number of Buildings	13	13	19	22	22	22	22	16	17	12
Square Footage	1,958,914 (a)	1,958,914 (a)	2,972,413 (a)	3,833,312	3,833,312	3,833,312	3,833,312	3,419,216	3,668,680	2,373,065
Capacity	9,060 (a)	9,060 (a)	13,671 (a)	17,507	17,507	17,507	17,507	16,289	17,290	10,673
Enrollment	10,504	8,668	8,556	7,994	6,292	5,894	4,643	4,504	5,819	5,679
Administrative/Service										
Number of Buildings	56	56	56	56	56	56	56	58	58	55
Square Footage	833,650	833,650	833,650	833,650	833,650	833,650	832,871	838,839	838,839	705,268
Athletics										
Football Fields*	35	35	35	35	35	35	35	35	35	35
Soccer Fields**	21	21	21	21	21	21	21	21	21	21
Running Tracks	11	11	12	13	13	13	13	13	13	13
Baseball/Softball***	72	72	72	72	72	72	72	72	72	72
Swimming Pools	22	22	22	22	22	22	22	22	13	13
Playgrounds	138	141	141	144	144	144	147	147	147	147

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

Note: Excludes leased sites