

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2024

NEW ISSUE - BOOK ENTRY ONLY
Non-Bank Qualified

RATINGS: Fitch "AAA"
Moody's "Aa1"
S&P Global "AA+"
(See "RATINGS" herein)

In the opinion of Foley & Lardner LLP and MWH Law Group LLP, Co-Bond Counsel, under existing law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on certain corporations. The District will NOT designate the Obligations as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Obligations. Interest on the Obligations is not exempt from current State of Wisconsin income or franchise taxes.



\$90,000,000
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN
General Obligation Sewerage System Bonds, Series 2024D
(Green Bonds – Climate Bond Certified)

Dated: May 13, 2024

Due: October 1, as shown on inside cover

The \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds - Climate Bond Certified) (the "Obligations") will be dated the date of issuance and will mature on October 1 as shown on the inside front cover of this Official Statement. Interest will be payable on each April 1 and October 1, beginning on October 1, 2024. U.S. Bank Trust Company, National Association will serve as paying agent for the Obligations.

The proceeds of the Obligations will be used to finance portions of the District's capital budget for the years 2023, 2024 and 2025, which includes the acquisition, leasing, planning, design, construction, development, extension, enlargement, renovation, rebuilding, or improvement of land, waters, property, highways, buildings, equipment, or facilities relating to the sewerage system of the District. (See "THE RESOLUTIONS" herein.)

The Obligations maturing on and after October 1, 2033 are subject to redemption before their stated maturity dates, at the District's option, in whole or in part, in the order of maturity selected by the District, on October 1, 2032 and on any date thereafter. The redemption price will be 100% of the principal amount redeemed, plus accrued interest to the redemption date, and no premium will be paid. All or a portion of the Obligations may be issued as one or more term bonds, upon election by the winning bidder. (See "REDEMPTION PROVISIONS" herein.)

The Obligations are being issued pursuant to Chapter 67 and Section 200.55(2) of the Wisconsin Statutes and will be general obligations of the District for which its full faith and credit and unlimited taxing powers are pledged. The District has levied a direct, irrevocable tax on all taxable property within the District sufficient to pay the interest on the Obligations as it falls due and to pay the principal thereof at maturity.

The Financial Advisor to the District is:

BAIRD

The Obligations will be issued only as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Obligations. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any multiple thereof. Purchasers of the Obligations will not receive certificates representing their interest in the Obligations purchased. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

SALE DATE: APRIL 22, 2024

SALE TIME: 11:00 A.M. CT

The Obligations are offered when, as and if issued by the District and accepted by the Underwriters. The Obligations are also subject to the approval of legality by Foley & Lardner LLP and MWH Law Group LLP, Co-Bond Counsel. It is expected that delivery of the Obligations in book-entry form will be made through the facilities of DTC on or about May 13, 2024.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b) (1), except for the omission of certain information described in the rule, but is subject to revision, amendment, and completion in a Final Official Statement.

\$90,000,000
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN
General Obligation Sewerage System Bonds, Series 2024D
(Green Bonds – Climate Bond Certified)

MATURITY SCHEDULE

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base 602409</u>
2025	\$2,780,000			
2026	2,895,000			
2027	3,020,000			
2028	3,150,000			
2029	3,280,000			
2030	3,420,000			
2031	3,595,000			
2032	3,775,000			
2033	3,970,000			
2034	4,180,000			
2035	4,400,000			
2036	4,630,000			
2037	4,875,000			
2038	5,130,000			
2039	5,400,000			
2040	5,680,000			
2041	5,980,000			
2042	6,295,000			
2043	6,625,000			
2044	6,920,000			

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MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Milwaukee, Ozaukee, Washington and Waukesha Counties, Wisconsin

COMMISSIONERS

Jeff Stone, Chairperson
John Swan III, Vice Chairperson
Dan Bukiewicz, Commissioner
Michael D'Amato, Commissioner
Marina Dimitrijevic, Commissioner
Dan Devine, Commissioner
Kalan Haywood II, Commissioner
Bryan Kennedy, Commissioner
Julia Taylor, Commissioner
JoCasta Zamarripa, Commissioner
Corey Zetts, Commissioner

DISTRICT STAFF

Kevin L. Shafer, P.E., Executive Director
Katherine Lazarski, Director of Legal Services
Anna Kettlewell, Commission Secretary/Chief of Administration
Michael J. Martin, P.E., Director of Technical Services
Donald R. Nehmer, Director of Finance/Treasurer

PROFESSIONAL SERVICES

Financial Advisor:	Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin
Co-Bond Counsel:	Foley & Lardner LLP and MWH Law Group LLP
Paying Agent:	U.S. Bank Trust Company, National Association
Green Bonds External Reviewer:	Kestrel, Hood River, Oregon



REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being distributed in connection with the sale of the Obligations referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Obligations other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the Milwaukee Metropolitan Sewerage District, Wisconsin (the "District"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the District, from time to time (collectively, the "Official Statement"), may be treated as a final Official Statement with respect to the Obligations described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment).

Unless otherwise indicated, the District is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the District or on its behalf from The Depository Trust Company and other non-District sources that the District believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by Robert W. Baird & Co. Incorporated (the "Financial Advisor"). The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed and the Underwriters will review the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor and the Underwriters do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the District or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Obligations will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE UNDERWRITERS MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE OBLIGATIONS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE OBLIGATIONS ARE RELEASED FOR SALE AND THE OBLIGATIONS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE OBLIGATIONS INTO INVESTMENT ACCOUNTS.

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Appendix A: Annual Comprehensive Financial Report for the year ended December 31, 2022

Appendix B: Form of Legal Opinions

Appendix C: Form of Continuing Disclosure Agreement

Appendix D: Notice of Sale

SUMMARY

<i>District:</i>	Milwaukee Metropolitan Sewerage District, Wisconsin.
<i>Issue:</i>	\$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds - Climate Bond Certified).
<i>Dated Date:</i>	May 13, 2024.
<i>Interest Due:</i>	Each April 1 and October 1, beginning on October 1, 2024. Interest on the Obligations will be computed on the basis of a 30-day month and a 360-day year.
<i>Principal Due:</i>	October 1, 2025 through 2044.
<i>Denominations:</i>	\$5,000 or multiples thereof.
<i>Redemption Provisions:</i>	<p>The Obligations maturing on and after October 1, 2033 are subject to redemption before their stated maturity dates, at the District's option, in whole or in part, in the order of maturity selected by the District, on October 1, 2032 and on any date thereafter. The redemption price will be 100% of the principal amount redeemed, plus accrued interest to the redemption date, and no premium will be paid.</p> <p>All or a portion of the Obligations may be issued as one or more term bonds, upon election by the winning bidder.</p> <p>Notice of redemption shall be sent in the manner required by DTC, not less than 30 days and not more than 60 days prior to the date fixed for redemption to DTC as registered owner of the Obligations to be redeemed at the address shown on the registration books of the paying agent. (See "REDEMPTION PROVISIONS" herein.)</p>
<i>Security:</i>	The full faith and credit of the District are pledged to the payment of the principal of and the interest on the Obligations as the same become due. All taxable property within the District is subject to ad valorem taxation without limitation as to rate or amount to provide for such payment; and for said purposes, there has been levied on all the taxable property in the District direct, annual, irrevocable taxes in each year and in such amounts which will be sufficient to meet such principal and interest payments when due.
<i>Credit Ratings:</i>	The District has received ratings on this issue of "AAA", "Aa1" and "AA+" from Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings, respectively. (See "RATINGS" herein.)
<i>Purpose:</i>	The proceeds of the Obligations will be used to finance portions of the District's capital budget for the years 2023, 2024 and 2025, which includes the acquisition, leasing, planning, design, construction, development, extension, enlargement, renovation, rebuilding, or improvement of land, waters, property, highways, buildings, equipment, or facilities relating to the sewerage system of the District. (See "THE RESOLUTIONS" herein.)
<i>Authority for Issuance:</i>	The District has authorized the sale and issuance of the Obligations in accordance with the provisions of Chapter 67 and Section 200.55(2) of the Wisconsin Statutes. (See "THE RESOLUTIONS" herein.)
<i>Form of Issuance:</i>	The Obligations will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of DTC, which will act as the securities depository of the Obligations. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
<i>Tax Status:</i>	Interest on the Obligations is excluded from gross income for federal income tax purposes. Interest on the Obligations is not exempt from current State of Wisconsin income or franchise taxes. (See "TAX EXEMPTION" herein.)
<i>Designation as Green Bonds:</i>	The District has designated the Obligations as "Green Bonds". (See "DESIGNATION OF BONDS AS GREEN BONDS – CLIMATE BOND CERTIFIED" herein.)
<i>Delivery Date:</i>	Delivery will be on or about May 13, 2024 at the expense of the District through the facilities of DTC.
<i>Record Date:</i>	The 15th day of the calendar month next preceding each interest payment date.
<i>Bond Years:</i>	1,124,825.00 years.
<i>Average Life:</i>	12.498 years.

Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Milwaukee Metropolitan Sewerage District, Wisconsin (the "District") in connection with the sale of the District's \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds - Climate Bond Certified) (the "Obligations"). The Obligations are being issued pursuant to the Constitution and laws of the State of Wisconsin (the "State"), initial and award resolutions (the "Resolutions") adopted by the Milwaukee Metropolitan Sewerage Commission (the "Commission"), and other proceedings and determinations related thereto.

Upon the issuance of the Obligations, the total outstanding amount of general obligation debt of the District will be \$779,404,071, consisting of \$482,160,000 principal amount of publicly sold general obligation bonds and promissory notes and \$297,244,071 principal amount of general obligation promissory notes sold to the State of Wisconsin Clean Water Fund loan program. The District has also authorized \$41,615,374 of general obligation bonds in connection with a loan through the federal Water Infrastructure Finance and Innovation Act ("WIFIA") loan program. The District has not yet drawn on the WIFIA loan and that amount is not included in the totals above.

All summaries of statutes, documents, and resolutions contained in this Official Statement are subject to all the provisions of, and are qualified in their entirety by reference to, such statutes, documents, and resolutions (including the Resolutions), and references herein to the Obligations are qualified in their entirety by reference to the form thereof included in the Award Resolution (defined herein). (See "THE RESOLUTIONS" herein.) Copies of the Resolutions may be obtained from the Financial Advisor (defined herein) upon request.

SECURITY

The full faith and credit of the District are pledged to the payment of the principal of and the interest on the Obligations as the same become due. All taxable property within the District is subject to ad valorem taxation, without limitation as to rate or amounts, to provide for such payment, and for said purposes there has been levied on all the taxable property in the District, direct annual irrepealable taxes in each year and in such amounts as will be sufficient to meet such principal and interest payments when due.

MATURITY AND INTEREST RATES

The Obligations are to be dated May 13, 2024 and will bear interest from that date at the rates, and shall mature each October 1 in the amounts, as set forth on the inside front cover of this Official Statement. Interest on the Obligations will be payable on each April 1 and October 1, beginning on October 1, 2024, and will be calculated on the basis of a 360-day year of twelve 30-day months.

REDEMPTION PROVISIONS

Optional Redemption

The Obligations maturing on and after October 1, 2033 are subject to redemption before their stated maturity dates, at the District's option, in whole or in part, in the order of maturity selected by the District, on October 1, 2032 and on any date thereafter. The redemption price will be 100% of the principal amount redeemed, plus accrued interest to the redemption date, and no premium will be paid. If less than all outstanding Obligations are redeemed, then the Obligations will be redeemed in \$5,000 multiples.

Mandatory Redemption

All or a portion of the Obligations may be issued as one or more term bonds, upon election by the winning bidder as provided in the Notice of Sale attached hereto as Appendix D.

Any such term bonds shall have a stated maturity or maturities of October 1, in such years as determined by the winning bidder. Any term bonds shall be subject to mandatory sinking fund redemption, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date or dates and in amounts consistent with the maturity schedule on the inside front cover of this Official Statement.

DESIGNATION OF THE OBLIGATIONS AS GREEN BONDS – CLIMATE BOND CERTIFIED

The information set forth below concerning (i) the Climate Bonds Initiative (“CBI”) and the process for obtaining certification from CBI and (ii) Kestrel in its role as a verifier with respect to the certification of the Obligations as Climate Bond Certified, and (iii) Kestrel’s confirmation of the designation of the Obligations as Green Bonds has been extracted from materials provided by CBI and Kestrel and the District has no responsibility for its accuracy or completeness. Additional information relating to CBI and the certification process can be found at www.climatebonds.net. The CBI website is included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

CBI is an independent not-for-profit organization that works solely on mobilizing the bond market for climate change solutions. CBI has established a certification program that provides criteria for eligible projects to be considered a Certified Climate Bond. CBI’s criteria ensure that financed activities are consistent with the 1.5 degrees Celsius warming target declared in the 2015 Paris Agreement, which exists within the United Nations Framework Convention on Climate Change, to address greenhouse gas emissions mitigation, adaptation, and finance. The CBI certification program is used globally by bond issuers, governments, investors and the financial markets to prioritize investments which genuinely contribute to addressing climate change.

CBI standards use credible, science-based, widely supported guidelines about what should and should not be considered a qualifying climate-aligned investment to assist investors in making informed decisions about the environmental credentials of a bond. In order to receive the CBI certification, the District engaged Kestrel, a third-party, CBI-approved verifier, to provide verification to the CBI Certification Board of the District’s Programmatic Green Bond Framework (“Framework”) and to confirm that activities under the Framework meet the CBI standards and relevant sector criteria. Kestrel provided an addendum to the pre-issuance verification report confirming ongoing validity of the Framework in March 2023. The District is eligible to use a streamlined certification process with CBI for activities that fall within the Framework. On March 21, 2024, CBI certified the Obligations as Climate Bonds. Kestrel will also provide a post-issuance report to CBI as to whether the proceeds of the Obligations have been allocated properly.

Proceeds of the Obligations will be used to finance projects related to activities that fall into the categories established in the District’s Framework. These activities are described in more detail under the heading “CAPITAL IMPROVEMENTS PROGRAM – 2024-2033” herein.

In addition to Kestrel’s role as CBI-approved verifier, Kestrel has reviewed and confirmed the designation of the Obligations as Green Bonds as described in this paragraph. The International Capital Market Association’s (“ICMA”) Green Bond Principles, June 2021 (“GBP”), define “Green Bonds” as “any type of bond instrument where the proceeds...will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the GBP”. These four core components are: 1) use of proceeds; 2) process for project evaluation and selection; 3) management of proceeds; and 4) reporting. Kestrel has determined that the Obligations are in conformance with the four core components of the GBP.

The terms “Climate Bond Certified” and “Green Bonds” are solely for identification purposes and are not intended to provide, or imply that the owners of the Obligations are entitled to, any security other than that described under the heading “SECURITY” herein, or any other additional rights.

The certification of the Obligations as Climate Bonds by CBI is based solely on CBI standards and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Obligations or the Project, including but not limited to this Official Statement, the District, or the management of the District.

The certification of the Obligations as Climate Bonds by CBI was addressed solely to the District and is not a recommendation to any person to purchase, hold or sell the Obligations and such certification does not address the market price or suitability of the Obligations for a particular investor or the likelihood of timely payment of principal of or interest on the Obligations. Each prospective investor should determine for itself the relevance of this certification. The certification also does not address the merits of the decision by the District to undertake any nominated project and does not express and should not be deemed to be an expression of an opinion as to the District or any aspect of the Project other than with respect to conformance with CBI standards for Certified Climate Bonds.

In issuing or monitoring, as applicable, the certification, CBI and Kestrel have assumed and relied upon, and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to CBI and Kestrel. CBI does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of the Project or the District.

In addition, CBI does not assume any obligation to conduct (and it has not conducted) any physical inspection of the Project. The certification may only be used with the Obligations and may not be used for any other purpose without CBI's prior written consent.

The certification may be withdrawn at any time in CBI's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

ESTIMATED SOURCES AND USES*

Sources of Funds

Par Amount of the Obligations	\$90,000,000.00
Net Reoffering Premium	9,499,395.85
TOTAL SOURCES OF FUNDS	\$99,499,395.85

Uses of Funds

Deposit to Borrowed Money Fund	\$89,728,500.00
Bid Premium for Deposit to Debt Service Fund Account	8,959,395.85
Costs of Issuance (including Underwriters' Discount)	811,500.00
TOTAL USES OF FUNDS	\$99,499,395.85

**Preliminary, subject to change.*

CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS

The Constitution and laws of the State limit the power of the District (and other municipal corporations of the State) to issue obligations and to incur indebtedness. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the District.

Purpose

The Constitution of the State and legislation enacted pursuant thereto authorize the District (and other municipal corporations of the State) to borrow money and issue bonds and notes for purposes specified by statute, including the purposes for which the Obligations are being issued.

General Obligation Bonds

The District is authorized to borrow money through the issuance of general obligation bonds. The bonds must be payable within a period not exceeding fifty years following the date of issuance of the bonds. Projects that may be financed with general obligation bonds include the acquisition, leasing, planning, design, construction, development, enlargement, renovation, rebuilding, repair or improvement of land, waters, property, highways, buildings, equipment or facilities for public purposes.

Such bonds constitute a general obligation of the District for which the Commission is required to levy direct, annual, irrepealable taxes sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity.

Issuance of bonds and promissory notes requires a vote of at least two-thirds of all Commissioners, except in the case of bond anticipation notes, which requires a vote of three-fourths of all Commissioners.

General Obligation Promissory Notes

The District is also authorized to borrow money for any public purpose through the issuance of general obligation promissory notes. The promissory notes must be payable within a period not exceeding twenty years following the date of issuance of any such notes issued to pay for a portion of the District's capital costs, and otherwise within a period not exceeding 20 years following the date of any such notes.

Promissory notes constitute a general obligation of the District for which the Commission is required to levy direct, annual, irrevocable taxes sufficient in amount to pay the interest on such notes as it falls due and also to pay and discharge the principal thereof at maturity. Promissory notes may be issued to refund outstanding notes and shall be paid within 20 years after the original date of the refunding note and within twenty years after the date of the original promissory note.

Refunding Bonds

The District is authorized to borrow money through the issuance of refunding bonds for refunding existing debt. Such refunding bonds must be payable within a period not exceeding fifty years from the date of issuance of the debt to be refunded. Such refunding bonds constitute a general obligation of the District.

Revenue Bonds

The District has the authority to borrow money for the acquisition, construction, improvement, operation and maintenance of its sewerage system through the issuance of utility revenue bonds, secured by the revenues derived from the operation of the system. The revenue bonds must be payable within a period not exceeding fifty years from the date of issuance of the bonds. The District is also authorized to levy taxes to provide for the payment of debt service on its revenue bonds. Revenue bonds are not general obligations of the District and are not considered indebtedness within the meaning of the constitutional and statutory debt limits nor a charge against its general credit or taxing power.

Bond Anticipation Notes

In anticipation of issuing general obligation bonds or promissory notes, the District is authorized to borrow money using bond anticipation notes. Unless the District expressly levies a tax to pay principal and interest on the bond anticipation notes (which it is not required to do), the bond anticipation notes are not general obligations of the District and do not constitute an indebtedness of the District nor a charge against its general credit or taxing power. The bond anticipation notes are payable only from (a) proceeds of the bond anticipation notes set aside for payment of interest on the bond anticipation notes as they become due and (b) proceeds to be derived from the issuance and sale of general obligation bonds or promissory notes, which proceeds are pledged for the payment of the principal of and interest on the bond anticipation notes.

Debt Limit

The District has the power to incur indebtedness for purposes specified by statute so long as the principal amount thereof does not exceed five percent of the equalized valuation of taxable property within the District. For information with respect to the District's percent of legal debt incurred, see the caption "INDEBTEDNESS OF THE DISTRICT - Debt Limit".

THE RESOLUTIONS

The following is a summary of certain provisions of the Resolutions adopted by the District pursuant to the procedures prescribed by Wisconsin Statutes. Reference is made to the Resolutions for a complete recital of their terms.

The Initial Resolution

By adoption of an initial resolution on January 22, 2024 (the "Initial Resolution"), the Commission authorized the sale and issuance of general obligation bonds or promissory notes in a principal amount not to exceed \$90,000,000 for the purpose or purposes of financing portions of the District's capital budget for the years 2023, 2024 and 2025, which includes the acquisition, leasing, planning, design, construction, development, extension, enlargement, renovation, rebuilding, or improvement of land, waters, property, highways, buildings, equipment, or facilities relating to the sewerage system of the District (collectively, the "Project").

The Award Resolution

By adoption of a resolution on April 22, 2024 (the "Award Resolution"), the Commission is expected to accept the bid for the purchase of the Obligations submitted by the bidder whose qualifying bid for the Obligations results in the lowest true interest cost (or reject all bids). The Award Resolution will also provide the details and form of the Obligations and set out certain covenants with respect thereto. The Award Resolution will pledge the full faith and credit of the District to the payment of the principal of and interest on the Obligations. Pursuant to the Award Resolution, direct, annual, irrevocable taxes will be levied for collection in the years 2025 through 2044 in amounts which will be sufficient to pay the principal and interest on the Obligations when due (or monies to pay such debt service will otherwise be appropriated). The Award Resolution will require that the District keep the proceeds of the taxes levied for the payment of principal and interest on the Obligations in an account for the Obligations within its debt service fund, and that the District must maintain its debt service fund in accordance with Section 67.11 of the Wisconsin Statutes.

THE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

General

The District is a special purpose municipal corporation organized under the laws of the State. The District has authority to levy taxes within its corporate boundary and to impose user charges within its entire service area. The District also has authority to issue its own debt. The District was created in 1982 by the reorganization of the prior sewerage district that operated the system, but which was financed by Milwaukee County.

Legal Boundary

The District's legal boundary presently includes all of Milwaukee County with the exclusion of the City of South Milwaukee. The legal boundary also includes the portion of the Village of Bayside that is in Ozaukee County, and those portions of the City of Milwaukee that are in Waukesha and Washington Counties. The District may levy ad valorem property taxes from time to time on all taxable property within its legal boundary. All of the tax base of the following 18 cities and villages (District Members) is within the District's legal boundary:

Cities		Villages	
Cudahy	Oak Creek	Bayside	River Hills
Franklin	St. Francis	Brown Deer	Shorewood
Glendale	Wauwatosa	Fox Point	West Milwaukee
Greenfield	West Allis	Greendale	Whitefish Bay
Milwaukee		Hales Corners	

Pursuant to Sections 200.21 through 200.65 of the Wisconsin Statutes (the "Enabling Act"), the District is authorized to establish a new boundary. If the District exercises this authority, all areas likely to receive service from the District within 10 years must be included within the District's boundary without reference to the county border; however, local municipalities must consent to be included within the District boundary. Areas expected to receive District sewerage service not less than 10 years or more than 25 years from this time may be included in the District's boundary. The District must exclude from its boundary any area not likely to receive sewer service in the next 25 years.

Service Area

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

Service Responsibilities and Powers

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

Governance

The Milwaukee Metropolitan Sewerage Commission is the District's governing body and is composed of eleven members. Seven of the eleven members are appointees of the Mayor of the City of Milwaukee. Three of the appointees of the Mayor of the City of Milwaukee must be elected officials. Four of the eleven are appointees of a body composed of the elected executive officer of each city or village other than the City of Milwaukee within the District's boundary. Of these four appointees, three must be elected officials. All appointees have terms of three years, except the elected official appointees of the Mayor of the City of Milwaukee, who serve for one year. Commissioners are limited to serving no more than nine consecutive years. The Commission elects a chairperson and vice chairperson from its membership. Most major financing decisions of the District require an approving vote of two-thirds of all Commissioners.

The present members of the Commission and the expirations of their respective terms of office are as follows:

<u>District Commissioners</u>	<u>Expiration of Term</u>
Jeff Stone, Chairperson <i>Senior Consultant, Kapur & Associates Consulting Engineers</i>	July 2024
John Swan III, Vice Chairperson <i>Business Agent, Laborers' Local 113</i>	July 2025
Dan Bukiewicz, Commissioner <i>Mayor, City of Oak Creek</i>	July 2025
Michael D'Amato, Commissioner <i>Citizen Member</i>	July 2024
Marina Dimitrijevic, Commissioner <i>Alderdwoman, City of Milwaukee</i>	July 2024
Dan Devine, Commissioner <i>Mayor, City of West Allis</i>	July 2026
Kalan Haywood II, Commissioner <i>State Representative</i>	July 2024
Bryan Kennedy, Commissioner <i>Mayor, City of Glendale</i>	July 2025
Julia Taylor, Commissioner <i>Citizen Member</i>	July 2026
JoCasta Zamarripa, Commissioner <i>Alderdwoman, City of Milwaukee</i>	July 2024
Corey Zetts, Commissioner <i>Executive Director, Menomonee Valley Partners</i>	July 2026

Source: The District.

Management

The Commission appoints an executive director, a secretary and a treasurer. The executive director reports directly to the Commission. The district treasurer, the director of legal services and the secretary report to the executive director. The principal executive staff of the District includes:

<u>Name</u>	<u>Title</u>
Kevin L. Shafer, P.E.	Executive Director
Katherine Lazarski	Director of Legal Services
Anna Kettlewell	Commission Secretary/Chief of Administration
Michael J. Martin, P.E.	Director of Technical Services
Donald R. Nehmer	Director of Finance/Treasurer

Source: *The District*.

Employee Relations

As of December 31, 2023, the District employed 246 people.

<u>Department</u>	<u>Number of Employees</u>
Administrative	99
Engineering and Planning	84
Monitoring and Laboratory	63
TOTAL	246

As of December 31, 2023, the District had no employees covered by a labor agreement.

Source: *The District*.

Retirement System

All full-time and other eligible employees of the District are members of the Employees' Retirement System of the City of Milwaukee (the "ERS"), a cost-sharing, multiple-employer, defined-benefit pension plan. The ERS covers active or deferred employees from the City of Milwaukee and certain other governmental units, including the District. The City of Milwaukee Annuity and Pension Board (the "Retirement Board") governs the ERS. The Retirement Board serves as a fiduciary with respect to the members and beneficiaries of the ERS.

The ERS issues publicly available financial reports and actuarial valuation reports that include financial statements and required supplementary information. Those reports may be viewed at the ERS' website, as follows: <http://www.cmers.com/News-and-Information.htm>. Such information is prepared by the ERS and not by the District, and no such information is incorporated herein by this reference. ERS members are required by charter ordinance of the City of Milwaukee to contribute either 4% or 5.5%, depending on hire date, of their salary or wages to the ERS. From 1970 through 2010, the District made such contributions to the ERS on behalf of its covered employees. Effective October of 2011, the District's management and non-represented employees began to make the 5.5% employee contributions. The District's represented employees were not required to begin the contributions at that time, because they were covered by a labor agreement that expired on April 30, 2012; thus, their contribution payments began May 1, 2012. The District is now prohibited by State law from making such contributions on behalf of covered employees. Employer contributions toward funding the ERS in order to meet funding requirements of the ERS for maintenance of plan assets for the District and a portion of Veolia Water-Milwaukee LLC's contributions (which the District is contractually obligated to pay) totaled \$1,590,618 in 2022 and \$1,671,553 in 2023.

The latest actuarial valuation of the ERS was completed by Cavanaugh Macdonald Consulting, LLC in May 2022 with an actuarial valuation date of January 1, 2022 (the "Actuarial Report"). In accordance with GASB Statement No.68, Accounting and Financial Reporting for Pensions, as shown in the Actuarial Report, as of January 1, 2022, the total ERS' Market Value of Assets ("MVA") was \$6,431,356,000, compared to the January 1, 2021 MVA of \$5,649,734,000. As of January 1, 2022, the total ERS Actuarial Value of Assets ("AVA") was \$5,734,986,000, compared to the January 1, 2021 AVA of \$5,440,867,000.

As of January 1, 2022, total liabilities were valued at \$6,875,927,000, with a funding ratio of 83.4% of the AVA and 93.5% of the MVA. As of that date, the plan had an unfunded actuarial accrued liability of \$1,140,941,000.

As of January 1, 2024 all new employees of the District will be in the Wisconsin Retirement System ("WRS") because the ERS closed as of the same date. The WRS was created to protect public employees and their beneficiaries against the financial hardships of old age and disability, to attract and retain a qualified public workforce, establish modest benefits and achieve administrative savings. More than 663,000 people participate in the WRS, including current and former employees of Wisconsin's state agencies, most local governments, and school districts in Wisconsin. Contributions made to the WRS by these employees, and their employers, are invested by State of Wisconsin Investment Board to finance retirement and other benefits and maintained in two separate funds which had a combined net investment position of \$122.9 billion as of December 31, 2022.

Other Post Employment Benefits

The District currently provides post-employment benefits (health and life insurance) for its employees who have retired and meet other negotiated criteria. The District has historically paid its Other Post-Employment Benefits ("OPEB") on a "pay-as-you-go" basis and has not established a fund for the payment of OPEB in future years.

Membership in the retiree health and life insurance plan as of December 31, 2022 included 747 participants, consisting of 486 retirees receiving benefits and 261 active plan members. The District implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective January 1, 2019. MWM Consulting Group (the "Actuary") was retained by the District for the purpose of determining the expense and liabilities reported on the District's financial statement for the fiscal year ended December 31, 2022.

The information summarized in the remainder of this section, below, is taken from the Actuary's report.

Summary of Principal Results

MWM Consulting Group was retained to prepare an actuarial valuation of the Milwaukee Metropolitan Sewerage District's retiree health programs for the purpose of determining the expense and liabilities to be reported on the District's financial statement in accordance with Government Accounting Standards Board (GASB) Statements Nos. 74 and 75, for the fiscal period ending December 31, 2022. Key results of the valuation are summarized below.

Actuarial Values at December 31, 2022 (4.05% Discount Rate)

Item	Non-Represented	Represented	Total
Present Value of Benefits			
Retirees	\$ 35,278,236	\$ 43,468,264	\$ 78,746,500
Actives Fully Eligible	6,977,078	3,525,068	10,502,146
Actives Not Yet Eligible	10,070,569	7,032,244	17,102,813
Total	\$ 52,325,883	\$ 54,025,576	\$ 106,351,459
Actuarial Accrued Liability			
Retirees	\$ 35,278,236	\$ 43,468,264	\$ 78,746,500
Actives Fully Eligible	4,409,482	2,722,465	7,131,947
Actives Not Yet Eligible	6,364,555	5,431,110	11,795,665
Total	\$ 46,052,273	\$ 51,621,839	\$ 97,674,112

Balance Sheet Liabilities as Reported Under GASB 74/75 at December 31, 2022

	Item	12/31/2022
Under GASB 75, the Net OPEB Liability equals the total Actuarial Accrued Liability minus the Plan assets (if any) and is reported on the balance sheet.	Total OPEB Liability	\$ 97,674,112
	Plan Fiduciary Net Position	0
	Net OPEB Liability	\$ 97,674,112

For more information, see Note 11 in "Appendix A – Annual Comprehensive Financial Report for the year ended December 31, 2022" attached hereto.

Financial Powers

The District has a range of financial powers to raise the funds for both its capital improvement programs and its operation and maintenance responsibilities. Major aspects of the District's financial powers are described below.

Authority to Levy Taxes

The District may levy ad valorem taxes upon the taxable property within the District's legal boundary for the following purposes:

1. To pay principal of and interest on bonds or promissory notes issued by the District;
2. To enhance the marketability of any revenue bonds that may be issued by the District; and
3. To acquire, extend, plan, design, construct, add to or improve land, waters, property or facilities for sewerage and drainage purposes.

In general, a tax levy requires a vote of at least two-thirds of all Commissioners; however, if resolutions authorizing full funding of the local share of the District's next year's capital budget are not adopted by the Commission by October 15 of any year, the Commission may, by a simple majority of all Commissioners, raise up to \$40 million by direct tax levy in addition to the amount of any irrevocable tax previously levied for principal and interest payments on District general obligation indebtedness.

Taxes are uniformly levied by the District on all taxable property within the District's boundary based upon the equalized value of the property. The District certifies the taxes to each municipality within its boundary. The local municipality bills the property owners in December for the taxes levied during that calendar year. Taxpayers may elect to pay real property taxes in two or more installments.

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

Authority to Borrow

As discussed above under "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS", the Enabling Act allows the District to finance capital improvements through the issuance of debt instruments, including:

1. General obligation bonds and promissory notes (this includes State of Wisconsin Clean Water Fund loans as well as WIFIA loans);
2. Bond anticipation notes; and
3. Revenue bonds, including revenue bonds to which the District may pledge tax levies or funds in its treasury.

Authority to Establish and Collect User Charges

Operating Expenses. District operating expenses are recovered from all District customers by a sewer service charge. The District bills each municipality within its service area based on waste strength, quantity, and number of connections of its users. The municipalities, in turn, directly bill their residential, commercial and industrial users. The municipalities are required to settle with the District within 45 days from the date the municipality receives the wholesale bill from the District regardless of collections. The District is authorized to assess a late fee. The District's user charge system has been approved by the United States Environmental Protection Agency ("EPA") and the Wisconsin Department of Natural Resources ("DNR"). Such approvals are conditions for grants and loans from these agencies.

Capital Expenses. The District is authorized under the Enabling Act to establish a user charge for capital improvement financing. As of the date of this Official Statement, only those parts of municipalities located outside the District's legal boundary pay capital charges pursuant to a service charge established by the District.

Review by Public Service Commission. The Enabling Act does not require the District's user charge rates to be approved annually by the Wisconsin Public Service Commission. However, the Enabling Act does provide the opportunity for a rate payer to challenge the District's user charge rates for operations and capital improvements in front of the Wisconsin Public Service Commission under certain circumstances.

Insurance

The District carries policies of insurance with respect to its property, vessels, equipment, and passenger and commercial vehicles (including comprehensive liability), environmental site liability, contractor's pollution liability, owner's professional liability, fiduciary liability, employment practices liability, cyber liability and workers' compensation. The District carries no insurance coverage for general liability, and self-insures for health benefits, subject to a stop-loss policy.

OPERATING CONTRACT

In 1998, the District entered into a 10-year agreement with United Water Services Milwaukee LLC to manage, operate, and maintain the District's two water reclamation plants, bio-solids management and field operations, with the District retaining ownership of the assets. Effective March 1, 2008, the District entered into a 10-year contract with Veolia Water Milwaukee, LLC ("Veolia") to manage those facilities and operations. Effective March 1, 2018, the contract was extended for an additional 10-year period.

The District continues to operate its industrial waste pretreatment program; capital planning and engineering services; environmental laboratory, water quality monitoring and research; and Milorganite® sales, marketing and distribution with in-house staff. The District has an extensive contract compliance and oversight program established with respect to the contract with Veolia.

Veolia is compensated based on a fixed monthly fee, subject to adjustment based on a variety of factors, including Consumer Price Index changes, variations in flows and loads, completion by the District of certain capital projects that affect operating costs, and certain incentives based on cost savings generated by Veolia's management. Certain operation and maintenance expenses are also passed through to the District.

THE EXISTING SEWERAGE FACILITIES

Water Reclamation Facilities

The District has two water reclamation facilities, which are operated by Veolia under its contract with the District. The plants provide sewage treatment services for the 18 cities and villages within the District's legal boundary and to all or parts of 10 municipalities outside of Milwaukee County.

Jones Island Water Reclamation Facility

Located on a peninsula in the Milwaukee harbor, the Jones Island Water Reclamation Facility ("Jones Island") is the oldest operating activated sludge plant in the country. Because of its historic leadership in wastewater treatment, the facility has been designated a National Historic Civil Engineering Landmark by the American Society of Civil Engineers and has been placed on the National Register of Historic Places.

Jones Island was originally constructed in 1925 with a capacity of 85 million gallons per day ("MGD"). Expansions in 1935 and 1952 increased treatment capacity to 200 MGD. With the completion of the Water Pollution Abatement Program ("WPAP") in 1994, the daily maximum design flow at Jones Island for secondary treatment is 300 MGD. The peak (hourly) design capacity for full treatment is 330 MGD; with an additional 60 MGD of combined sewer and wet weather treatment, the maximum plant capacity is 390 MGD. During 2023, daily flows to the plant were approximately 104.7 MGD.

Wastewater treatment at Jones Island consists of preliminary and primary treatment, secondary treatment, phosphorus removal, disinfection and dechlorination. This includes screening, grit removal, primary settling, activated sludge stabilization, secondary settling and disinfection. Biosolids removed are used in the production of Milorganite®, an organic fertilizer.

South Shore Water Reclamation Facility

Located south of Jones Island in Oak Creek, the South Shore Water Reclamation Facility ("South Shore") was constructed in 1964 as a primary treatment facility with a capacity of 60 MGD. The plant was expanded in 1974 to include secondary treatment and phosphorus removal. The current design capacity of South Shore is 265 MGD Maximum Day and 300 MGD Peak Hour. During 2023, daily flows to the plant were approximately 85.3 MGD, mostly from the southern and western portions of the District's service area.

Wastewater treatment at South Shore consists of preliminary and primary treatment, secondary treatment, phosphorus removal, disinfection and dechlorination. This includes screening, grit removal, primary settling, activated sludge stabilization, secondary settling and disinfection.

Interplant Solids Pipeline System

The Interplant Solids Pipeline ("ISP") system is used to transport solids between Jones Island and South Shore to maximize production of Milorganite® and to maximize the production of digester gas. The ISP system consists of four pipes (two pipes at 12-inch diameter and two pipes at 14-inch diameter) approximately 12 miles long and other appurtenant equipment and structures.

Collection and Conveyance System

The District owns and operates an extensive system of sanitary sewers used to collect, convey, and in some cases, store wastewater originated by local sewer systems ("Collection and Conveyance System"). The local sewer systems are operated and maintained by the local municipalities within the District and those that contract with the District. Wastewater generated from households and businesses flows to the local systems, is collected by the District's System and is conveyed to the District's two water reclamation facilities.

Metropolitan Interceptor Sewer System

The purpose of the Metropolitan Interceptor Sewer ("MIS") system is to intercept wastewater from local sanitary and combined sewer systems within the service area. Wastewater within the MIS system is subsequently conveyed to either the Jones Island or the South Shore water reclamation facilities.

The MIS system consists of 310 miles of sanitary and combined sewers, seven sanitary sewer pump stations, and eight bypass pump stations. The system is divided into seven drainage basin subsystems for purposes of flow monitoring analysis and system control. In the combined sewer area where both sanitary and storm water systems are combined, the drainage basin subsystem consists of a high-level and a low-level sewer system. The low-level system provides service to the low-lying areas along the Milwaukee, Menomonee, and Kinnickinnic rivers. Flow in both high- and low-level systems is conveyed by gravity to either of two siphon chambers (East Erie Street or East Bruce Street) and is then conveyed via a double-barreled siphon to a wet well at Jones Island.

Flows in various portions of the separated sewer area can be diverted between the drainage basin subsystems for conveyance to either Jones Island or South Shore. Moreover, flows can be diverted to the Inline Storage System, a large underground storage facility (the "Deep Tunnel"). Diversion of flow between subsystems and into the Deep Tunnel is accomplished by gates and flow diversion devices controlled from the District's Central Control System.

Deep Tunnel System

The Deep Tunnel stores peak wastewater flows that temporarily exceed the capacity of either the water reclamation facilities or the MIS system. The Deep Tunnel is designed to substantially reduce the number of combined sewer overflows and meet permit requirements for the treatment of separate sewer flows. The District built the Deep Tunnel in three phases starting in the 1980s. The first phase, which became fully operational in 1994, consists of 21.4 miles of tunnels 300 feet underground with a capacity of 405 million gallons of storage. The second phase, the Northwest Side Deep Tunnel, was completed in February 2006 with a length of 7.1 miles at a depth underground of 135-175 feet, adding 88 million gallons of storage. In April 2010 a two-mile extension to the Deep Tunnel was completed, adding 27 million gallons of storage. Completion of the third phase brought total storage capacity of the Deep Tunnel to 520 million gallons.

Central Control System

The goal of the “Central Control System” is to ensure that the wastewater treatment plants and conveyance capacity are utilized in the most efficient manner through flow monitoring and remote operation of the Collection and Conveyance System.

Flows within the MIS and Deep Tunnel systems are monitored using continuous monitors, which are permanently installed in approximately 300 locations and primarily use a wireless communication system to transmit data back to the District’s Central Control System located at Jones Island. Using this system, a single operator can identify and address potential problems in the system, remotely divert certain flows from one drainage basin subsystem to another, and even remotely divert some flows from one treatment plant to another or to the Deep Tunnel.

CAPITAL IMPROVEMENTS PROGRAM – 2024-2033

The District’s planning for future capital expenditures has resulted in a capital improvements program covering the years 2024 through 2033 (“2024 CIP”). The 2024 CIP includes proposed projects to improve the District’s water reclamation facilities and conveyance systems, provide improved flood protection to the waterways, replace aging machinery and equipment and reduce infiltration and inflow and stormwater runoff entering the District’s sewerage system.

A portion of those capital improvements was identified in the District’s 2050 Facilities Plan. The Plan addresses future population, land use, and wastewater asset needs within the District’s service center and identifies capital improvements necessary for wastewater, conveyance, treatment, and watercourse and flood management needs through 2050.

The 2024 CIP, including debt service, from 2024 through 2033 is estimated to cost \$3.4 billion and is explained in more detail in the following paragraphs.

Water Reclamation Facilities

The District’s two water reclamation facilities (Jones Island and South Shore) have a combined daily maximum design flow capacity of 565 million gallons per day. In addition to traditional sewage treatment, a portion of the biosolids, which are the byproducts from the treatment of wastewater, are used in the production of Milorganite® fertilizer.

The 2024 CIP includes approximately \$860.5 million for planned improvements to these facilities. Of the \$860.5 million, \$342.0 million is planned for improvements to the Jones Island facility, \$511.0 million for planned improvements to the South Shore facility, and \$7.5 million for the Interplant Solids Pipeline.

Jones Island Water Reclamation Facility Improvements

At the Jones Island facility, major rehabilitation projects currently underway or planned from 2024 through 2033 include the following:

- Solids Processing
 - Compressed Air System Upgrades - \$9.3 million
 - Dewatering & Drying Belt Filter Press Overhauls - \$14.5 million
 - Dryer Train Overhaul & Upgrades - \$41.1 million
 - Thickening Building Rehabilitation - \$7.7 million
- General Plant
 - Rolling Stock & Other Equipment - \$29.9 million

South Shore Water Reclamation Facility Improvements

At the South Shore facility, major rehabilitation projects currently underway or planned from 2024 through 2033 include the following:

- Primary Treatment
 - Primary Clarifier System Improvements - \$66.5 million
 - Grit Equipment Replacement - \$9.1 million
- Solids Processing
 - Gravity Thickening and Acid Phase Digestion - \$23.9 million
- General Plant
 - Rolling Stock & Other Equipment - \$12.5 million

Interplant Pipeline Facility Improvements

Work on the Interplant Solids Pipeline includes \$30.2 million for planned Interplant Solids Pipeline improvements.

Conveyance Systems

The District operates and maintains an extensive system of intercepting sewers that collect and temporarily store wastewater from local sanitary and combined sewer systems. The 2024 CIP includes \$280.4 million for planned improvements to the conveyance system. The conveyance system is separated into three areas: the MIS system, the Inline Storage System, and the Central Control System.

Metropolitan Interceptor Sewer Improvements

The purpose of the MIS system is to intercept wastewater from local sanitary and combined sewer systems within the service area. Wastewater within the MIS system is subsequently conveyed to either the Jones Island or the South Shore water reclamation facilities. \$141.4 million is included in the 2024 CIP for planned improvements to the MIS system.

Projects planned from 2024 through 2033 for MIS include the following structural and hydraulic upgrades to the central MIS portion of the service area:

- South Howell Avenue MIS Relief - \$16.6 million
- Oak Creek Southwest MIS Extension - \$18.5 million
- Mill/Green Bay/Green Tree MIS Relief - \$59.7 million

Inline Storage System

The 2024 CIP includes \$35.6 million for rehabilitation of combined sewer overflow structures.

Central Control System

The goal of the Central Control System is to ensure that water reclamation and conveyance capacity is utilized in the most efficient manner. Through this system, flow can be diverted from one subsystem to another, or from one facility to another or to the Deep Tunnel. Approximately \$18.0 million is included in the 2024 CIP for planned improvements to the Central Control System.

Watercourse/Flood Management Projects

In addition to the collection and treatment of sanitary waste, the District works to provide environmentally responsible flood protection and has discretionary authority to make improvements to the watercourses contained in the six watersheds within the District's service area. In 1998, the District and local communities began the planning process for the development of an updated watercourse system management plan. Flood abatement alternatives are being developed and implemented for each of the six watersheds. The 2024 CIP includes \$516.7 million for planned watercourse improvement projects.

These improvements include both structural and non-structural flood control measures that are intended to remove structures from the 100-year floodplain. Key elements of this plan include:

- Milwaukee River System Plan - \$55.6 million
- North 30th Street Corridor Wet Weather Relief - West - \$15.1 million
- Western Milwaukee Phase 2B - \$57.4 million
- Menomonee River Levee System Accreditation - \$16.0 million
- Underwood Creek Reach 2 - \$22.0 million
- State Fair Culvert Preliminary Engineering - \$14.7 million
- State Fair Culvert Rehabilitation - \$16.3 million
- Jackson Park - \$80.9 million
- 43rd Street Ditch Reach 1 - \$49.7 million
- Wilson Park Flood Management - \$34.2 million

Other Projects

The 2024 CIP includes \$483.1 million for projects related to District facilities and facilities planning, including work related to the Private Property Infiltration and Inflow (“PPII”) Reduction Program, green infrastructure implementation, the sustainability of District facilities, regional stormwater integration planning, and planning for the adaption to wet weather. It also includes the District’s Workforce & Business Development Resource Program, financial planning, risk management, and an allowance for cost and schedule changes.

One of the primary causes of system capacity problems relates to the amount of excess water entering the system through infiltration and inflow on private property, such as aging or deteriorating laterals or foundation drains. Implementation of repairs or other changes on private property and improved stormwater management will help the District to become more resilient to future wet weather issues. Through the PPII Reduction Program, that started in 2010, the District is providing a funding mechanism for municipalities to spearhead solutions for PPII, including an additional \$5 million per year from 2024 through 2033. Complementing this program is the Green Solutions Program, which includes \$50 million for municipalities to implement green infrastructure that will assist the District in meeting its permit requirement to increase its ability to capture stormwater by an additional one million gallons each year.

The Milwaukee Estuary AOC Dredged Material Management Facility (“DMMF”) project scope is to create a facility to provide safe, secure containment for 1.9 million cubic yards of sediment removed from the Milwaukee, Menomonee, and Kinnickinnic Rivers, as well as the inner and outer harbors of the Milwaukee Bay as part of the Environmental Protection Agency’s Milwaukee Estuary AOC clean-up efforts. Removing the contaminated sediment will help to remediate impairments in the Milwaukee Estuary AOC, including restrictions on dredging activities, restrictions on fish and wildlife consumption, fish tumors or other deformities, bird or animal deformities or other reproductive problems, and degradation of benthos. The Port of Milwaukee will be the ultimate owner of the DMMF and will be responsible for its long-term operation and maintenance. The project is estimated to cost \$125.7 million.

Source: The District.

LONG-RANGE FINANCING PLAN 2024 - 2033

The Commission has approved the 2024 Capital Budget and the long-range financing plan for the years 2024 through 2033 as planning documents. The annual capital budget is a financial plan outlining the established expenditures for programs or projects already authorized or to be considered by the Commission. The capital budget is adopted by the Commission each year and reflects changes in anticipated expenditures and revenues for the budget year from projections made in prior multi-year financing plans. Approval of the capital budget does not in itself authorize any specific expenditures or projects. Requests for capital project expenditures must be approved by either the Commission or the Executive Director, as appropriate, within established limits of authority prior to the commitment of funds.

In addition to its 2024 capital budget, the Commission approved a long-range financing plan for the years 2024 through 2033. The District believes that it has identified the major capital projects expected to be required to comply with current statutes and regulations applicable to the District and the services it provides and further believes that, in the absence of significant changes to these statutes and regulations, those projections will be sufficient to allow the District to meet its mandates and fulfill its statutory requirements. The District seeks to implement its capital program within the following financing objectives:

- 20 percent cash financing of capital project expenditures within the ten-year financing plan, and
- Maintaining outstanding debt at no more than 2.5 percent of total equalized property value, which is 50 percent of the statutory limit of 5 percent.

The District estimated that \$1.347 billion of property tax revenues would be available to pay for capital projects and debt service from 2024 through 2033. The financing plan provides for a tax levy increase of 3.0 percent for 2024, a 3.0 percent per year increase from 2025 through 2027, and a 5.0 percent per year increase from 2028 through 2033. The tax rate for 2024 is \$1.28 per thousand dollars of equalized valuation. Tax rates in the long-range financing plan from 2024 through 2033 range from \$1.28 to \$1.57 per thousand dollars of equalized valuation. The long-range financing plan reflects a property value growth rate of 9.32 percent for 2024 and assumes a growth rate of 2.0 percent per year from 2024 through 2033 for member communities, and for surrounding non-member communities 10.57 percent for 2024 and 3.5 percent from 2024 through 2033. Ten non-member communities pay an ad valorem equivalent capital charge to the District. In preparing its estimate of ad valorem equivalent capital charges to these communities, the District used the 10.57 percent growth in equalized value of taxable property in the service area outside the District's legal boundary for 2024 and assumed that the growth rate for non-member communities would be 3.5 percent per year thereafter. Actual property value growth experienced over the last ten years has been 49.4% within the District and 44.4% outside the District among non-member communities within the District's service area. Actual property value growth experienced over the last five years has been 41.4% within the District and 36.8% outside the District among non-member communities within the District's service area.

The long-range financing plan included estimated debt service payments of \$1.328 billion from 2024 through 2033 for existing and future District-issued general obligation bonds and notes, State of Wisconsin Clean Water Fund Program loans, WIFIA loans from the U.S. Environmental Protection Agency and a State Energy Program loan from the Wisconsin Department of Commerce. District-issued debt was assumed to be structured as 20-year level debt service at interest rates of 4.5 percent for debt issued in 2024 through 2033. The financing plan assumed that 55% of non-watercourse project expenditures after 2024 would be financed with Clean Water Fund Program loans at an interest rate of 2.47 percent.

During the ten-year period from 2024 through 2033, in addition to \$1.347 billion in property tax revenues, the District projected \$310 million in revenue from ten non-member communities, \$24 million in interest earnings on its projected available funds, \$98 million from grants and state aid, \$882 million from Clean Water Fund Program loans, \$73 million from WIFIA loans, and \$747 million from District-issued general obligation bonds and promissory notes. The District intends to maintain a balance in capital funds at a level which provides working capital necessary for three months of capital expenditures plus amounts reserved in debt service funds.

The following tables of long-range forecasts and statistical schedules present detailed information as a context for the CIP projections. **The actual revenues and expenditures may differ materially from the estimates and projections described above and presented in the following tables.**

**MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
2024 CAPITAL BUDGET - LONG-RANGE FINANCING PLAN IN \$000**

	Estimate	Budget	Forecast	Forecast	Forecast
	2023	2024	2025	2026	2027
Available Beginning Balance	\$41,390	\$33,236	\$45,725	\$47,291	\$46,002
Tax Levy	\$109,126	\$112,400	\$115,772	\$119,245	\$122,822
Non-member Billings	25,971	26,374	28,537	27,775	32,870
Interest & other	5,950	1,653	2,255	2,355	2,305
Federal, State Aid and Grants	4,275	28,955	27,767	4,366	4,437
CWF Loans	20,552	30,000	89,000	100,000	116,000
WIFIA Loans	0	0	0	0	0
District Bonds/Notes	68,083	90,000	66,000	105,000	111,000
Total Revenues	\$233,957	\$289,382	\$329,331	\$358,741	\$389,434
Use of (Additions to) available funds	8,154	(12,489)	(1,566)	1,289	(10,742)
Total Sources	\$242,111	\$276,893	\$327,765	\$360,030	\$378,692
Water Reclamation Facilities	47,098	53,446	59,020	68,758	109,908
Conveyance Facilities	37,460	20,895	48,866	45,368	31,915
Watercourse & Flood Management	18,693	20,574	27,472	40,657	28,329
Other Projects / Programs	43,509	76,699	81,860	87,841	85,081
Total Projects/Programs	\$146,760	\$171,614	\$217,218	\$242,624	\$255,233
Existing MMSD GO Debt Service	36,319	39,437	37,939	37,949	37,882
Existing CWFL Debt Service	57,341	61,746	59,493	54,559	45,875
Existing Other Debt Service	1,691	1,690	1,690	1,689	1,689
Future Clean Water Fund Loan Debt Service	0	380	3,021	8,853	15,451
Future WIFIA Loan Debt Service (5Yr Dfr)	0	0	0	0	0
Future MMSD GO Debt Service	0	2,025	8,404	14,355	22,562
Total Debt Service	\$95,351	\$105,278	\$110,547	\$117,405	\$123,459
Total Uses	\$242,111	\$276,893	\$327,765	\$360,030	\$378,692
Ending Balance	\$33,236	\$45,725	\$47,291	\$46,002	\$56,744
% Cash Financing		30%	29%	16%	11%
% Change in Tax Levy		3.0%	3.0%	3.0%	3.0%
Tax rate / \$1000	\$1.36	\$1.28	\$1.30	\$1.31	\$1.32
G.O. Debt at Year-end	\$751,967	\$793,841	\$868	\$990	\$1,132
Debt as % of Eq. Value	0.88%	0.90%	0.97%	1.08%	1.21%

Notes:

1. 2024 beginning balance is net of \$40.0M reserved for municipal capital reimbursement programs: Private Property I/I and Green Solutions.
2. Tax levy growth limited to 3.00% for 2024 through 2027 and 5% thereafter. To achieve tax rates shown, available working capital is placed in a debt service fund to abate the tax levy, as necessary.
3. Change in District equalized value determined in 2022 for use in 2023 is 12.7%, 3% for 2024 and averages 2.0% thereafter; and non-member determined in 2022 for use in 2023 is at an average of 12.3% and averages 3.71% thereafter.
4. Investment of available funds at 1.50% interest rate.
5. Future District bond issues structured as 20-year level debt service at 4.50% in 2024 through 2033.
6. Future Clean Water Fund Loan debt service assumed at 55% of District bond rate, or 2.475% from 2024 through 2033.
7. WIFIA debt service is assumed for 49% of WIFIA projects and includes a 5-year debt service deferral.

Source: The District.

**MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
2024 CAPITAL BUDGET - LONG-RANGE FINANCING PLAN IN \$000 (CONT.)**

	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Forecast 2032	Forecast 2033	10Y Total (2024-2033)
Available Beginning Balance	\$56,744	\$50,610	\$46,414	\$50,694	\$58,076	\$57,401	
Tax Levy	\$128,963	\$135,412	\$142,182	\$149,291	\$156,756	\$164,594	\$1,347,436
Non-member Billings	25,430	13,432	24,764	32,602	41,727	56,868	310,379
Interest & other	2,806	2,505	2,305	2,505	2,906	2,856	24,449
Federal, State Aid and Grants	4,709	4,687	4,766	6,047	7,531	5,017	98,283
CWF Loans	123,000	77,000	73,000	105,000	99,000	70,000	882,000
WIFIA Loans	0	26,873	18,889	575	16,144	10,793	73,274
District Bonds/Notes	86,000	125,000	88,000	53,000	18,000	5,000	747,000
Total Revenues	\$370,908	\$384,909	\$353,906	\$349,020	\$342,064	\$315,128	\$3,482,821
Use of (Additions to) available funds	6,134	4,196	(4,280)	(7,382)	675	10,625	(13,540)
Total Sources	\$377,042	\$389,105	\$349,626	\$341,638	\$342,739	\$325,753	\$3,469,281
Water Reclamation Facilities	95,045	76,768	76,381	109,235	116,939	95,031	860,529
Conveyance Facilities	44,521	38,050	25,711	7,763	7,685	9,684	280,458
Watercourse & Flood Management	70,312	113,571	79,341	61,895	50,693	23,836	516,679
Other Projects / Programs	34,751	27,248	19,741	18,664	19,127	32,136	483,148
Total Projects/Programs	\$244,629	\$255,637	\$201,174	\$197,557	\$194,444	\$160,687	\$2,140,814
Existing MMSD GO Debt Service	37,819	32,531	32,518	24,862	24,862	29,593	335,393
Existing CWFL Debt Service	39,412	30,120	29,451	22,436	16,287	14,567	373,948
Existing Other Debt Service	1,688	1,688	1,687	1,687	0	0	13,509
Future Clean Water Fund Loan Debt Service	22,961	30,263	35,588	41,651	48,619	54,838	261,624
Future WIFIA Loan Debt Service (5Yr Dfr)	0	843	2,589	2,600	4,392	10,842	21,267
Future MMSD GO Debt Service	30,533	38,022	46,619	50,847	54,134	55,225	322,725
Total Debt Service	\$132,413	\$133,467	\$148,452	\$144,083	\$148,294	\$165,065	\$1,328,466
Total Uses	\$377,042	\$389,105	\$349,626	\$341,638	\$342,739	\$325,753	\$3,469,281
Ending Balance	\$50,610	\$46,414	\$50,694	\$58,076	\$57,401	\$46,776	
% Cash Financing	15%	10%	11%	20%	32%	47%	20%
% Change in Tax Levy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Tax rate / \$1000	\$1.36	\$1.40	\$1.44	\$1.48	\$1.53	\$1.57	
G.O. Debt at Year-end	\$1,252,724	\$1,370,578	\$1,447,364	\$1,517,359	\$1,544,970	\$1,522,396	
Debt as % of Eq. Value	1.32%	1.41%	1.46%	1.50%	1.50%	1.45%	

Notes:

1. 2024 beginning balance is net of \$40.0M reserved for municipal capital reimbursement programs: Private Property I/I and Green Solutions.
2. Tax levy growth limited to 3.00% for 2024 through 2027 and 5% thereafter. To achieve tax rates shown, available working capital is placed in a debt service fund to abate the tax levy, as necessary.
3. Change in District equalized value determined in 2022 for use in 2023 is 12.7%, 3% for 2024 and averages 2.0% thereafter; and non-member determined in 2022 for use in 2023 is at an average of 12.3% and averages 3.71% thereafter.
4. Investment of available funds at 1.50% interest rate.
5. Future District bond issues structured as 20-year level debt service at 4.50% in 2024 through 2033.
6. Future Clean Water Fund Loan debt service assumed at 55% of District bond rate, or 2.475% from 2024 through 2033.
7. WIFIA debt service is assumed for 49% of WIFIA projects and includes a 5-year debt service deferral.

Source: The District.

OPERATION AND MAINTENANCE LONG-RANGE FORECAST

	2023 Amended Budget	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenues							
User Charge Billings	\$95,189,623	\$102,521,454	\$105,562,233	\$108,759,979	\$112,006,824	\$115,394,302	\$118,823,914
Milorganite® Sales (Net)	11,800,000	11,300,000	11,639,000	11,988,170	12,347,815	12,718,250	13,099,797
Interest Income	300,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Other Income	2,475,000	1,484,000	1,000,000	1,010,000	1,020,100	1,030,301	1,040,604
Household Hazardous Waste	1,282,817	1,390,078	1,397,028	1,410,999	1,425,109	1,439,360	1,453,753
Industrial Waste Pretreatment	1,233,716	1,252,853	1,259,118	1,271,709	1,284,426	1,297,270	1,310,243
Total Operating Revenue	\$112,281,156	\$119,548,385	\$122,457,379	\$126,040,857	\$129,684,274	\$133,479,483	\$137,328,311
Reserves and Surplus							
Equipment Replacement Fund Applied (or	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
User Charge Stabilization Fund Applied (or	500,000	(800,000)	2,100,000	(300,000)	(700,000)	(1,900,000)	(3,000,000)
Surplus or Deficit Applied	5,023,312	5,798,186	1,774,117	3,128,711	2,474,147	2,523,913	2,574,675
Total Reserves and Surplus	5,373,312	4,848,186	3,724,117	2,678,711	1,624,147	473,913	(575,325)
Total Revenues	\$117,654,468	\$124,396,571	\$126,181,496	\$128,719,568	\$131,308,421	\$133,953,396	\$136,752,986
Expenditures							
Divisions							
Commission	236,382	246,107	251,029	256,049	261,170	266,394	271,722
Executive Director	5,676,890	4,129,469	4,212,058	4,296,299	4,382,225	4,469,870	4,559,267
Legal Services	5,362,833	5,682,012	5,795,652	5,911,565	6,029,796	6,150,392	6,273,400
Finance	1,224,323	1,244,399	1,269,287	1,294,672	1,320,566	1,346,977	1,373,917
Information Technical Services	4,044,985	4,233,537	4,318,207	4,404,571	4,492,663	4,582,516	4,674,166
Technical Services	83,314,801	86,294,396	88,332,957	90,210,680	92,128,400	94,086,972	96,191,227
Integrated Watershed Management	2,405,914	2,945,056	3,003,957	3,064,036	3,125,317	3,187,823	3,251,579
Water Quality Protection	6,963,706	7,096,169	7,238,092	7,382,854	7,530,511	7,681,121	7,834,744
Community Outreach and Business Engagement	7,346,692	8,186,049	8,349,770	8,516,766	8,687,101	8,860,843	9,038,060
Fringe Benefits	16,209,551	20,119,013	20,521,393	20,931,821	21,350,457	21,777,466	22,213,016
Charges to Capital	(17,731,165)	(18,908,344)	(19,585,053)	(20,073,659)	(20,574,460)	(21,083,516)	(21,609,543)
Net Division Expenditures	\$115,054,912	\$121,267,863	\$123,707,349	\$126,195,654	\$128,733,746	\$131,326,858	\$134,071,555
Unallocated Reserve	2,991,555	3,128,711	2,474,147	2,523,913	2,574,675	2,626,537	2,681,431
Total Expenditures	\$118,046,467	\$124,396,574	\$126,181,496	\$128,719,567	\$131,308,421	\$133,953,395	\$136,752,986
User Charge % change		7.7%	3.0%	3.0%	3.0%	3.0%	3.0%

Note: The forecasted expenditures assume an annual increase of 2 percent per year and reflect any known one-time large dollar projects. The District's contract with Veolia (in effect until 2028) is approximately fifty percent of overall expenditures and has an annual escalator assumed at 2.5 percent. At this time, the District anticipates high rates of inflation to impact the cost of goods and services in 2024, hence the higher user charge billing rate in 2024. In 2025 and beyond, the District anticipates inflation to cool, and user charge billing rates to return to the 3 percent level. The amounts applied from the user charge stabilization fund are intended to minimize large increases in the user charge billings and are used in the forecast to achieve that goal.

Source: The District.

Historical Sewer User Charges⁽¹⁾**Municipalities Within the District**

Municipality	Fiscal Year				
	2024 Budget	2023	2022	2021	2020
City of Cudahy	\$2,771,873	\$2,781,903	\$2,507,142	\$2,375,743	\$2,101,264
City of Franklin	3,024,105	2,835,556	2,716,003	2,703,643	2,629,404
City of Glendale	1,431,715	1,461,928	1,232,124	1,207,469	1,098,322
City of Greenfield	2,924,855	2,740,279	2,551,364	2,547,750	2,451,481
City of Milwaukee	57,130,585	52,754,724	50,958,139	50,161,673	48,809,191
City of Oak Creek	3,735,043	3,591,589	3,292,714	3,121,781	2,927,283
City of St. Francis	764,893	834,232	718,106	728,162	659,248
City of Wauwatosa	4,600,606	4,349,440	4,099,143	4,037,818	3,959,937
City of West Allis	5,524,905	5,166,121	5,063,977	4,615,797	4,935,678
Village of Bayside	323,715	314,571	284,317	281,506	264,564
Village of Brown Deer	1,068,810	1,015,037	885,004	1,100,552	949,520
Village of Fox Point	544,239	497,245	467,569	443,068	412,308
Village of Greendale	1,103,554	1,051,852	977,620	966,427	913,795
Village of Hales Corners	611,898	600,028	550,940	551,425	527,187
Village of River Hills	136,620	90,134	123,062	120,148	112,963
Village of Shorewood	966,133	926,705	851,826	869,298	809,418
Village of West Milwaukee	813,752	733,779	713,210	769,913	859,048
Village of Whitefish Bay	1,040,665	997,442	913,925	896,492	856,325
Total Within the District	\$88,517,966	\$82,742,565	\$78,906,185	\$77,498,665	\$75,276,936

Municipalities Outside the District

Municipality	Fiscal Year				
	2024 Budget	2023	2022	2021	2020
City of Brookfield	\$1,481,205	\$1,402,702	\$1,312,890	\$1,234,961	\$1,166,221
City of Mequon	1,696,876	1,630,727	1,511,103	1,486,575	1,390,897
City of Muskego	1,645,864	1,586,177	1,532,721	1,414,436	1,404,050
City of New Berlin	2,752,186	2,643,250	2,567,120	2,461,941	2,352,120
City of South Milwaukee ⁽²⁾	0	32,637	32,637	34,765	29,709
Village of Butler	336,639	256,756	335,542	418,758	577,608
Village of Caledonia	43,045	31,381	39,475	32,953	30,292
Village of Elm Grove	479,534	456,977	408,359	382,777	374,264
Village of Germantown	2,235,467	2,289,380	2,014,802	2,078,980	1,948,784
Village of Menomonee Falls	2,850,227	2,634,494	2,451,214	2,355,110	2,284,694
Village of Thiensville	260,982	249,780	233,554	225,512	219,219
Total Outside the District	\$13,782,025	\$13,214,261	\$12,439,417	\$12,126,768	\$11,777,858

⁽¹⁾ Includes Household Hazardous Waste and Industrial Waste Pretreatment charges, except where otherwise noted.

⁽²⁾ Includes Household Hazardous Waste charges only.

Source: The District.

Ten Largest Sewer Users

Customer	Type of Business	2023		2014	
		Sewer Revenue		Sewer Revenue	
		Amount	%	Amount	%
Molson Coors	Brewery	\$3,518,499	3.9%	\$2,913,530	4.4%
D.R. Diedrich & Co.	Leather tanning and finishing	1,058,286	1.2	693,930	1.1
Smithfield Packaged Meats	Process meat products	940,295	1.0		
Milwaukee Water Works-Howard	Water utility	755,611	0.8	428,460	0.7
Gehl Foods, LLC	Food preparation	626,585	0.7	380,281	0.6
Wisconsin Paperboard	Paperboard mill	556,926	0.6	410,741	0.5
Milwaukee Region Medical Center	Health services	445,986	0.5		
Crystal Springs Treatment	Centralized waste treatment	442,140	0.5		
Chris Hansen/Lincoln	Food preparation	424,556	0.5	310,214	0.5
ATI Ladish Forging	Forge	300,624	0.3		
Malteurop North America	Malt manufacturing			493,584	0.8
Patrick Cudahy LLC	Food manufacturing			487,808	0.8
Jonas Chem Works Hi-Mar	Centralized waste treatment			328,806	0.5
Cargil Meat Solutions	Meat packing plants			303,677	0.4
VA Clement J Zablocki	Health care			237,319	0.3
Marquette University	Educational institution			234,791	0.3
Total		\$9,069,508	10.0%	\$7,223,141	10.9%

Source: The District.

Sewer User Rate Charges

Year	Flow (Cents Per 1000 Gallons)	Biochemical Oxygen Demand (BOD) (Cents Per Pound)	Total Suspended Solids (TSS) (Cents Per Pound)	Connection Charge (Dollars Per Year)	Volumetric (Dollars Per 1,000 Gallons)	Average Household (Dollars Per Year)	Millions of Gallons of Sewage Treated
2023	\$1.65927	\$0.10918	\$0.22058	\$43.50	\$2.622210	\$160.28	69,300
2022	1.48096	0.10883	0.21451	42.19	2.424264	151.89	63,100
2021	1.53935	0.10607	0.20235	36.61	2.437993	147.35	57,900
2020	1.41098	0.12070	0.19814	33.13	2.334450	144.63	75,500
2019	1.31058	0.13062	0.17931	32.44	2.201584	140.22	85,600

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

Source: The District.

TAX LEVIES

Year	Equalized Value of Taxable Property	Tax Levies*	Tax Rate Per \$1,000 Equalized Value
2023	\$87,524,456,000	\$112,399,780	\$1.28
2022	80,065,106,800	109,126,440	1.36
2021	71,058,905,300	105,948,000	1.49
2020	64,920,299,800	102,872,540	1.58
2019	61,889,256,300	101,853,000	1.65

*Collected in following year.

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

Equalized valuations are net of the Tax Incremental District valuations.

Source: Equalized valuation amounts provided by Wisconsin Department of Revenue. Tax Levies and Tax Rate provided by the District.

EQUALIZED VALUATIONS

All equalized valuations of property in the State are determined by the State of Wisconsin, Department of Revenue, Supervisor of Assessments Office. Equalized valuations are the State's estimate of full market value.

The State determines assessed valuations of all manufacturing property in the State. Residential and commercial property located within the District are assessed annually by the local assessors. At hearings held each year a taxpayer may appeal the assessment of his property to the Board of Review of the local municipality. The Board of Review consists of local assessors and local officials. The assessors do not vote on final determinations.

Set forth in the table below are equalized valuations of property located within the District for the past five years, reflecting the effect of Tax Incremental Districts ("TID"):

Year	Equalized Valuation (TID-IN)	Equalized Valuation (TID-OUT)
2023	\$94,247,542,900	\$87,524,456,000
2022	85,368,718,800	80,065,106,800
2021	75,898,364,800	71,058,905,300
2020	69,616,173,600	64,920,299,800
2019	65,909,579,500	61,889,256,300

Source: Wisconsin Department of Revenue.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

Municipality	Fiscal Year				
	2023	2022	2021	2020	2019
Bayside	4,419	4,463	4,180	4,482	4,304
Brown Deer	13,002	13,023	12,852	12,507	12,246
Cudahy	17,970	18,134	18,093	18,204	18,071
Fox Point	6,717	6,770	6,733	6,934	6,571
Franklin	35,785	35,895	36,646	36,116	35,996
Glendale	13,403	13,472	12,411	13,357	12,483
Greendale	14,682	14,815	14,393	14,854	14,366
Greenfield	37,672	37,709	36,856	37,803	36,968
Hales Corners	7,586	7,658	7,546	7,720	7,593
Milwaukee	575,722	577,309	587,976	577,922	590,547
Oak Creek	38,174	37,374	37,608	36,497	35,830
River Hills	1,573	1,595	1,562	1,602	1,558
Saint Francis	9,059	9,156	9,811	9,161	9,381
Shorewood	13,677	13,807	13,495	13,859	13,479
Wauwatosa	48,836	48,638	48,604	48,387	48,314
West Allis	59,714	60,068	59,614	60,325	59,780
West Milwaukee	4,062	4,097	4,127	4,114	4,124
Whitefish Bay	14,782	14,905	14,081	14,954	14,050
Total District population	<u>916,835</u>	<u>918,888</u>	<u>926,588</u>	<u>918,798</u>	<u>925,661</u>
Total population served					
By the District ⁽¹⁾	<u>1,072,513</u>	<u>1,074,823</u>	<u>1,081,817</u>	<u>1,077,196</u>	<u>1,078,367</u>

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

Source: Wisconsin Department of Administration, Demographic Services Center.

Per Return Adjusted Gross Income

	State of Wisconsin	Milwaukee County
2022	\$70,548	\$63,901
2021	66,369	57,444
2020	61,518	52,751
2019	61,003	54,920
2018	59,423	53,380

Source: Wisconsin Department of Revenue, Division of Research and Policy.

Unemployment Rates

	<u>U.S.</u>	<u>State of Wisconsin</u>	<u>Milwaukee County</u>
January, 2024	4.1%	2.8%	3.3% ⁽¹⁾
January, 2023	3.9 ⁽¹⁾	3.0	3.0
Average, 2023	(2)	3.0% ⁽¹⁾	(2)
Average, 2022	3.6% ⁽¹⁾	2.9%	3.7%
Average, 2021	5.3	3.8	5.4
Average, 2020	8.1	6.4	8.4
Average, 2019	3.7	3.2	3.8

⁽¹⁾Preliminary.

⁽²⁾Not yet available.

Source: Wisconsin Department of Workforce Development Wisconsin.

Largest Employers in the Milwaukee Metropolitan Area

<u>Employer</u>	<u>2024 Employment Estimates</u>	<u>Type of Business or Service</u>
Advocate Aurora Health ⁽¹⁾	31,155	Health care
Froedtert Health	14,796	Health care
Milwaukee Public Schools	10,607	Education
U.S. Federal Government ⁽²⁾	10,438	Government
Ascension Wisconsin	9,200	Health care
Roundy's Supermarket	7,800	Supermarkets and distribution center
Northwestern Mutual Life	7,300	Insurance
Medical College of Wisconsin	6,960	Medical school/academic/health care
City of Milwaukee	6,508	Government
Children's Hospital of Wisconsin	5,773	Health care
Kohl's Corporation	5,500	Specialty department stores
Quad Graphics	5,200	Commercial printing
GE Healthcare Technologies	5,100	Medical imaging, health care services
Pro Healthcare, Inc.	4,656	Health care
Kwik Trip Inc.	4,072	Convenience stores
Milwaukee County	3,919	Government
University of Wisconsin-Milwaukee	3,733	Education
Milwaukee Tool Corporation	3,700	Manufacturer
Uline Inc.	3,700	Shipping supplies
U. S. Bank	3,500	Finance, banking
Rockwell Automation	3,295	Manufacturer, electrical/electronic products
WEC Energy Group Inc.	3,000	Electric/natural gas utility
Amazon	3,000	Retail distribution
Generac Holdings Inc.	2,800	Manufacturer, energy technology solutions
Goodwill Industries of Southeastern Wisconsin, Inc.	2,715	Training programs, retail, food service, packaging and assembly

⁽¹⁾Aurora's employee number includes four hospitals, rehabilitation, homecare and hospice facilities and their corporate office within a seven-county area including the Milwaukee County area. Does not include northern Illinois facilities.

⁽²⁾Milwaukee-Waukesha-West Allis, WI MSA preliminary data as of June 2023.

Source: The 2023-2024 Business Journal Book of Lists, employer contacts, U.S. Bureau of Labor Statistics January 2024 and Milwaukee County official statement dated October 17, 2023.

Ten Largest Taxpayers (in Milwaukee County)

<u>Name of Business</u>	<u>Type of Business</u>	2023		2014	
		Equalized Valuation	Percentage of Total Equalized Valuation*	Equalized Valuation	Percentage of Total Equalized Valuation*
Northwestern Mutual Life Insurance Co.	Insurance	\$636,348,585	0.71%	\$308,805,419	0.55%
Froedtert Health	Hospital	533,286,218	0.60		
Mandel Group	Real Estate	486,554,546	0.55	158,094,613	0.28
Mayfair Mall LLC	Shopping Mall	479,539,575	0.54	406,619,043	0.73
Irgens Development Properties	Real Estate	451,802,338	0.51		
Weidner Investments	Real Estate	299,784,570	0.34		
US Bank Corporation	Banking	287,140,567	0.32	276,645,450	0.50
Childrens Hospital of Wisconsin	Health Care	268,825,137	0.30		0.48
Aurora Health Care	Health Care	243,468,281	0.27		
Wanguard Partners	Real Estate	200,831,355	0.23		
Bayshore Town Center LLC	Shopping Mall			319,735,056	0.57
BRE Southridge Mall LLC	Shopping Mall			161,689,036	0.29
Wal-Mart/Sam's Club	Retailer			145,863,534	0.26
Metropolitan Associates	Real Estate			126,746,156	0.23
Marcus Corporation/Milw. City Center/Pfister	Hotels, Theaters & Restaurants			120,951,518	0.22
Forest County Potawatomi Community	Hotel, Parking Structure			84,939,679	0.15
		<u>\$3,887,581,172</u>	<u>4.37%</u>	<u>\$2,110,089,504</u>	<u>4.26%</u>

**Based on the TID OUT valuation of Milwaukee County.*

Source: Milwaukee County.

INDEBTEDNESS OF THE DISTRICT⁽¹⁾

Direct Indebtedness

Set forth below is the direct indebtedness of the District including principal and interest payments due on existing debt as well as the debt service on the Obligations. Interest on the Obligations has been estimated using an average rate of 5.02%. The average life of the Obligations is 12.498 years and the bond years are 1,124,825.00 years.

Year	Outstanding Bonds and Notes		Clean Water Fund Program Loans As of February 9, 2024 ⁽²⁾		Series 2024D Obligations		Total Debt Service Requirements ⁽³⁾
	Principal	Interest	Principal	Interest	Principal	Interest ⁽³⁾	
2024	\$25,065,000	\$14,372,375	\$49,861,108	\$7,232,756		\$1,708,933	\$98,240,172
2025	24,580,000	13,358,650	48,968,819	6,074,536	\$2,780,000	4,458,085	100,220,091
2026	25,510,000	12,438,700	45,239,486	4,962,917	2,895,000	4,339,935	95,386,038
2027	26,470,000	11,412,400	37,528,562	3,989,095	3,020,000	4,216,898	86,636,954
2028	27,480,000	10,339,463	31,875,747	3,178,244	3,150,000	4,088,548	80,112,002
2029	23,255,000	9,276,100	23,219,602	2,542,112	3,280,000	3,954,673	65,527,486
2030	24,175,000	8,342,900	23,079,171	2,013,048	3,420,000	3,815,273	64,845,392
2031	22,210,000	7,439,050	16,513,911	1,562,068	3,595,000	3,644,273	54,964,301
2032	22,990,000	6,603,150	10,664,983	1,261,853	3,775,000	3,464,523	48,759,509
2033	23,860,000	5,771,231	9,148,548	1,057,507	3,970,000	3,266,335	47,073,620
2034	24,870,000	4,966,106	9,069,436	875,102	4,180,000	3,057,910	47,018,555
2035	17,755,000	4,134,731	7,784,531	711,620	4,400,000	2,838,460	37,624,342
2036	18,405,000	3,527,031	7,100,172	573,512	4,630,000	2,607,460	36,843,175
2037	19,070,000	2,892,356	6,795,019	446,456	4,875,000	2,364,385	36,443,216
2038	14,040,000	2,256,831	6,045,105	329,001	5,130,000	2,108,448	29,909,385
2039	14,515,000	1,793,406	4,960,040	228,236	5,400,000	1,839,123	28,735,804
2040	15,010,000	1,312,494	3,234,973	152,326	5,680,000	1,555,623	26,945,415
2041	10,265,000	844,525	3,006,270	92,922	5,980,000	1,257,423	21,446,139
2042	7,810,000	497,338	2,072,278	42,113	6,295,000	943,473	17,660,201
2043	4,825,000	193,000	937,419	10,054	6,625,000	612,985	13,203,458
2044	--	--	--	--	6,920,000	314,860	7,234,860
	392,160,000	121,771,838	347,105,179	37,335,478	90,000,000	56,457,620	1,044,830,115
Less: 2024 Sinking Funds	(25,065,000)	(14,372,375)	(49,861,108)	(7,232,756)	0	(1,708,933)	(98,240,172)
TOTAL	<u>\$367,095,000</u>	<u>\$107,399,463</u>	<u>\$297,244,071</u>	<u>\$30,102,722</u>	<u>\$90,000,000</u>	<u>\$54,748,688</u>	<u>\$946,589,943</u>

⁽¹⁾Upon the issuance of the Obligations, the total outstanding amount of general obligation debt of the District will be \$779,404,071, consisting of \$482,160,000 principal amount of general obligation bonds and promissory notes, and \$297,244,071 principal amount of general obligation promissory notes sold to the State of Wisconsin Clean Water Fund loan program.

⁽²⁾The District had outstanding loan commitments of \$19,636,782 as of February 9, 2024 from the Clean Water Fund Program, and has authorized \$41,615,374 of loans through the WIFIA loan program. These loans will be utilized for future construction of reclamation facilities and other projects.

⁽³⁾Preliminary; subject to change.

Overlapping Indebtedness

Set forth below is information relating to the outstanding general obligation overlapping indebtedness of the District.

Name of Entity	Amount of Debt (as of December 31, 2023)	Percent Allocable to District	Outstanding Debt Allocable to District
Village of Bayside	\$8,080,000	100.00	\$8,080,000
Village of Brown Deer	26,820,000	100.00	26,820,000
Village of Fox Point	19,385,000	100.00	19,385,000
Village of Greendale	21,904,522	100.00	21,904,522
Village of Hales Corners	12,700,000	100.00	12,700,000
Village of River Hills	11,879,337	100.00	11,879,337
Village of Shorewood	59,239,273	100.00	59,239,273
Village of West Milwaukee	7,400,000	100.00	7,400,000
Village of Whitefish Bay	45,254,255	100.00	45,254,255
City of Cudahy	21,970,000	100.00	21,970,000
City of Franklin	72,302,759	100.00	72,302,759
City of Glendale	55,330,613	100.00	55,330,613
City of Greenfield	90,301,341	100.00	90,301,341
City of Milwaukee	1,116,255,000	100.00	1,116,255,000
City of Oak Creek	98,666,000	100.00	98,666,000
City of Saint Francis	15,485,000	100.00	15,485,000
City of Wauwatosa	135,010,000	100.00	135,010,000
City of West Allis	60,684,392	100.00	60,684,392
Total Cities and Villages	<u>\$1,878,667,492</u>		<u>\$1,878,667,492</u>
 Total School Districts	 598,340,306	 Varies	 598,030,796
 Milwaukee Area Technical College District	 100,320,000	 79.24	 79,493,568
 Milwaukee County	 387,774,377	 98.08	 380,329,109
	<u><u>\$2,965,102,175</u></u>		<u><u>\$2,936,520,965</u></u>

Sources: Equalized value used to determine percentage of debt within District boundary from Wisconsin Department of Revenue. Net debt outstanding provided by each municipal entity through publicly available disclosure documents available on [EMMA.msrb.org](https://emma.msrb.org) and direct inquiries.

NOTE: This summary may not reflect all of the District's outstanding overlapping and underlying indebtedness.

Future Financing

The District anticipates issuing approximately \$30,000,000 of additional general obligation debt through December 31, 2024 and approximately \$155,000,000 of additional general obligation debt in the first quarter of 2025. Other than the preceding, over the next twelve months, the District does not currently intend to issue additional general obligation debt.

Default Record

The District has no record of default on any prior debt repayment obligations.

Statistical Summary

The table below reflects direct, overlapping and underlying bonded indebtedness, including the Obligations.

Equalized Valuation (2023) as certified by Wisconsin Department of Revenue	\$94,247,542,900
Direct Bonded Indebtedness	\$829,265,179 ⁽¹⁾
Direct, Overlapping and Underlying Bonded*	\$3,765,786,144
Direct Bonded Indebtedness as a Percentage of Equalized Valuation	0.88%
Direct, Overlapping and Underlying Bonded Indebtedness as a Percentage of Equalized Valuation*	4.00%
Population of the District (2023 Estimate**)	916,835
Direct Bonded Indebtedness Per Capita*	\$904.49
Direct, Overlapping and Underlying Bonded Indebtedness Per Capita*	\$4,107.38

*Estimated.

**Source: Wisconsin Department of Administration, Demographic Services Center.

⁽¹⁾Includes Clean Water Fund Program loan balances as of February 9, 2024. Does not include WIFIA loans that have been authorized but not drawn upon.

Debt Limit

As described under the caption "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS -- Debt Limit," the total indebtedness of the District may not exceed five percent of the equalized value of property in the District. Set forth in the table below is a comparison of the outstanding indebtedness of the District, including the Obligations, as of the closing date of the Obligations, as a percentage of the applicable debt limit.

Equalized Valuation (2023) as certified by Wisconsin Department of Revenue	\$94,247,542,900
Legal Debt Percentage Allowed	<u>5.00%</u>
Legal Debt Limit	\$4,712,377,145
Direct Bonded Indebtedness	<u>\$779,404,071⁽¹⁾</u>
Unused Margin of Indebtedness	\$3,932,973,074
Percent of Legal Debt Incurred	16.54%
Percentage of Legal Debt Available	83.46%

⁽¹⁾Includes Clean Water Fund Program loan balances as of February 9, 2024. Does not include WIFIA loans that have been authorized but not drawn upon.

FINANCIAL RECORDS

The District maintains its financial records on a calendar year basis. A copy of the District's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, has been retained as financial advisor (the "Financial Advisor" or "Baird") in connection with the issuance of the Obligations. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources having access to relevant data, to provide accurate information for this Official Statement. To the best of the Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

The Financial Advisor's duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as financial advisor on the Obligations. Baird's compensation for serving as financial advisor on the Obligations is conditional on the successful closing of the Obligations.

UNDERWRITING

The Obligations have been purchased at a public sale by a group of underwriters (the "Underwriters") for whom _____ is acting as managing underwriter. The Underwriters intend to offer the Obligations to the public initially at the prices which produce the yields set forth on the inside front cover of this Official Statement, plus accrued interest from May 13, 2024, if any, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Obligations to the public. The Underwriters may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriters may over allocate or effect transactions which stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

RATINGS

The District has received ratings on this issue of "AAA", "Aa1" and "AA+" from Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings, respectively. Each rating reflects only the views of the rating agency furnishing the rating and any explanation of the significance of such rating may only be obtained from the rating agency furnishing the rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any revision or withdrawal of a rating may affect the market price of the Obligations.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Obligations, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Continuing Disclosure Agreement described under the heading "CONTINUING DISCLOSURE" neither the District nor the Underwriters undertake responsibility to bring to the attention of the owners of the Obligations any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

TAX EXEMPTION

Federal Income Taxes

In the opinions of Co-Bond Counsel, under existing law, interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Obligations is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on certain corporations. The District must comply with certain requirements of the Internal Revenue Code (the "Code") for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The District has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, perhaps even starting from the date the Obligations are issued. The proceedings authorizing the Obligations do not provide for an increase in interest rates or a redemption of the Obligations in the event interest on the Obligations ceases to be excluded from gross income.

The opinions of Co-Bond Counsel will be based on legal authorities that are current as of their date, will cover certain matters not directly addressed by those authorities, and will represent Co-Bond Counsel's judgment regarding the proper treatment of the Obligations for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts, and it is not a guaranty of result. As to questions of fact, Co-Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them. The opinions of Co-Bond Counsel will be in substantially the form attached hereto as Appendix B.

Co-Bond Counsel will express no opinion about other federal tax matters regarding the Obligations. Other federal tax law provisions may adversely affect the value of an investment in the Obligations for particular owners of Obligations. Prospective investors should consult their own tax advisors about the tax consequences of owning an Obligation.

Future legislative proposals, if enacted into law, may cause the interest on the Obligations to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Obligations from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors regarding any current or future federal legislative proposals.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, parties other than the District, including owners of the Obligations, would have little or no right to participate in an IRS examination of the Obligations. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the District may disagree may not be practicable. Any action of the IRS, including selection of the Obligations for examination, the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the marketability of the Obligations and may cause the District to incur significant expense.

State of Wisconsin Income and Franchise Taxes

Interest on the Obligations is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning an Obligation.

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will not designate the Obligations as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Internal Revenue Code, relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Internal Revenue Code) to deduct from income for federal income tax purposes 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a document prepared by DTC entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The District makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through a Direct Participant, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant with such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT, THE PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR INTEREST ON, THE OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OBLIGATIONS; OR (5) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OBLIGATIONS.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Continuing Disclosure Rule"), the District will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") for the benefit of owners, including beneficial owners, of the Obligations to provide certain financial information and operating data relating to the District annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices to the MSRB of the occurrence of certain events enumerated in the Continuing Disclosure Rule. **The Continuing Disclosure Agreement provides that the annual financial information will be filed not later than 180 days after the end of each fiscal year. The District's fiscal year ends December 31st.** The Continuing Disclosure Agreement will be executed and delivered by the District on the date the Obligations are delivered, and will be in substantially the form attached hereto as Appendix C. A failure by the District to comply with the Continuing Disclosure Agreement will not constitute an event of default on the Obligations (although owners will have the right to compel performance of the obligations under the Continuing Disclosure Agreement). Nevertheless, such a failure must be reported in accordance with the Continuing Disclosure Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the liquidity of the Obligations and their market price.

The District is required to file its continuing disclosure information with the MSRB using the Electronic Municipal Market Access (“EMMA”) system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

The District timely filed its audited financial statements for the year ended December 31, 2020 but the filing was not associated with the CUSIP numbers of certain of the District’s outstanding debt. Except to the extent the preceding is deemed to be material, in the last five years, the District has complied in all material respects with any previous undertakings under the Continuing Disclosure Rule to provide annual reports or notices of listed events. Certain of the District’s undertakings entered into before 2010 contemplate that the operating data filed annually by the District include the 20 largest users and 30 largest taxpayers; however, in accordance with Generally Accepted Accounting Principles as well as recommended financial reporting requirements for the Annual Comprehensive Financial Report by the Government Finance Officers Association, the District determined that only the 10 largest users and taxpayers are material. Therefore, the operating data filed by the District during the past five years has included only the 10 largest users and taxpayers.

LITIGATION AND REGULATORY PROCEEDINGS

General

There is not now pending, nor to the knowledge of the District threatened, any litigation restraining or enjoining the sale, issuance, execution or delivery of the Obligations or the authority of the District to levy taxes. There is not now pending, nor to the knowledge of the District threatened, any litigation questioning or affecting (i) the legal existence of the District or the title to office of its present officials, (ii) the authority of the District to own and operate its sewerage facilities, or (iii) the authority of the District to set rates and charges for its services.

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

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

Metropolitan Interceptor Sewer Contamination with PCB’s

Polychlorinated biphenyl (PCB) contamination has been identified in the District’s Basin H sewer near Capitol Drive. The sewer is directly downstream of an abandoned die casting facility with heavy PCB contamination. PCBs are present in the sewer at levels greater than 50 parts per million, triggering regulation by the United States Environmental Protection Agency (“EPA”) under the Toxic Substances Control Act. The area for proposed remediation extends for roughly 8,000 linear feet (1.5 miles) from Capitol Drive to downtown. The District prepared a Risk Based Work Plan, which EPA has approved for the remediation of Basin H, which was approved in December of 2015. The estimated cost to implement the Work Plan is approximately \$11.1 million, based on construction bids received in January 2022. Up to \$10.0 million of these losses, less a \$250,000 deductible, are covered by insurance.

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

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

Haven Funds

The District received a new Notice of Claim on March 25, 2024. Developer Haven Funds (“Haven”) owns a parcel at 350 S. Water, which has a 60” Combined Sewer Outfall (“CSO”) running underneath and discharges to the Milwaukee River. Haven seeks to build a multi-story building over the pipe. Pursuant to standard practice, Haven was advised to have the pipe inspected at its cost in order to receive a build-over letter granting permission from MMSD. The inspection would ideally confirm the pipe can withstand the construction without sustaining damage. The pipe is partially submerged and an inspection will require a diver to seal the pipe and pump out the water prior to inspection, which is costly (<\$25,000). Rather than spending the money to inspect, Haven has chosen to file a

claim, alleging the withholding of a Build-over letter - in the absence of an inspection at its cost - amounts to a taking, entitling Haven to compensation in excess of \$6 million dollars for construction delays, lost profits and carried debt. The District believes that Haven is unlikely to prevail on any of its claims, but is assessing a number of possible routes for resolving the matter.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance that State law will not change in the future, while the Obligations are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination were not reversed, vacated, or otherwise substantially altered on appeal, then the rights of owners of the Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to owners of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to owners of the Obligations.

Moreover, if the District were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Obligations would not occur.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Co-Bond Counsel have not participated in the preparation of this Official Statement and will not pass on its accuracy, completeness or sufficiency. Co-Bond Counsel have not examined or verified any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Legal matters incident to the authorization and issuance of the Obligations are subject to the unqualified approving legal opinions of Foley & Lardner LLP and MWH Law Group LLP, Co-Bond Counsel. Copies of such opinions will be available on the date of the delivery of the Obligations in substantially the form attached as Appendix B.

The execution and delivery of this Official Statement has been duly authorized by the Commission.

In accordance with the Continuing Disclosure Rule, this Preliminary Official Statement is deemed final except for the omission of certain information described in the Continuing Disclosure Rule.

AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers by the Underwriters. The District will provide to the Underwriters, on the date of delivery of the Obligations, a certificate confirming to the Underwriters that, to the best of its knowledge, information, and belief, this Official Statement, together with any supplements hereto, was on the date of the adoption of the Award Resolution and is on the date of delivery of the Obligations, true and correct in all material respects and did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements in light of the circumstances under which they were made, not misleading.

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN

By: _____
Commission Chairperson

Commission Secretary

APPENDIX A

Annual Comprehensive Financial Report for the year ended December 31, 2022

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

and audit report of

**Baker Tilly US, LLP
Madison, Wisconsin**

A copy of the District's Annual Comprehensive Financial Report for the year ended December 31, 2022, including the accompanying independent Auditor's report, is included in this Appendix A. Potential purchasers should read such financial statements in their entirety. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Obligations, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.



2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2022 AND 2021

**MILWAUKEE METROPOLITAN
SEWERAGE DISTRICT**



MMSD'S MISSION

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

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2022 AND 2021

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

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

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COMMISSION ORGANIZATION CHART



COMMISSIONERS OF THE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT



EUGENE MANZANET, PH.D.,
Commission Chair,
Senior Director Diverse Business Development,
Wisconsin Economic Development Corporation



JEFF STONE
Vice Chair,
Vice President, Kapur & Associates

ROBERT BAUMAN
Alderman, City of Milwaukee

DAN DEVINE
Mayor, City of West Allis

JOHN SWAN, III
Business Agent, LIUNA Local 113

DAN BUKIEWICZ
Mayor, City of Oak Creek

KALAN HAYWOOD, II
State Representative

JOCASTA ZAMARRIPA
Alderdwoman, City of Milwaukee

MICHAEL D'AMATO
Citizen Member

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

COREY ZETTS
Executive Director,
Menomonee Valley Partners

DISTRICT STAFF

KEVIN L. SHAFER, P.E.
Executive Director

FINANCE MANAGING STAFF
DON NEHMER
Director of Finance/Treasurer

CONTRIBUTING STAFF
KRISTEN VICTORY
Accounting Supervisor

ANNA KETTLEWELL
Commission Secretary

APRIL HILLIARD
Accounting Manager

BASHAUN WRAY
Accountant II

KATHERINE LAZARSKI
Director of Legal Services

CHRIS LENHART
Accountant II

MICHAEL MARTIN
Director of Technical Services

PRINCIPAL ADVISORS

BAKER TILLY US, LLP
Independent Auditors

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

ROBERT W. BAIRD & CO.
Financial Advisor

2022 LETTER FROM THE COMMISSION CHAIR



EUGENE MANZANET, PH.D.,
Commission Chair,
Senior Director Diverse Business
Development, Wisconsin
Economic Development
Corporation

THE DISTRICT
CAPTURED AND
FULLY TREATED
99.3% OF ALL
THE WATER THAT
ENTERED THE
SEWER SYSTEM,
WHICH IS ABOVE
AND BEYOND
THE FEDERAL
REQUIREMENT
OF 85%.

I am grateful and beyond pleased with all the extraordinary work from staff and fellow Commissioners that went into another successful year at the Milwaukee Metropolitan Sewerage District (MMSD) in 2022. Our focus and investments continued to support the mission of protecting public health and the environment through world-class, cost-effective water resource management, leadership, and partnership. 2022 budgets continued to protect and build infrastructure that is resilient and operates effectively.

Of all the water and wastewater that entered the regional sewer system in 2022, MMSD captured and cleaned 98.8% with the remaining 1.2% going to area waterways untreated to reduce the risk of basement backups. The goal nationally is to capture and clean 85% of annual flows, which some cities do not accomplish.

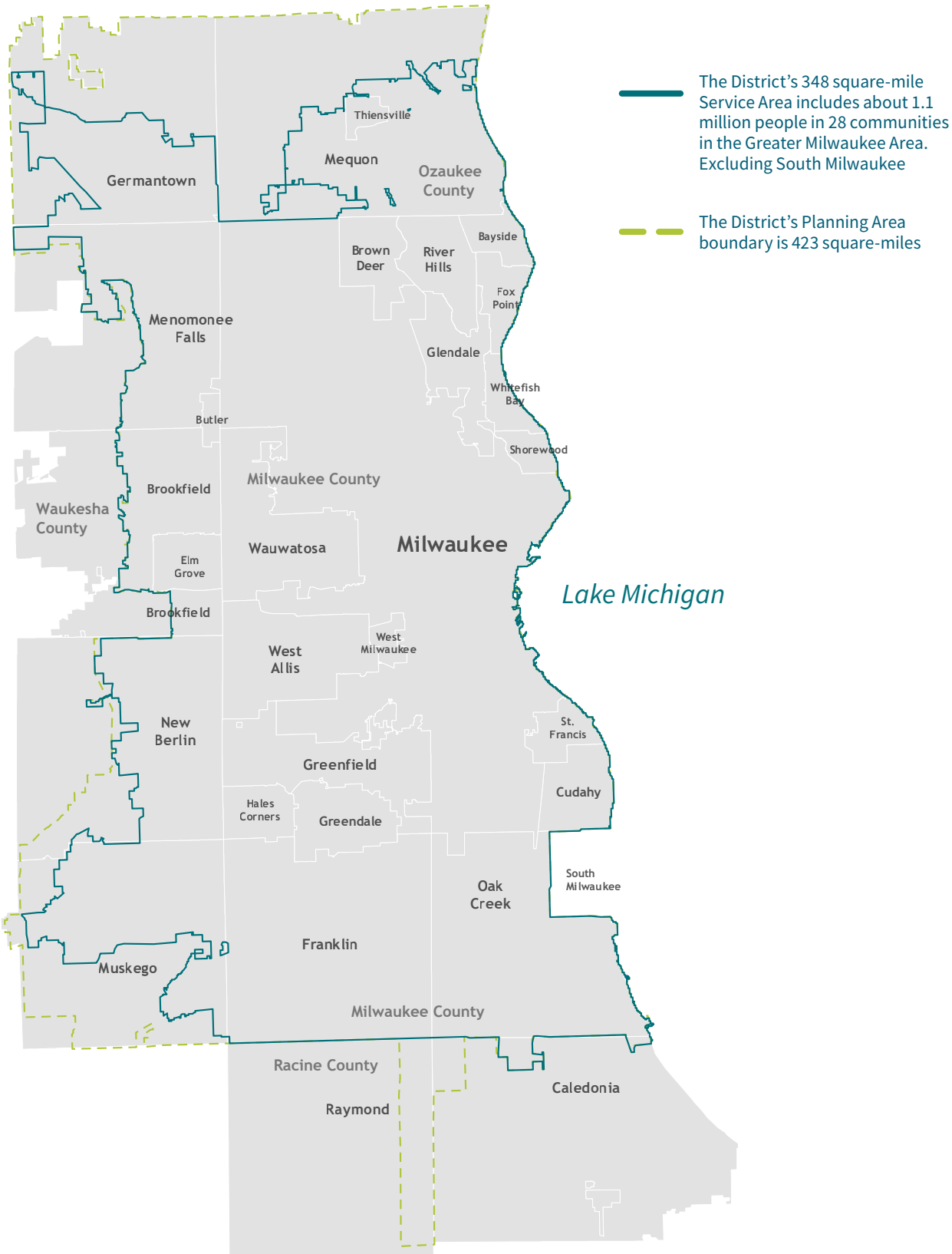
The District advanced operational energy efficiency during the year, climate change adaptation, and Diversity, Equity, Inclusion, and Anti-Racism (DEIAR) efforts. We continue exploring workforce development options for under-represented populations in the water industry and increasing opportunities for youth to learn about careers in the water industry.

Final design is underway on a Dredged Materials Management Facility (DMMF) that MMSD will build on Jones Island to permanently store contaminated sediments from Milwaukee’s Area Of Concern (AOC), a \$400 million effort with dozens of partners, including the U.S. Environmental Protection Agency (EPA) and the Wisconsin Department of Natural Resources (DNR). Cleanup efforts will remove decades of toxic chemicals in the sediment of area rivers and portions of near-shore Lake Michigan.

Flood management efforts realized a major milestone with total Greenseams properties surpassing 5,000 acres, land that will permanently protect sponge-like, hydric soils that, combined, are capable of managing/storing more than 2.8 billion gallons of water. MMSD and partners finished 2022 just a few gallons shy of being able to capture 100 million gallons of rain with green infrastructure in the region, such as rain barrels, rain gardens, bioswales, green roofs, and porous pavement.

Sincerely,
EUGENE MANZANET, PH.D.,
Commission Chair

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT



LETTER OF TRANSMITTAL



June, 8, 2023

The Commissioners
Milwaukee Metropolitan Sewerage District

Dear Commissioners:

State law requires that the Milwaukee Metropolitan Sewerage District (District) publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of independent licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the District for the fiscal year ended December 31, 2022.

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

Baker Tilly US, LLP, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ended December 31, 2022 and 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. An audit

includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, Baker Tilly US, LLP expresses no such opinion. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended December 31, 2022 and 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (Unaudited) (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

GENERAL

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

LEGAL BOUNDARY

The District's legal boundary presently includes all of Milwaukee County with the exclusion of the City of South Milwaukee. The legal boundary also includes the portion

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

SERVICE AREA

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

SERVICE RESPONSIBILITIES AND POWERS

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

GOVERNANCE

The District's governing body is the Milwaukee Metropolitan Sewerage Commission, which is composed of eleven members. Seven of the eleven members are appointees of the Mayor of the City of Milwaukee. Three of the appointees of the Mayor of the City of Milwaukee must be elected officials. Four of the eleven members are appointees of a body comprised of the elected executive officer of each city or village other than the City of Milwaukee within the District's boundary. Of these four appointees, three must be elected officials. All appointees have terms of three years, except the elected official appointees of the Mayor of the City of Milwaukee, who serve for one year. The Commission elects a Chairperson and Vice

Chairperson from its membership. Most major financing decisions of the District require an approving vote of two-thirds of all Commissioners.

BUDGETS

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

FACTORS AFFECTING FINANCIAL CONDITION

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

IMPACT OF THE SPREAD OF COVID-19

In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declared a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries took measures to limit social interactions in an effort to limit the spread of COVID-19. On March 25, 2021, Wisconsin Governor Tony Evers' "safer-at-home" order went into effect, which orders the closure of all non-essential business and operations until April 24, 2021. A full re-opening of the Milwaukee region began in summer 2022.

COVID-19 caused significant disruptions to the global, national and State economies. The pandemic and the emergency responses resulted in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced business demand, worker

continued on next page →

layoffs, furloughs, and reductions in hours, and supply shortages – all of which impacts the amount and type of customer use of the waste loads. The District had reductions to waste loads from industrial and commercial users due to closures related to the pandemic and related user charge billings had an unfavorable variance of approximately \$2 million in 2021; however, by the end of 2022 the District recovered from closures that were ongoing through spring so that there was no material unfavorable variance in 2022 due to the pandemic.

LOCAL ECONOMY

In 2022 and despite the COVID-19 pandemic, the Milwaukee metropolitan area continues to reflect a solid economic base and diversification. After five straight years of declining property values, for the fifth consecutive year, taxable valuations in 2022 increased, with a 12.48% increase within the District and 12.09% in the District’s total service area. The District’s ten largest taxpayers make up only 4.7% of the total tax base. Six of these taxpayers are commercial real estate developers whose projects include shopping malls, office buildings, and hotels.

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

Wisconsin’s unemployment rate had been consistently below the national rate from 2008 to 2021. In 2022 Wisconsin’s unemployment rate was 2.9% while the national rate was 3.6%. The unemployment rate in Milwaukee County was 3.7% in 2022 compared to 5.2% in 2021.

LONG-RANGE FINANCIAL PLANNING

The District maintains long-range financing plans for its Operation and Maintenance (O&M) and Capital budgets. The District’s operating budget utilizes a user charge stabilization fund and an equipment replacement fund to help stabilize user charge rates while improving customer service and the efficiency of operations. Items of note in the 2023 operating budget include:

- \$95.2 million in budgeted sewer user charge billings for 2023, a 5.8% increase from 2022. The annual average District household charge of \$159.81 in 2023 represents an increase of \$7.92 or 9.6% from the 2022 amount of \$151.89.

- Total O&M expenditures were budgeted at \$117.7 million, 6.9% higher than in 2022. O&M expenditures increase \$7.6 million in 2023. The increase is due to an increase for the cost of employee health insurance, an increase for the operating contract, and a grant-funded construction project to improve a fish passage. The expenses for the grant funded project are off-set in Other Income.

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

- 20% cash financing for capital projects, and
- Maintaining outstanding debt at no more than 2.5% of total equalized property value (i.e., 50% of the statutory limit of 5%).

The ten-year plan provides for \$2,141.0 million in capital project and program expenditures from 2023 through 2032, primarily for rehabilitation, upgrade or replacement of assets at the District’s two water reclamation facilities, structural and hydraulic upgrades to the Metropolitan Interceptor Sewer system, watercourse and flood management projects, private property infiltration and inflow reduction, and development of green infrastructure solutions.

The District’s tax levy increased 3% when compared to last year’s levy and is projected to increase 3% annually from 2023 through 2027 and 5% from 2028 through 2032.

OPERATING CONTRACT

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended December 31, 2021. This award was the 43rd consecutive year that the District has received this prestigious award. To be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both GAAP and applicable legal requirements.

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

The District received the GFOA’s Distinguished Budget Presentation Award for its 2023 annual budget

document with special recognition for its capital section. To qualify for the distinguished Budget Presentation Award, the District’s budget document was judged to be proficient in several categories. These categories include presentation as a policy document, financial plan, operations guide, and a communications device.

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



Kevin L. Shafer, P.E.
Executive Director

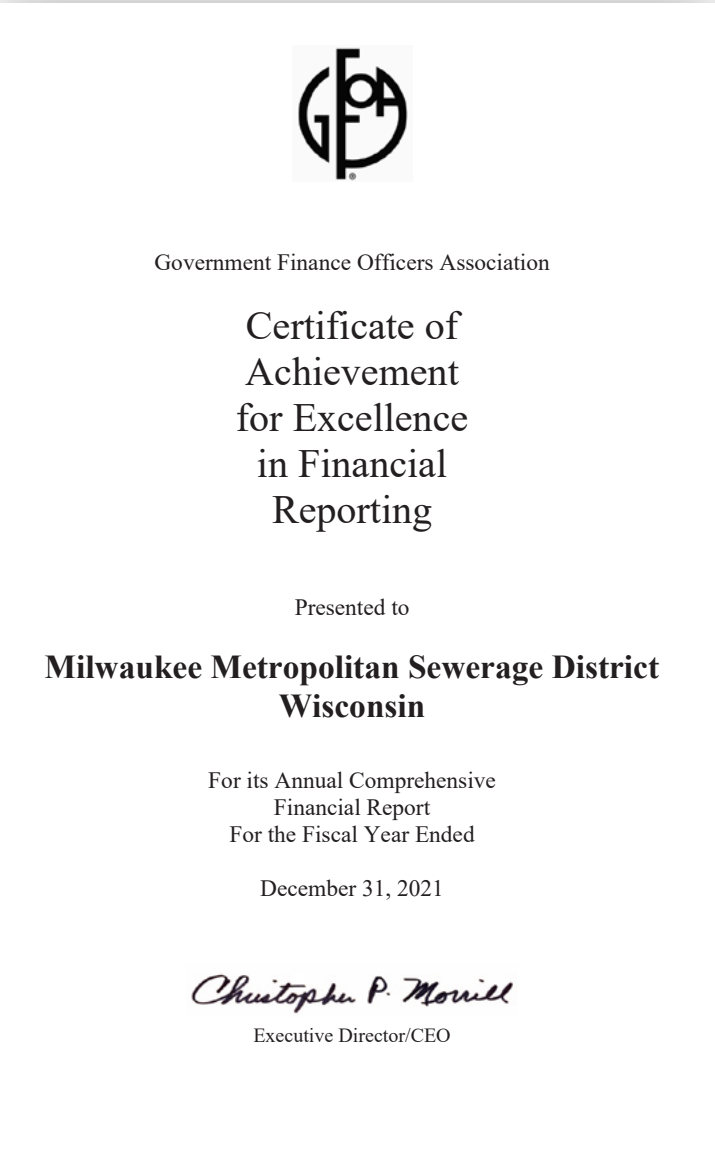


Donald R. Nehmer
Director of Finance/Treasurer

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

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THE GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Milwaukee Metropolitan Sewerage District for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the 44th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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.



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INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the Commissioners of
Milwaukee Metropolitan Sewerage District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Milwaukee Metropolitan Sewerage District (the District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

continued on next page →

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The introductory section and statistical section comprises the other information included in the annual comprehensive financial report but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin

June 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the Milwaukee Metropolitan Sewerage District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2022 and December 31, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 12 - 15 of this report.

FINANCIAL HIGHLIGHTS

- The District's net position of \$2.5 billion remained unchanged over the course of this year's operation.
- The District has a deficit balance of \$37.7 million for its unrestricted net position. This represents an decrease of \$22.3 million from the deficit balance of \$60 million at December 31, 2021. In accordance with GASB Statement 75, at December 31, 2022, the District has recorded a total Other Postemployment Benefits (OPEB) liability of \$97.7 million. The District has elected to fund its liability related to postretirement benefits other than pensions as it comes due rather than when it is incurred. At January 1, 2022 the total OPEB liability was \$130.9 million, and at December 31, 2022 the net OPEB liability decreased \$33.2 million to \$97.7 million using actuarial valuations for each respective year. See note 11 to the financial statements for further details.
- During 2022 the District received \$21 million in loan proceeds from the State of Wisconsin Clean Water Fund Loan Program. The issuance of this new debt, along with the other general obligation debt, brings the District's outstanding bonded debt at December 31, 2022 to \$728.2 million. This is a decrease of \$3.3 million over the balance at December 31, 2021. The District's debt limit rate decreased from 0.96% to 0.85%, well below the statutory limit rate of 5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT

NET POSITION

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

As can be seen in Table A-1 below, the District's net position at December 31, 2022 reflects its investment in capital assets (e.g., sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide sewerage treatment services, provide flood management and to maintain and improve watercourses for the entire District service area; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) CONT. →

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) CONT.

TABLE A-1 CONDENSED SUMMARY OF NET POSITION (IN THOUSANDS)

	2020	2021	2022	\$ Change 2022 over 2021	Percentage Increase (Decrease) 2022 versus 2021
Current and Other Assets	214,153	201,122	201,139	\$17	0.0%
Noncurrent Assets	122,760	120,550	139,796	\$19,246	16.0%
Capital Assets	\$3,285,241	\$3,276,204	\$3,282,171	\$5,967	0.2%
Total Assets	\$3,622,155	\$3,597,876	\$3,623,106	\$25,230	0.7%
Deferred Outflows of Resources	\$19,199	\$15,174	\$9,544	(\$5,630)	-37.1%
Current Liabilities	\$ 136,289	120,045	127,021	\$6,976	5.8%
Noncurrent Liabilities	\$849,835	843,309	795,927	(\$47,382)	-5.6%
Total Liabilities	\$986,124	\$963,354	\$922,948	(\$40,406)	-4.2%
Deferred Inflows of Resources	\$146,749	\$139,595	\$172,677	\$33,082	23.7%
Investment in Capital Assets	\$2,523,541	\$2,547,876	\$2,552,510	\$4,634	0.2%
Restricted	30,813	22,223	22,223	\$0	0.0%
Unrestricted	(\$45,873)	(59,998)	(37,708)	\$22,290	-37.2%
Total Net Position	\$2,508,481	\$2,510,101	\$2,537,025	\$26,924	1.1%

As shown in Table A-1, current, other assets and noncurrent assets increased \$19.3 million or 726.0% from 2022 compared to 2021. The primary reason for the increase is noncurrent assets increasing \$19.2 million at December 31, 2022. The District had \$30.3 million in unused proceeds from the General Obligation Promissory Notes, Bonds 2021A remaining at December 31, 2022. The district issued \$50 million in new General Obligation debt in 2022 to finance portions of the capital improvement program.

The Deferred Outflow of Resources decreased \$5.6 million or 37.1% in 2022 compared to 2021. The primary reason for the decrease is the pension deferred outflows decreasing \$2.1 million to \$5.5 million at December 31, 2022 from \$7.6 million at December 31, 2021. This is in accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, at December 31, 2022 (see note 10 to the financial statements for additional details). The OPEB deferred outflows also decreased \$3.2 million to \$2.1 million at December 31, 2022 from \$5.3 million at December 31, 2021. This is in accordance with GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The remaining \$343,000 is due to the unamortized loss on refunding.

As can be seen from Table A-1, total liabilities decreased \$40.4 million or a 4.2% in 2022 compared to 2021. The primary reason for the decrease is the total OPEB liability and the total Pension liability had a combined decrease of \$45 million at December 31, 2022. In addition, there is a decrease of \$2.4 million in long-term obligations due within one year. The District received \$71.0 million in new debt proceeds during 2022 which was offset by \$74.2 million in principal pay down. The principal payoff was for existing District general obligation issued debt and Clean Water Fund Program loans.

The Deferred Inflow of Resources increased \$33.1 million or 23.7%. \$17.1 million of the increase is related to a decrease

in OPEB deferred inflows and \$9.5 million is related to an increase in pension deferred inflows. \$3.3 million of the increase at December 31, 2022, is related to capital charges to municipalities outside the District. There is also an increase in the tax levy of \$3.2 million.

As can be seen from Table A-1, investment in capital assets increased \$4.6 million, or 0.2% at December 31, 2022 compared to December 31, 2021. The restricted net position is \$22.2 million at December 31, 2022 so there was no change when compared to December 31, 2021. The primary reason for the increase in capital assets is due to the addition of assets increasing by \$108 million exceeding the \$102.1 million increase in accumulated depreciation in 2022. The deficit in the District’s unrestricted net position decreased by \$22.3 million to \$37.7 million. The deficit in the unrestricted net position is the result of the District electing to fund its long-term liability related to postretirement health and life insurance as it comes due rather than when it is incurred. As mentioned above, the District implemented GASB 75 in 2018. The total long-term OPEB liability related to this benefit was \$97.7 million at December 31, 2022 compared to \$130.9 million at December 31, 2021.

When comparing 2021 to 2020, Table A-1 indicates current, other assets and noncurrent assets decreased \$15.2 million or 4.5% from 2021 compared to 2020. The primary reason for the decrease is noncurrent assets decreasing \$25.7 million at December 31, 2021. The District had \$34.4 million in unused proceeds from the General Obligation Promissory Notes, Bonds 2021A remaining at December 31, 2021. The district issued \$46 million in new General Obligation debt in 2021 to finance portions of the capital improvement program.

The Deferred Outflow of Resources decreased 4.0 million or 21.0% in 2021 compared to 2020. The primary reason for the decrease is the pension deferred outflows decreasing \$3.4 million to \$7.6 million at December 31, 2021 from \$11.0



Harley Davidson Museum party

million at December 31, 2020. This is in accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, at December 31, 2021 (see note 10 to the financial statements for additional details). The OPEB deferred outflows also decreased \$227,000 to \$5.3 million at December 31, 2021 from \$5.7 million at December 31, 2020. This is in accordance with GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The remaining \$350,000 is due to the unamortized loss on refunding.

As can be seen from Table A-1, total liabilities decreased \$22.8 million or a 2.3% in 2021 compared to 2020. Of this, a decrease of \$19.9 million in long-term obligations due within one year. The District received \$64.9 million in new debt proceeds during 2021 which was offset by \$94.2 million in principal pay down. The principal payoff was for existing District general obligation issued debt and Clean Water Fund Program loans. Offsetting these is \$20.5 million increase in unamortized debt premium at December 31, 2021. In addition, the total OPEB liability and the total Pension liability had a combined increase of \$3.8 million at December 31, 2021.

The Deferred Inflow of Resources decreased \$7.2 million or 4.9%. \$5.4 million of the increase at December 31, 2021,

is related to capital charges to municipalities outside the District, \$3.0 million is related to a decrease in OPEB deferred inflows and \$1.8 million is related to a decrease in pension deferred inflows. These amounts are offset by an increase in the tax levy of \$3.0 million.

As can be seen from Table A-1, investment in capital assets increased \$24.3 million, or 1.0% at December 31, 2021 compared to December 31, 2020. The restricted net position decreased to \$61.8 million at December 31, 2021 compared to December 31, 2020. This is primarily due to increase use of debt service reserves for debt service payments and the use of cash for capital expenditures. The deficit in the District’s unrestricted net position increased by \$1.0 million to \$99.5 million. The deficit in the unrestricted net position is the result of the District electing to fund its long-term liability related to postretirement health and life insurance as it comes due rather than when it is incurred. As mentioned above, the District implemented GASB 75 in 2018. The total long-term OPEB liability related to this benefit was \$130.9 million at December 31, 2021 compared to \$128.8 million at December 31, 2020.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) CONT. ➔

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) CONTINUED

TABLE A-2 CONDENSED SUMMARY OF REVENUES, EXPENSES & CHANGES IN NET POSITION (IN THOUSANDS)

	2020	2021	2022	\$ Change 2022 over 2021	Percentage Increase (Decrease) 2022 versus 2021
Operating revenues:					
User charges	\$87,055	\$89,625	\$91,354	\$1,729	1.9%
Fertilizer	\$11,359	\$10,828	\$11,295	\$467	4.3%
Other	\$892	\$1,751	\$3,039	\$1,288	73.6%
Total operating revenues	\$99,306	\$102,204	\$105,688	\$3,484	3.4%
Nonoperating revenues:					
Property taxes	\$101,750	\$102,733	\$105,868	\$3,135	3.1%
Capital charges-municipalities outside the District	\$25,073	\$28,066	\$23,074	(\$4,992)	-17.8%
Other	\$2,608	\$2,762	\$3,572	\$810	29.3%
Total nonoperating revenues	\$129,431	\$133,561	\$132,514	(\$1,047)	-0.8%
Total Revenues	\$228,737	\$235,765	\$238,202	\$2,437	1.0%
Operating expenses:					
Systems – operation and maintenance	\$69,173	\$69,231	\$69,089	(\$142)	-0.2%
Laboratory and research services	\$3,114	\$3,031	\$1,805	(\$1,226)	-40.5%
Industrial waste and conveyance monitoring	\$3,333	\$2,821	\$1,122	(\$1,699)	-60.2%
Finance, engineering, and administration	\$31,252	\$28,369	\$18,440	(\$9,929)	-35.0%
Depreciation	\$100,648	\$101,570	\$102,316	\$746	0.7%
Total operating expenses	\$207,520	\$205,022	\$192,771	(\$12,251)	-6.0%
Nonoperating expenses	\$32,279	\$28,643	\$24,746	(\$3,897)	-13.6%
Land Contributed to Municipalities	\$655	\$3,611	\$1,629	(\$1,982)	-54.9%
Total nonoperating expenses	\$32,934	\$32,254	\$26,375	(\$5,879)	-18.2%
Total Expenses	\$240,454	\$237,276	\$219,147	(\$18,129)	-7.6%
Income (Loss) Before Capital Contributions	(\$11,717)	(\$1,511)	19,055	20,566	-1361.1%
Capital Contributions	\$2,095	\$3,131	\$7,869	\$4,738	151.3%
Changes in Net Position	(\$9,622)	\$1,620	\$26,924	\$25,304	1562.0%
Beginning net assets, as restated	\$2,518,103	\$2,508,481	\$2,510,101	\$1,620	0.1%
Cumulative effect of a change In accounting principle	\$0	\$0	\$0	\$0	
Ending Net Position	\$2,508,481	\$2,510,101	\$2,537,025	\$26,924	1.1%

While the Summary of Net Position (Table A-1) shows the change in the District’s financial position the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, for the fiscal year ended 2022, total revenues increased by \$2.4 million or 1.0% and expenses decreased by \$18.1 million or 7.6%. The major factors, which drove these results, include:

- Total user charges increased \$1.7 million or 1.9% from 2021. The primary reason is that the 2022 user charge billings had a budgeted increase in the user chart rates..
- The District’s Milorganite revenue in 2022 is \$11.3 million which is a \$500K increase from 2021. The primary reason

for the increase is in tons sold from 37,237 in 2021 to 46,524 in 2022. However, as the District continues to focus on increasing sales in the retail market, including popular “big box” and warehouse stores that sell to homeowners and gardeners, the average net selling price increased \$4.36 per ton, to \$266.82 in 2022 from \$262.46 in 2021.

- Excluding depreciation, operating expenses in 2022 decreased \$13 million or 12.6% over the amount for 2021. The recording of GASB 75 resulted in a decrease of \$12.8 million related to the OPEB expense in 2022. The 2022 pension expense related to recording GASB 68 resulted in a decrease of \$197K.



Lakefront Park

- Nonoperating revenues decreased by \$1.0 million or 0.8%. The primary reason nonoperating revenues decreased relates to \$5.0 million for the annual reconciliation for the watercourse and green infrastructure billings credits adjustment for 2021 purposes. This was offset by a \$3.1 million increase in property taxes which was a planned and budgeted increase in the tax levy, and an increase of \$811K in other revenues.
- Nonoperating expenses in 2022 decreased by 18.2% or \$5.9 million from 2021. Capital program expenditures decreased by \$3.7 million, donated land decreased by \$2.0 million, and interest expense decreased by \$200K.

For the fiscal year 2021 compared to 2020, as can be seen in Table A-2 above, total revenues increased by \$7.0 million or 3.1% and expenses increased by \$1.5 million or 0.6%. The major factors, which drove these results, include:

- Total user charges increased \$2.6 million or 3.0% from 2020. The primary reason is that the 2020 user charge billings had an unfavorable variance of approximately \$2 million due to COVID-19 pandemic and related business closures. With re-openings in 2021, the user charges billings did not have a related unfavorable variance.
- The District’s Milorganite revenue in 2021 is \$10.8 million which is a \$1 million decrease from 2020. The primary reason for the decrease is in tons sold from

- 48,679 in 2020 to 37,237 in 2021. However, as the District continues to focus on increasing sales in the retail market, including popular “big box” and warehouse stores that sell to homeowners and gardeners, the average net selling price increased \$3.11 per ton, to \$262.46 in 2021 from \$259.35 in 2020.
- Excluding depreciation, operating expenses in 2021 decreased \$3.4 million or 3.2% over the amount for 2020. The recording of GASB 75 resulted in a decrease of \$688K related to the OPEB expense in 2021. This is offset by the 2021 pension expense related to recording GASB 68 of \$3.5 million.
- Nonoperating revenues increased by \$4.1 million or 3.2%. The primary reason nonoperating revenues increased relates to \$3.0 million for the annual reconciliation for the watercourse and green infrastructure billings credits adjustment for 2020 purposes. In addition, there is a \$983K increase in property taxes which was a planned and budgeted increase in the tax levy, and an increase of \$154K in other revenues.
- Nonoperating expenses in 2021 decreased by 2.1% or \$680,000 from 2020. Capital program expenditures decreased by \$1.4 million, interest expense decreased by \$2.3 million, and this was offset by donated land increases of \$3.0 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) CONT. ➔

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) CONTINUED

TABLE A-3 CAPITAL ASSETS (IN THOUSANDS)

	2020	2021	2022	\$ Change 2022 over 2021	Percentage Increase (Decrease) 2022 versus 2021
Land, land easements & land improvements	\$184,436	\$192,580	\$212,188	\$19,608	10.2%
Buildings	\$842,509	\$853,040	\$853,196	\$156	0.0%
Machinery & equipment	\$1,062,875	\$1,068,865	\$1,073,987	\$5,122	0.5%
Aeration and clarifier tanks	\$87,544	\$102,640	\$102,640	(\$0)	-0.0%
Watercourse improvements	\$363,842	\$366,565	\$366,565	\$0	0.0%
Intercepting sewer system & rights	\$2,504,193	\$2,508,584	\$2,509,341	\$757	0.0%
Construction in progress	\$294,105	\$339,408	\$421,789	\$82,381	24.3%
Sub-total	\$5,339,504	\$5,431,682	\$5,539,705	\$108,023	2.0%
Less: Accumulated depreciation	(\$2,054,263)	(\$2,155,478)	(\$2,257,535)	(\$102,057)	4.7%
Net capital assets	\$3,285,241	\$3,276,204	\$3,282,171	\$5,967	0.2%

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of December 31, 2022, the District’s investment in capital assets amounted to \$3.3 billion (net of accumulated depreciation) as shown in Table A-3 below. The increase of \$6.0 million in net capital assets for 2022 reflects a \$102.1 million increase in accumulated depreciation which is less than the \$108.0 million increase in net additions to the asset base during 2022.

During 2022 and 2021 the District incurred capital expenditures to rehabilitate, upgrade or replace assets at its two water reclamation facilities and conveyance system; continued to work on flood management projects, as well as work on sustainability projects and 2050 Facilities Planning. In 2023, the District’s current ten-year capital expenditure forecast projects over \$990 million in project and program expenditures over the ten-year period from 2023 through 2032. During this ten-year period the capital improvement program continues its focus on asset management and sustainability rather than expansion of capacity.

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

DEBT ADMINISTRATION

General obligation indebtedness outstanding at December 31, 2022 amounted to \$728.2 million. Included in this amount are \$353 million of general obligation bonds issued by the District.

The remaining balance of \$375.1 million represents funds received by the District through the State of Wisconsin Clean Water Fund Loan Program, which provides low interest loans for use in the construction of wastewater treatment facilities. Interest on these loans is payable semi-annually with interest rates ranging from 1.49% to 3.00%.

On May 16, 2022, the District issued \$50 million of General Obligation Promissory Bonds, Series 2022A. The net proceeds from this issue provided funding for a portion of the District’s capital improvements program in 2021 through 2023. The Series 2022A issue was competitively sold by the District.

Fitch Ratings affirmed the District’s current bond rating on April 6, 2023, and Moody’s Investor’s Services and Standard & Poor’s affirmed the District’s current bond rating on April 10, 2023 and April 7, 2023. The current ratings are as follows:

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

At December 31, 2022, the District has an intergovernmental loan for \$13.6million. This loan is with City of Franklin for costs related to constructing the Ryan Creek Interceptor in accordance with District standards and which the District will purchase from Franklin. The District made payments to Franklin, beginning in 2015, equal to Franklin’s annual payments toward repaying its loan with the Clean Water Fund Loan Program used to finance the construction of the interceptor. On January 3, 2017, the District reimbursed Franklin for the sums Franklin has paid toward the Clean Water Fund Program loan through 2014.

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The average unemployment rate for Milwaukee County was 3.79 percent for 2022, a decrease from the 5.2 percent rate for 2021. This compares to the state’s unemployment rate of 2.9 percent and the national rate of 3.6 percent.
- Inflation in the metropolitan area was similar to the national consumer price index.
 - The Midwest Region inflation rate was 8.0% for 2022.
 - The average U.S. city rate was 8.0% for 2022.

- The equalized valuation for the District’s service area (including communities outside the District) increased by 12.4 percent in 2022, while 2022 user charge waste loads changed as follows:
 - Billable flows down 12.4%.
 - Pounds of Biochemical Oxygen Demand (BOD) down 0.9%.
 - Pounds of Total Suspended Solids (TSS) down 2.2%.

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

The District approved a \$117.7 million 2023 Operation and Maintenance Budget, an increase of \$7.6 million or 6.9% from 2022. The District’s user charge billings for 2023 are budgeted to increase 5.8% to \$95 million. The average District residential charge for 2023 increases \$8.39 to \$151.89 from \$160.28 or 5.5% from the 2022.

Items of note in the 2023 Operations and Maintenance (O&M) Budget include:

- Sewer user charge billings are increasing 5.8%, as the District enters the sixth year of a ten-year Veolia Water operating contract extension agreement that began in March of 2018.
- In the 2023’s O&M budget, the District returns the 2021 surplus of \$5.0 million, a 54.5% increase over 2022’s amount of \$3.5 million.
- Milorganite net revenue is projected to increase to \$11.8 million or a 7.3% increase from the 2022 budget, to reflect the 10% price increase that went into effect in June 2022. Total O&M expenditures are increasing 6.9% or \$7.6 million, compared to the 2022 O&M budgeted amount. The increase is due to an increase in the contribution to the retirement system, an increase for the operating contract, and to reflect the impact of inflation on purchased goods and services.

The District’s Commission approved a 2023 Capital Budget that included a tax levy of \$109.1 million, which is a 3.0% increase over the amount of the levy of the prior year. The tax rate decreased 8.7% from \$1.49 to \$1.36 per \$1,000 of equalized value. Included in the 2023 Capital Budget is the financing plan that projects tax levy increases of 3% per year from 2024 through 2027 and 5% thereafter; the tax rate increases from \$1.38 to \$1.64 per \$1,000 of equalized value in the financial plan.

The great majority of capital expenditures in the 2023 Capital Budget are for the continued effort to rehabilitate, replace, upgrade or improvement of existing District facilities and infrastructure, at over \$990 million over the next ten years. Extensive expenditures are planned for watercourse and flood management improvements at \$538 million in the ten-year long-range financing plan.

Finally, the ten-year long range financing plan provides for an average level of \$214 million expenditures for capital projects and programs, while the District maintains its average of 20 percent cash financing objective over the ten year period and maintains and stabilizes its outstanding debt as a percentage of equalized value in a range of 1.05% in 2024 to 1.85% in 2031.

REQUESTS FOR INFORMATION

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



EXHIBIT A-1

STATEMENTS OF NET POSITION

As of December 31, 2022 and 2021

In Thousands

	Fiscal Year	
	2022	2021
ASSETS		
Current unrestricted assets:		
Cash and cash equivalents	\$16,423	\$29,094
Investments	8,247	3,671
Receivables:		
Billed user charges	6,700	2,478
Unbilled user charges	14,500	14,551
Fertilizer sales	1,680	1,553
Other	3,103	2,519
Inventories:		
Operating and maintenance supplies	4,540	3,454
Fertilizer	664	1,783
Total Current Unrestricted Assets	55,857	59,103
Current restricted assets:		
Investments	10,706	10,600
Receivables:		
Tax levy	109,126	105,948
Capital charges – municipalities outside the District	24,549	24,800
Grant funds	713	363
Other	75	1
Prepaid expenses and other	113	307
Total Current Restricted Assets	145,282	142,019
Total Current Assets	201,139	201,122
Noncurrent assets:		
Investments	9,442	5,752
Designated assets:		
Cash and cash equivalents	58,235	48,842
Investments	25,767	13,512
Restricted assets		
Investments	46,352	52,444
Capital assets, at cost:		
Land	86,568	86,195
Land easements	98,011	78,777
Land improvements	27,609	27,608
Buildings	853,196	853,040
Aeration and clarifier tanks	102,640	102,640
Machinery and equipment	1,073,987	1,068,865
Intercepting sewer system	2,484,752	2,483,995
Interceptor rights	24,589	24,589
Watercourse improvement	366,565	366,565
Construction in progress	421,789	339,408
Total Capital Assets	5,539,706	5,431,682
Less: Accumulated depreciation	(2,257,535)	(2,155,478)
Net Capital Assets	3,282,171	3,276,204
Total Assets	3,623,106	3,597,876

See accompanying notes to financial statements.

	Fiscal Year	
	2022	2021
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources:		
Pension deferred outflows	5,531	7,554
Other post employment benefits deferred outflows	2,074	5,338
Unamortized loss on refunding	1,939	2,282
Total Deferred Outflows of Resources	9,544	15,174
LIABILITIES		
Current liabilities (payable from unrestricted current assets):		
Accounts payable	\$12,745	\$13,800
Accrued salaries and wages	995	1,025
Accrued vacation pay	1,414	1,401
Other	615	560
Total Current Liabilities (Payable from Unrestricted Current Assets)	15,769	16,786
Current liabilities (payable from restricted assets):		
Accounts payable	31,975	21,974
Retainers payable	1,655	1,384
Accrued interest	4,515	4,360
Long-term obligations due within one year	73,107	75,541
Total Current Liabilities (Payable from Restricted Assets)	111,252	103,259
Total Current Liabilities Payable	127,021	120,045
Noncurrent liabilities:		
Retainers payable	502	257
Long-term obligations:		
General obligation bonds, net of unamortized premium	350,119	323,508
Clean Water Fund Program loans	326,287	354,214
Intergovernmental loan	12,263	13,635
Total OPEB liability	97,674	130,887
Net pension liability	8,948	20,694
Accrued vested sick pay	134	114
Total Long-term Obligations	795,927	843,309
Total Liabilities	922,948	963,354
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources:		
Tax levies	109,126	105,948
Capital charges – municipalities outside the District	27,824	24,496
Pension deferred inflows	13,515	4,055
OPEB deferred inflows	22,212	5,096
Total Deferred Inflows of Resources	172,677	139,595
Total Liabilities and Deferred Inflows of Resources	1,095,625	1,102,949
NET POSITION		
Net Position:		
Investment in capital assets	2,552,510	2,547,876
Restricted - equipment replacement	16,032	15,983
Restricted – debt service	6,191	6,240
Unrestricted (deficit)	(37,708)	(59,998)
TOTAL NET POSITION	\$2,537,025	\$2,510,101

See accompanying notes to financial statements.

EXHIBIT A-2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the fiscal years ended December 31, 2022 and 2021
In Thousands

	Fiscal Year	
	2022	2021
OPERATING REVENUES		
User charges	\$91,354	\$89,625
Fertilizer	11,295	10,828
Other	3,039	1,751
Total Operating Revenues	105,688	102,204
OPERATING EXPENSES		
Systems – operation and maintenance	69,089	69,231
Laboratory and research services	1,805	3,031
Industrial waste and conveyance monitoring	1,122	2,821
Finance, engineering, and administration	18,440	28,369
Depreciation and amortization	102,316	101,570
Total Operating Expenses	192,772	205,022
OPERATING LOSS	(87,084)	(102,818)
NONOPERATING REVENUES (EXPENSES)		
Property taxes - capital	105,868	102,733
Investment income	2,398	153
Net increase (decrease) in fair value of investments	(1,072)	(64)
Interest expense	(18,883)	(19,111)
Capital charges – municipalities outside the District	23,074	28,066
Gain (loss) on disposal of capital assets	(771)	49
Capital program expenditures	(5,863)	(9,532)
Land contributed to municipalities	(1,629)	(3,611)
Other	3,017	2,624
Total Nonoperating Revenues (Expenses), Net	106,139	101,307
Income before Capital Contributions	19,055	(1,511)
CAPITAL CONTRIBUTIONS	7,869	3,131
CHANGE IN NET POSITION	26,924	1,620
NET POSITION - Beginning of Year	2,510,101	2,508,481
NET POSITION - END OF YEAR	\$2,537,025	\$2,510,101

See accompanying notes to financial statements.

EXHIBIT A-3

STATEMENTS OF CASH FLOWS

For the fiscal years ended December 31, 2022 and 2021
In Thousands

	Fiscal Year	
	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$103,749	\$106,058
Payments for capital programs	(5,863)	(9,532)
Payments to suppliers	(86,304)	(85,243)
Payments to employees	(18,018)	(14,245)
Net Cash Provided (Used) by Operating Activities	(6,436)	(2,962)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(99,270)	(93,300)
Proceeds from long-term debt issued	70,966	64,313
Principal payments on long-term obligations	(75,579)	(95,517)
Interest paid on long-term obligations	(21,147)	(22,072)
Premium received on debt issued	2,253	3,866
Government grant receipts and other contributions	6,624	1,833
Tax levy receipts	105,868	102,733
Capital charges – municipalities outside the District	26,653	27,514
Net Cash Provided (Used) by Capital and Related Financing Activities	16,368	(10,630)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment income	2,398	153
Purchase of investments	(62,975)	(46,685)
Proceeds from sale and maturity of investments	47,368	39,608
Net cash provided (used) by investing activities	(13,209)	(6,924)
Net (decrease) increase in cash and cash equivalents	(3,277)	(20,516)
CASH AND CASH EQUIVALENTS - Beginning of Year	77,935	98,451
CASH AND CASH EQUIVALENTS - END OF YEAR	\$74,658	\$77,935
CASH AND CASH EQUIVALENTS AS PRESENTED IN THE ACCOMPANYING STATEMENTS OF NET POSITION		
Current cash and equivalents	\$16,423	\$29,094
Current investments	8,247	3,671
Current restricted investments	10,706	10,600
Noncurrent investments	9,442	5,752
Noncurrent designated cash and cash equivalents	58,235	48,842
Noncurrent designated investments	25,767	13,512
Noncurrent restricted investments	46,352	52,444
Total cash and investments	175,172	163,915
Less: Noncash equivalents	(100,514)	(85,980)
CASH AND CASH EQUIVALENTS	\$74,658	\$77,935

EXHIBIT A-3 CONTINUED ON NEXT PAGE →

See accompanying notes to financial statements.

→ EXHIBIT A-3 CONTINUED FROM PREVIOUS PAGE

STATEMENTS OF CASH FLOWS

For the fiscal years ended December 31, 2022 and 2021

	Fiscal Year	
	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OTHER OPERATING ACTIVITIES		
Operating loss	\$(87,084)	\$(102,818)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	102,316	101,570
Postretirement benefits	(13,096)	2,709
Other nonoperating revenue	3,017	2,624
Capital program expenditures	(5,863)	(9,532)
Changes in current assets and liabilities:		
Current receivables and other assets	(4,956)	1,230
Prepaid expenses	194	178
Inventories	33	(1,593)
Accounts payable and other liabilities	(997)	2,670
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$(6,436)	\$(2,962)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Increase (decrease) in fair value of investments	\$(1,072)	\$(64)
Increase (decrease) in capital grants accrued	350	(128)
Capital charges receivable/deferral	(3,579)	552
Capital assets contributed by others	895	1,426
Gain (loss) on disposal of capital assets	(771)	49
Land contributed to municipalities	(1,629)	(3,611)

See accompanying notes to financial statements.



Riding bikes along the lakefront

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2022 and 2021

NOTE 1 – BASIS OF PRESENTATION

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

of its wastewater treatment process for residential and commercial use.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the more significant policies.

FINANCIAL STATEMENT PRESENTATION AND BASIS OF ACCOUNTING

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

CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.) →

See accompanying notes and required supplementary information.

→ NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

USER CHARGES

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

INVENTORIES

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

PREPAYMENTS

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

RESTRICTED ASSETS

The District maintains specific investments held by the bank for safekeeping for funds intended for equipment replacement. The equipment replacement funds are classified as restricted assets and were approximately \$16,032,000 and \$15,983,000 in 2022 and 2021. Investments restricted for debt service were \$10,706,000 and \$10,600,000, respectively. Investments related to unspent bond proceeds primarily restricted for construction funds were \$30,320,000 and \$36,461,000 respectively.

DESIGNATED ASSETS

The District internally designates cash and cash equivalents and investments for its capital improvement program.

PROPERTY TAXES AND CAPITAL CHARGES

Property taxes levied have been designated by the District’s Commission to be legally available for capital expenditures, capital programs, and debt service requirements in the ensuing year. Taxes levied in 2022, to be collected in 2023, of \$109,126,000 have been included in deferred inflows of resources in the statements of net position at December 31, 2022, and are available for expenditure in 2023. Taxes levied in 2021, to be collected in 2022, of \$105,948,000 have been included in deferred inflows of resources in the statements of net position at December 31, 2021, and are available for expenditure in 2022.

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

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

CAPITAL CONTRIBUTIONS

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

CAPITAL ASSETS

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

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

	Years
Land easements	50
Land improvements	30-60
Buildings	50-65
Aeration and clarifier tanks	20-25
Machinery and equipment	3-50
Intercepting sewer system	20-100
Interceptor rights	50
Watercourse improvements	65-80

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

VACATION PAY

Vacation pay is accrued as earned although vacation pay is to be used within one year, as an accommodation to workload variations, employees are allowed to accumulate vacation hours in excess of the current year allotment during the calendar year. However, all balances in excess of 150% of the current year allotment are reduced to the 150% level on December 31 of each year. The accrued vacation pay of \$1,414,000 and \$1,401,000 at December 31, 2022 and 2021, respectively, is classified as a current liability.

RETAINERS PAYABLE

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

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

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

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

BOND PREMIUMS AND DISCOUNTS

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

VESTED SICK PAY

Prior to 1984, it was the District’s practice that employees could accumulate unused sick pay to a maximum of 240 days, and upon retirement could receive payment for one-half of their accumulated days. In 1984, the accumulated unused sick pay for management employees was frozen at the balance earned as of December 31, 1983. The Union employees continued to accumulate unused sick pay until 2012. The accumulated sick pay for Union employees was frozen at the balance earned as of April 30, 2012. As of December 31, 2022 and 2021, the District had no employees covered by a labor agreement. District Council 48, Local 366, AFSCME, AFL-CIO, which previously represented 82, voted to decertify in 2016 and the associated labor agreement expired April 30, 2016. The frozen sick pay of the District employees is \$305,000 and \$358,000 at December 31, 2022 and 2021, respectively. Of the total, \$134,000 and \$114,000 at December 31, 2022 and 2021, respectively, are classified as a long-term liability. The current portion is included with accrued salaries and wages.

PENSIONS

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

NET POSITION

Net position is displayed in three components as follows:

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

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

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

CLASSIFICATION OF REVENUES AND EXPENSES

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

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

GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS

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

CAPITAL PROGRAM EXPENDITURES

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

green infrastructure. Actual costs reimbursed by the District to municipalities are shown as a nonoperating expense on the statements of revenues, expenses, and changes in net position.

LAND CONTRIBUTED TO MUNICIPALITIES

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

USE OF ESTIMATES

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

NEW ACCOUNTING PRONOUNCEMENTS

GASB has approved, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omibus 2022*, Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, and Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year’s presentation.

NOTE 3 – DEPOSITS AND INVESTMENTS

As of December 31, 2022, the District had the following investments and cash and cash equivalents and maturities:

Carrying Value	Investment Maturities (in Years)			
	Less than 1	1-2	3-5	
(In Thousands)				
Checking (overdraft)	\$ (1,662)	\$ (1,662)	\$ -	\$ -
Commercial Paper	2,692	2,692	-	-
U.S. Instrumentalities	26,366	22,856	3,510	-
U.S. Treasuries	39,388	17,318	10,450	11,620
Local Government Investment Pool	98,746	98,746	-	-
Corporate Bonds	4,080	1,873	2,207	-
Money Market	5,017	5,017	-	-
Certificates of Deposit	545	545	-	-
Total Cash and Investments	\$ 175,172	\$ 147,385	\$ 16,167	\$ 11,620

NOTE 3 – DEPOSITS AND INVESTMENTS (cont.)

As of December 31, 2021, the District had the following investments and cash and cash equivalents and maturities:

Carrying Value	Investment Maturities (in Years)			
	Less than 1	1-2	3-5	
(In Thousands)				
Checking (overdraft)	\$ (6,324)	\$ (6,324)	\$ -	\$ -
Commercial Paper	7,493	7,493	-	-
U.S. Instrumentalities	6,471	-	6,471	-
U.S. Treasuries	13,441	5,704	6,937	800
Local Government Investment Pool	135,321	135,321	-	-
Corporate Bonds	1,979	494	1,485	-
Money Market	5,000	5,000	-	-
Certificates of Deposit	534	534	-	-
Total Cash and Investments	\$ 163,915	\$ 148,222	\$ 14,893	\$ 800

The checking account bank balance was \$426,000 and \$372,700 at December 31, 2022 and 2021, respectively. Deposits in each local and area bank are insured by the FDIC in the amounts of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest and noninterest bearing). Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. During 2022 and 2021, the District was in compliance with its investment policy that all investments shall be limited to maturities not exceeding five years, and the District shall maintain at least \$10,000,000 of its total investment portfolio in instruments maturing in 60 days or less. During 2022 and 2021, investments with maturities of less than 180 days, based on par value, comprised on average, 70.40% and 97.22% respectively, of the District’s month-end investment portfolio balance.

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

The District investment policy further limits the purchase of commercial paper to issuers with a commercial paper program size of at least \$500,000,000, except for banks and companies located within the District’s boundaries. The District’s investment in corporate bonds at December 31, 2022 and 2021, ranged from AA by Standard & Poor’s, or A1 by Moody’s Investors Service.

As to the credit risk related to the District’s investment in the Local Government Investment Pool (LGIP), the investments are not insured. The Federal Deposit Insurance Corporation

(FDIC) insures the pro rata share of certificates of deposit held by the LGIP.

At December 31, 2022 and 2021, all of the District’s investment in U.S. Instrumentalities are rated either AA+ by Standard & Poor’s or Aaa by Moody’s Investors Service.

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

As of December 31, 2022, the District had more than 5% of the District’s investments in the following issuer:

Issuer	Percentage
U.S. Treasury Note	22.25

As of December 31, 2021, the District had more than 5% of the District’s investments in the following issuer:

Issuer	Percentage
U.S. Treasury Note	7.90

In the case of deposits, in which the related risk is the event of a bank failure, the District’s deposits may not be returned to it. The District maintained certificates of deposit of \$500,000 at December 31, 2022 and 2021, respectively. These deposits, excluding \$45,000 of accrued interest at December 31, 2022 and \$33,000 of accrued interest at December 31, 2021, are fully insured through a combination of federal and state deposit insurance.

NOTE 3 – DEPOSITS AND INVESTMENTS (cont.) →

See accompanying notes and required supplementary information.

See accompanying notes and required supplementary information.

→ NOTE 3 – DEPOSITS AND INVESTMENTS (cont.)

FAIR VALUE MEASUREMENT

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

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

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

The following valuation methods were used for the Districts’ recurring fair value measurements as of December 31, 2022 and 2021:

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

The District has the following recurring fair value measurements as of December 31, 2022 and 2021:

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<i>(In Thousands)</i>				
Corporate Bonds	\$ 4,080	\$ -	\$ -	\$ 4,080
U.S. Instrumentalities	26,366	-	-	26,366
U.S. Treasuries	39,388	-	-	39,388
Commercial Paper	2,692	-	-	2,692
Total Investments	\$ 72,526	\$ -	\$ -	\$ 72,526

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<i>(In Thousands)</i>				
Corporate Bonds	\$ 1,979	\$ -	\$ -	\$ 1,979
U.S. Instrumentalities	6,471	-	-	6,471
U.S. Treasuries	13,441	-	-	13,441
Commercial Paper	7,493	-	-	7,493
Total Investments	\$ 29,384	\$ -	\$ -	\$ 29,384

See accompanying notes and required supplementary information.



NOTE 4 – OPERATING CONTRACT AND EXPENSES

On June 27, 2016, the Milwaukee Metropolitan Sewerage District Commission approved a 10-year extension contract effective March 1, 2018 with Veolia Water Milwaukee, LLC (Veolia) as the operator of the District’s two wastewater treatment plants, biosolids management and field operations, and custodian of the operating and maintenance supplies inventory while retaining ownership of the assets. Any changes in inventory levels throughout the term of the agreement are recorded as inventory. The operation and maintenance and utility fees are subject to adjustments based on various indices. The total net expenditures related to the contract for the year ended December 31, 2022 were \$54,300,000 and for the year ended December 31, 2021 were \$53,354,000. Under the terms of the new contract with Veolia the District is liable for 75% of actual energy costs, except landfill gas costs which are paid entirely by the District and Veolia is responsible for the remainder. The District continues to operate its industrial waste pretreatment program, engineering, central lab monitoring and research, Milorganite® sales, marketing, and distribution.

NOTE 5 – FEDERAL AND STATE GRANTS

The District has been awarded federal grant funds for planning, design, and construction, and state grant funds for construction. Available and outstanding federal and state grants are presented as follows:

	Total Grant Awards		Outstanding Grands Receivable	
		Billed	Unbilled	Total
<i>(In Thousands)</i>				
December 31, 2022:				
Federal	\$ 17,034	\$ 703	\$ -	\$ 703
State and other	\$ 10	\$ 10	\$ -	\$ 10
Totals	\$ 17,044	\$ 713	\$ -	\$ 713
December 31, 2021:				
Federal	\$9,538	\$ 363	\$ -	\$ 363
State and other	1,140	-	-	-
Totals	\$ 10,678	\$ 363	\$ -	\$ 363

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

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

See accompanying notes and required supplementary information.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
(In Thousands)				
Capital assets not being depreciated:				
Land	\$ 86,195	\$ 373	\$ -	\$ 86,568
Construction in progress	339,408	115,545	33,164	421,789
Total Capital Assets Not Being Depreciated	425,603	115,918	33,164	508,357
Capital assets being depreciated:				
Land easements	78,777	19,234	-	98,011
Land improvements	27,608	1	-	27,609
Buildings	853,040	156	-	853,196
Aeration and clarifier tanks	102,640	-	-	102,640
Machinery and equipment	1,068,865	5,394	272	1,073,987
Intercepting sewer system	2,483,995	757	-	2,484,752
Interceptor rights	24,589	-	-	24,589
Watercourse improvements	366,565	-	-	366,565
Total Capital Assets Being Depreciated	5,006,079	25,542	272	5,031,349
Less accumulated depreciation:				
Land easements	13,211	3,422	-	16,633
Land improvements	14,881	424	-	15,305
Buildings	475,783	17,421	-	493,204
Aeration and clarifier tanks	47,757	1,400	-	49,157
Machinery and equipment	678,981	38,761	259	717,483
Intercepting sewer system	835,151	35,287	-	870,438
Interceptor rights	4,180	492	-	4,672
Watercourse improvements	85,534	5,109	-	90,643
Total Accumulated Depreciation	2,155,478	102,316	259	2,257,535
Total Capital Assets Being Depreciated, Net	2,850,601	(76,774)	13	2,773,840
Total Capital Assets, Net	\$ 3,276,204	\$ 39,144	\$ 33,177	\$ 3,282,171

See accompanying notes and required supplementary information.

NOTE 6 – CAPITAL ASSETS (cont.)

Capital assets activity for the year ended December 31, 2021 was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
(In Thousands)				
Capital assets not being depreciated:				
Land	\$ 86,184	\$ 11	\$ -	\$ 86,195
Construction in progress	294,105	104,858	59,555	339,408
Total Capital Assets Not Being Depreciated	380,289	104,869	59,555	425,603
Capital assets being depreciated:				
Land easements	70,671	8,106	-	78,777
Land improvements	27,581	27	-	27,608
Buildings	842,509	10,531	-	853,040
Aeration and clarifier tanks	87,544	15,096	-	102,640
Machinery and equipment	1,062,875	6,346	356	1,068,865
Intercepting sewer system	2,479,604	4,391	-	2,483,995
Interceptor rights	24,589	-	-	24,589
Watercourse improvements	363,842	2,723	-	366,565
Total Capital Assets Being Depreciated	4,959,215	47,220	356	5,006,079
Less accumulated depreciation:				
Land easements	11,007	2,203	-	13,210
Land improvements	14,458	423	-	14,881
Buildings	458,684	17,099	-	475,783
Aeration and clarifier tanks	46,458	1,299	-	47,757
Machinery and equipment	639,610	39,726	354	678,982
Intercepting sewer system	799,911	35,240	-	835,151
Interceptor rights	3,688	492	-	4,180
Watercourse improvements	80,446	5,088	-	85,534
Total Accumulated Depreciation	2,054,263	101,570	354	2,155,478
Total Capital Assets Being Depreciated, Net	2,904,954	(54,350)	2	2,850,606
Total Capital Assets, Net	\$ 3,285,241	\$ 50,519	\$ 59,557	\$ 3,276,204

The District had construction contract commitments of approximately \$55,659,000 and \$41,237,000 as of December 31, 2022 and 2021, respectively.

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

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS (cont.)

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
(In Thousands)					
General obligation bonds	\$ 329,015	\$ 50,000	\$ (25,975)	\$ 353,040	\$ 22,880
Plus unamortized premium	20,468	2,253	(2,762)	19,959	-
Total Bonds Payable	349,483	52,253	(28,737)	372,999	22,880
State of Wisconsin Clean Water Fund	402,442	20,966	(48,265)	375,143	48,856
Subtotal	751,925	73,219	(77,002)	748,142	71,736
Intergovernmental loan	14,973	-	(1,339)	13,634	1,371
Net OPEB liability	130,887	-	(33,213)	97,674	-
Net Pension liability	20,694	-	(11,746)	8,948	-
Vested sick pay*	358	-	(53)	305	171
Total	\$ 918,837	\$ 73,219	\$ (123,352)	\$ 868,703	\$ 73,278

Changes in long-term obligations for the year ended December 31, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
(In Thousands)					
General obligation bonds	\$ 317,540	\$ 46,000	\$ (34,525)	\$ 329,015	\$ 25,975
Plus unamortized premium	19,490	3,866	(2,888)	20,468	-
Total Bonds Payable	337,030	49,866	(37,413)	349,483	25,975
State of Wisconsin Clean Water Fund	443,814	18,313	(59,685)	402,442	48,228
Subtotal	780,844	68,179	(97,098)	751,925	74,203
Intergovernmental loan	16,280	-	(1,307)	14,973	1,338
Net OPEB liability	128,803	2,084	-	130,887	-
Net Pension liability	18,938	1,756	-	20,694	-
Vested sick pay*	500	-	(142)	358	244
Total	\$ 945,365	\$ 72,019	\$ (98,547)	\$ 918,837	\$ 75,785

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

The District has issued general obligations bonds to provide funds for the acquisition and construction of major capital assets. All general obligation bonds are backed by the full faith and credit of the District. Interest on these bonds is payable semiannually at varying interest rates ranging from 1.00% to 5.00% (effective interest rate of 3.00%). Debt service requirements are as follows:

	Principal	Interest	Total
Year	(In Thousands)		
2023	22,880	12,336	35,216
2024	23,240	11,451	34,691
2025	22,660	10,529	33,189
2026	23,485	9,705	33,190
2027	24,340	8,780	33,120
2028-2032	107,665	30,552	138,217
2033-2037	87,890	13,298	101,188
2038-2041	40,880	3,047	43,927
Total	\$ 353,040	\$ 99,698	\$ 452,738

NOTE 7 – LONG-TERM OBLIGATIONS (cont.)

The District has received funds through the State of Wisconsin Clean Water Fund Loan Program that met the definition of direct placement debt. Interest on these loans is payable semiannually at varying interest rates ranging from 1.49% to 3.00% (effective interest rate of 2.13%). Principal is payable annually in varying amounts. Debt service requirements are as follows:

	Principal	Interest	Total
Year	(In Thousands)		
2023	48,856	7,955	56,811
2024	49,251	6,820	56,071
2025	48,151	5,666	53,817
2026	44,311	4,572	48,883
2027	36,581	3,617	40,198
2028-2032	100,316	9,002	109,318
2033-2037	34,321	2,654	36,975
2038-2042	13,356	435	13,791
Total	\$ 375,143	\$ 40,721	\$ 415,864

The District has outstanding loan commitments available of \$17,754,456 and \$15,585,175 at December 31, 2022 and 2021, respectively, from the State of Wisconsin Clean Water Fund Loan Program. These commitments will be utilized for future construction of wastewater treatment facilities.

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

In 2010, the District entered into an intergovernmental loan agreement with the City of Franklin to finance the Ryan Interceptor (project). The City of Franklin is constructing the project which will ultimately become an asset of the District. The City of Franklin has obtained Clean Water Fund Loan financing for this project at 2.46%. The District’s obligation will equal the total principal and interest payments on that loan. The District has agreed to make payments to the City of Franklin beginning in 2015 and the debt is anticipated to be paid off in 2031. On January 3, 2017, the District made a payment to the City of Franklin to reimburse the City for the sums paid toward the loan through 2014. The outstanding amount at December 31, 2022 is \$13,635,000. Debt service requirements are as follows:

	Principal	Interest	Total
Year	(In Thousands)		
2023	1,371	319	1,690
2024	1,406	285	1,691
2025	1,440	250	1,690
2026	1,476	214	1,690
2027	1,512	177	1,689
2028-2031	6,429	321	6,750
Total	\$ 13,634	\$ 1,566	\$ 15,200

On April 21, 2005, the District issued \$57,115,000 of General Obligation Sewerage System Refunding Bonds, Series 2005A. The proceeds were used to purchase state and local government securities which, together with an initial cash deposit and debt service funds released, were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on a portion of the General Obligation Sewerage System Bonds, Series 2001A. Neither the defeased debt nor the funds held in trust are recorded on the District’s statement of net position. The difference between the acquisition price and the net carrying amount of the old debt was a loss of \$217,000, which is reported in the accompanying financial statements as a deferred outflow and is being amortized as a component of interest expense through 2022. The unamortized refunding loss was \$0 and \$6,000 as of December 31, 2022 and 2021, respectively. The remaining balance on the Series 2005A Bonds at December 31, 2022 and 2021, included in general obligation bonds, is \$0 and \$4,940,000 respectively.

NOTE 7 – LONG-TERM OBLIGATIONS (cont.) ➔

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 7 – LONG-TERM OBLIGATIONS (cont.)

On May 6, 2015, the District issued \$100,000,000 of General Obligation Sewerage System Bonds, Series 2015A with an average interest rate of 3.7 percent. The proceeds were used to fund District capital improvements. The remaining balance on the Series 2015A Bonds at December 31, 2022 and 2021, included in general obligation bonds, is \$77,010,000 and \$81,975,000, respectively.

On October 21, 2015, the District issued \$47,765,000 of General Obligation Sewer System Refunding Bonds, Series 2015C. The proceeds were used to purchase U.S. government securities which, together with an initial cash deposit and debt service funds released, were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on a portion of the General Obligation Sewerage System Bonds, Series 2008F. Neither the defeased debt nor the funds held in trust are recorded on the District’s statement of net assets. The difference between the acquisition price of \$48,449,000 and the net carrying amount of the old debt was a loss of \$4,443,000, which was reported in the accompanying financial statements as a loss to long-term obligations and is being amortized as a component of interest expense through 2028. The unamortized refunding loss was \$1,939,000 and \$2,276,000 as of December 31, 2022 and 2021, respectively. The remaining balance on the Series 2015C Bonds at December 31, 2022 and 2021, included in general obligation bonds, is \$28,730,000 and \$37,430,000, respectively.

On June 12, 2017 the District issued \$80,000,000 of General Obligation Sewerage System Bonds, Series 2017A, with an average interest rate of 3.5 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2017A Bonds at December 31, 2022 and 2021 included in general obligation bonds, is \$63,435,000 and \$66,295,000, respectively.

On April 15, 2020 the District issued \$80,000,000 of General Obligation Sewerage System Bonds, Series 2020A, with an average interest rate of 3.65 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2020A Bonds at December 31, 2022 and 2021 included in general obligation bonds, is \$70,860,000 and \$74,735,000, respectively.

On July 12, 2020 the District issued \$27,690,000 of General Obligation Sewerage System Refunding Bonds, Series 2020D, with an interest rate of 4.0 percent. The proceeds were used to refund \$27,690,000 (Principal, no interest) of the 2010L bond with an interest rate of 3.9%. The difference between the acquisition price of \$27,690,000 and the net carrying amount of the old debt was \$34,000, which was not recorded as it wasn’t material. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new bonds) of \$2,263,995. The remaining balance on the Series 2020D Bonds at December 31, 2022 and 2021 included in general obligation bonds, is \$19,855,000 and \$21,950,000, respectively.

On May 17, 2021 the District issued \$46,000,000 of General Obligation Sewerage System Bonds, Series 2021A, with an average interest rate of 3.00 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2021A Bonds at December 31, 2022 and 2021 included in general obligation bonds, is \$43,150,000 and \$46,000,000, respectively.

On May 16, 2022 the District issued \$50,000,000 of General Obligation Sewerage System Bonds, Series 2022A, with an average interest rate of 4.25 percent. The proceeds are being used to fund District capital improvements. The remaining balance on the Series 2022A Bonds at December 31, 2022 included in general obligation bonds, is \$50,000,000.

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

	2022	2021
<i>(In Thousands)</i>		
Equalized valuation as determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 85,368,718	\$ 75,898,365
Statutory debt limit rate – Wisconsin Statutes Section 67.03	5%	5%
Statutory Debt Limit	4,268,436	3,794,918
General obligation indebtedness:		
Outstanding bonds issued by the District	(353,040)	(329,015)
Clean Water Fund Program loans	(375,143)	(402,442)
Legal Debt Margin	\$ 3,540,253	\$ 3,063,461

See accompanying notes and required supplementary information.

NOTE 8 – RISK MANAGEMENT

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

The District is self-insured for workers’ compensation and employer liability claims subject to certain limits of coverage. In addition, the District retains the risk for all comprehensive general liability claims. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The liability for claims payable included with accounts payable in the statements of net position includes claims incurred but not reported (IBNR) totaling approximately \$10,000 and \$35,000 as of December 31, 2022 and 2021, respectively.

	2022	2021	2020
<i>(In Thousands)</i>			
Unpaid claims, beginning of year	\$ 35	\$ 40	\$ 40
Claims and premiums paid	(17)	33	17
Current year claims and changes in estimates	(8)	(38)	(17)
Unpaid Claims, End of Year	\$ 10	\$ 35	\$ 40

In addition, the District retains a certain level of risk related to employee health insurance, and uses commercial insurance for stop-loss purposes. A liability for claims incurred but not reported (IBNR) is estimated at year end based on a review of the historical data. As of December 31, 2022 and 2021, the IBNR reported in other current liabilities is \$615,000 and \$560,000, respectively.

	2022	2021	2020
<i>(In Thousands)</i>			
Unpaid claims, beginning of year	\$ 560	\$ 410	\$ 560
Claims and premiums paid	10,027	9,211	8,905
Current year claims and changes in estimates	(9,972)	(9,061)	(9,055)
Unpaid Claims, End of Year	\$ 615	\$ 560	\$ 410

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

NOTE 9 – CONTINGENCIES AND COMMITMENTS

LITIGATION

There is not now pending, nor to the knowledge of the District threatened, any litigation restraining or enjoining the sale, issuance, execution or delivery of the Obligations or the authority of the District to levy taxes. There is not now pending, nor to the knowledge of the District threatened, any litigation questioning or affecting (i) the legal existence of the District or the title to office of its present officials, (ii) the authority of the District to own and operate its sewerage facilities, or (iii) the authority of the District to set rates and charges for its services.

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

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

Metropolitan Interceptor Sewer Contamination with PCB’s

Polychlorinated biphenyl (PCB) contamination has been identified in the District’s Basin H sewer near Capitol Drive. The sewer is directly downstream of an abandoned die casting facility with heavy PCB contamination. PCBs are present in the sewer at levels greater than 50 parts per million, triggering regulation by the United States Environmental Protection

NOTE 9 – CONTINGENCIES AND COMMITMENTS (cont.) →

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 9 – CONTINGENCIES AND COMMITMENTS (cont.)

Metropolitan Interceptor Sewer Contamination with PCB’s Cont.

Agency (“EPA”) under the Toxic Substances Control Act. The area for proposed remediation extends for roughly 8,000 linear feet (1.5 miles) from Capitol Drive to downtown. The District prepared a Risk Based Work Plan, which EPA has approved for the remediation of Basin H, which was approved in December of 2015. The estimated cost to implement the Work Plan is approximately \$11.1 million, based on construction bids received in January 2022. Up to \$10.0 million of these losses, less a \$250,000 deductible, are covered by insurance.

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

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

Threatened Claim by Employee

A long term District employee has hired a law firm and threatened to bring suit alleging federal and state law claims arising from gender and age discrimination. The District believes the claims to be without merit and anticipates that no liability will result from litigation should it occur.

Natural Gas Purchasing Commitment

On March 1, 2008 the District entered into an operating contract with Veolia Water for operations of the wastewater treatment facilities. As part of the contract the District became directly responsible for 75% of the natural gas costs at the plants. During 2008 management and the Commission determined it to be prudent to enter into forward transactions with a supplier to purchase natural gas for future periods. At December 31, 2022 the District had commitments to purchase \$8,575,122 of natural gas in future years, of which 75% will be paid for by the District and 25% will be paid for by Veolia. At December 31, 2021, the District had commitments to purchase \$6,891,250 of natural gas in future years, of which 75% will be paid for by the District and 25% will be paid for by Veolia. These purchases will be recorded as expenses and liabilities in the period in which the gas is delivered.

NOTE 10 – RETIREMENT SYSTEM

GENERAL INFORMATION ABOUT THE PENSION PLAN

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

The City Charter assigns the authority to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the City of Milwaukee. Detailed information about the pension plan’s fiduciary net position is available in these separately issued financial statements. That report may be obtained by writing to the Employees’ Retirement System of the City of Milwaukee, 200 East Wells Street, Room 603, Milwaukee, WI 53202.

Plan members are required by charter ordinance of the City of Milwaukee to contribute, or have contributed on their behalf, 5.5% of their salary or wages to the System. The District is required to contribute the remaining amounts necessary to fund the System. In 1970, the District began contributing the 5.5% on behalf of the employees. However, as a result of Wisconsin Act 10, the management/non-represented employees were required to begin making the 5.5% employee contribution in 2011. Effective, October, 2011, the management/non-represented employees began to make the 5.5% employee contribution. The represented employees were not required to begin the contribution at that time since they were covered by a labor agreement that expired on April 30, 2012. Beginning the first pay period in May, 2012, the represented employees began making the 5.5% employee contribution. For new hires starting after January 1, 2014, the contribution rate was reduced from 5.5% of salary and wages to 4% of salary and wages in accordance with overall benefit plan reductions. As of December 31, 2022 and 2021, the System recognized \$1,779,380 and \$1,728,062 in contributions from the District.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2022 and 2021, the District reported a liability (asset) of \$8,948,000 and \$20,694,000, respectively for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuations as of the measurement dates. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement dates. The District’s proportion of the net pension liability (asset) was based on the

NOTE 10 – RETIREMENT SYSTEM (cont.)

District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District’s proportion was 1.9896031%, which was an increase of 0.0955558% from its proportion measured as of December 31, 2020. At December 31, 2020, the District’s proportion was 1.8940473%, which was a decrease of 0.0119397% from its proportion measured as of December 31, 2019. As part of the contract between Veolia and the District, beginning January 1, 2018 the District is responsible for the plan contributions for those Veolia employees who remain on the plan (based on the contract terms). The pension information for the year ended December 31, 2022, which is based on the plan information for the year ended December 31, 2021, includes both the District and the Veolia shares of the plan.

For the year ended December 31, 2022 and December 31, 2021, the District recognized pension expense of \$1,616,000 and \$5,130,000.

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

Deferred Outflows of Resources	2022	2021
Differences between expected and actual experience	\$ 1,080,000	\$ 1,810,000
Changes in actuarial assumptions	23,000	2,269,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,118,000	231,000
Employer contributions subsequent to the measurement date	3,310,000	3,244,000
Total	\$ 5,531,000	\$ 7,544,000

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

Deferred Inflows of Resources	2022	2021
Differences between expected and actual experience	\$ (4,000)	\$ (437,000)
Net differences between projected and actual earnings on pension plan	(13,057,000)	(3,117,000)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(454,000)	(501,000)
Total	\$ (13,515,000)	\$ (4,055,000)

Deferred outflows related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in future periods. At December 31, 2022 the District reported \$3,310,000 in contributions made subsequent to the measurement date, which will be recognized in 2023 (1,583,000) and 2024 (1,727,000) when they are recognized by the plan in the actuarial report. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Net Deferred Outflows (Inflows) of Resources
2023	\$ (1,620,000)
2024	(4,415,000)
2025	(2,631,000)
2026	(2,628,000)
Thereafter	-
Total	\$ (11,294,000)

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 10 – RETIREMENT SYSTEM (cont.)

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

Actuarial valuation date	January 1, 2021
Measurement date of net pension liability (asset)	December 31, 2021
Actuarial cost method	Entry Age Normal – Level Percentage of Pay
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Investment Rate of Return	7.50% per annum, compounded annually
Discount rate	7.5%
Inflation	2.50%
Salary increases	
General City	2.5% - 5.5%
Police & Fire	4.0% - 13.4%
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table projected generationally with Scale MP-2016.

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

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

Actuarial valuation date	January 1, 2020
Measurement date of net pension liability (asset)	December 31, 2020
Actuarial cost method	Entry Age Normal – Level Percentage of Pay
Asset valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Investment Rate of Return	7.50% per annum, compounded annually
Discount rate	7.5%
Inflation	2.50%
Salary increases	
General City	2.5% - 5.5%
Police & Fire	4.0% - 13.4%
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table projected generationally with Scale MP-2016.

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

See accompanying notes and required supplementary information.

NOTE 10 – RETIREMENT SYSTEM (cont.)

Long-term Expected Rate of Return. The long term expected rate of return on pension plan investments was determined based on the results of an experience review performed by Conduent HR Consulting, LLC. Projected long term rates of return for each major asset class in the Retirement System’s target asset allocation as of December 31, 2022 and 2021 are summarized in the following table:

Asset Class	Actual	Long-term Expected Rate of Return
Public Equity	44.0%	7.3%
Fixed Income	23.0%	3.1%
Real Estate	9.1%	5.6%
Real Assets	3.9%	4.5%
Private Equity	10.0%	10.6%
Absolute Return	10.0%	2.9%
	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.5% for 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the utility’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what the Districts’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate Share of Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2021	\$ 25,184,000	\$ 8,948,000	\$ 4,550,000

Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what the Districts’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate Share of Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2020	\$ 35,917,000	\$ 20,694,000	\$ 8,042,000

NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB)

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

NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.) →

See accompanying notes and required supplementary information.

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.)

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

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

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

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

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

Retired Participants	486
Terminated vested participants	0
Active plan members	261
Total	747

At December 31, 2021, the following employees were covered by the benefit terms:

Retired Participants	494
Terminated vested participants	0
Active plan members	254
Total	748

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

TOTAL OPEB LIABILITY

At December 31, 2022, the District’s total OPEB liability of \$97,674,000 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date. At December 31, 2021, the District’s total OPEB liability of \$130,887,000 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.)

TOTAL OPEB LIABILITY (CONT.)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	6.75% decreasing to 5.0%
Retirees’ share of benefit-related costs	Represented Employees (contributions cease at age 65) Pre 1984 Retirees \$ 0 Post 1984 Retirees \$35 Single / \$70 Family Post 2004 Retirees \$45 Single / \$90 Family Post 1/1/2008 Retirees \$50 Single / \$100 Family Pre-Medicare coverage only for post 3/8/2010 hires. Non-Represented Employees Pre 2003 Hires \$ 0 Post 2003 Hires (pre-Medicare coverage only): Years of Service Retiree Contribution 15-20: 70% of Cost 20-24: 60% of Cost 25+: 50% of Cost UWS Transfers For employees who transferred to UWS, MMSD is liable for a portion of total benefits based on the ratio of service at MMSD to total service.

The discount rate of 1.84% was used as of January 1, 2022 and 4.05% as of December 31, 2022.

Mortality rates were based on the PubS(50%)/PubG(50%)-2010 Sex Distinct Mortality Table base rates for Union Participants; and PubG-2010 Sex Distinct Mortality base rates for All Others. Base rates projected to 2023 with scale MP2021, Sex Distinct.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	7.0% decreasing to 5.0%
Retirees’ share of benefit-related costs	Represented Employees (contributions cease at age 65) Pre 1984 Retirees \$ 0 Post 1984 Retirees \$35 Single / \$70 Family Post 2004 Retirees \$45 Single / \$90 Family Post 1/1/2008 Retirees \$50 Single / \$100 Family Pre-Medicare coverage only for post 3/8/2010 hires. Non-Represented Employees Pre 2003 Hires \$ 0 Post 2003 Hires (pre-Medicare coverage only): Years of Service Retiree Contribution 15-20: 70% of Cost 20-30: 60% of Cost 30+: 50% of Cost UWS Transfers For employees who transferred to UWS, MMSD is liable for a portion of total benefits based on the ratio of service at MMSD to total service.

The discount rate of 2.00% was used as of January 1, 2021 and 1.84% as of December 31, 2021.

Mortality rates were based on the RP-2014 Mortality Table base rates (with Blue Collar adjustments for Union Participants) projected to 2025 with scale MP2021, Sex Distinct.

NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.) →

NOTES TO FINANCIAL STATEMENTS (cont.)

→ NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2020	\$ 128,802,656
Changes for the year:	
Service cost	1,721,143
Interest	2,518,003
Differences between expected and actual experience	(3,565,076)
Changes in assumptions or other inputs	7,215,753
Benefit payments	(5,805,053)
Net changes	2,084,770
Balances at December 31, 2021	\$ 130,887,426
Changes for the year:	
Service cost	1,815,346
Interest	2,357,706
Differences between expected and actual experience	(3,871,095)
Changes in assumptions or other inputs	(28,012,852)
Benefit payments	(5,502,419)
Net changes	(33,213,314)
Balances at December 31, 2022	\$ 97,674,112

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00 percent in 2020 to 1.84 percent in 2021 and 4.05 percent in 2022, use of an updated mortality improvement scale and adjustment to trend rates as noted above.

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

As of December 31, 2022:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	\$ 109,512,000	\$ 97,674,000	\$ 87,735,000

As of December 31, 2021:

	1% Decrease (0.84%)	Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB liability	\$ 149,190,000	\$ 130,887,000	\$ 115,764,000

NOTE 11 – OTHER POSTRETIREMENT BENEFITS (OPEB) (cont.)

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

As of December 31, 2022:

	1% Decrease (5.75% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.75% Decreasing to 5.0%)	1% Increase (7.75% Decreasing to 6.0%)
Total OPEB liability	\$ 88,867,00	\$ 97,674,000	\$ 108,053,000

As of December 31, 2021:

	1% Decrease (6.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% Decreasing to 5.0%)	1% Increase (8.0% Decreasing to 6.0%)
Total OPEB liability	\$ 117,564,000	\$ 130,887,000	\$ 146,869,000

OPEB EXPENSE AND DEFERRED OUTFLOWs OF RESOURCES AND DEFERRED INFLOWs OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2022 and 2021, the utility recognized OPEB expense of \$(7,331,120) and \$5,117,542, respectively. The utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

As of December 31, 2022:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,597,000)
Changes of assumptions or other inputs	2,074,000	(18,615,000)
Total	\$ 2,074,000	\$ (22,212,000)

As of December 31, 2021:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 693,000	\$ (2,295,000)
Changes of assumptions or other inputs	4,465,000	(2,801,000)
Total	\$ 5,338,000	\$ (5,096,000)

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

Year Ended December 31:	
2022	\$ 1,049,000
2023	(21,187,000)
Total	\$ (20,138,000)

NOTES TO FINANCIAL STATEMENTS (cont.) →

See accompanying notes and required supplementary information.

See accompanying notes and required supplementary information.

NOTE 12 – SUBSEQUENT EVENT

The utility evaluated subsequent events through June 8, 2023, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

DEBT ISSUE

The District issued \$62,000,000 in general obligation bonds dated May 15, 2023 for the purpose of funding its Capital Budget for the years 2022, 2023, and 2024.

See accompanying notes and required supplementary information.



Overlooking Pulaski Park rehabilitation project

REQUIRED SUPPLEMENTAL INFORMATION

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

EMPLOYEE'S RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	1.99%	\$ 8,948,000	\$ 18,449,616	48.50%	93.46%
12/31/21	1.89%	20,694,000	19,900,355	103.99%	83.79%
12/31/20	1.91%	18,938,000	19,498,251	97.13%	84.83%
12/31/19	1.93%	25,847,000	19,280,366	134.06%	78.81%
12/31/18	1.77%	6,435,000	18,587,334	34.62%	93.70%
12/31/17	1.93%	8,222,000	17,752,000	46.32%	91.87%
12/31/16	1.92%	8,075,000	17,030,000	47.42%	97.76%
12/31/15	1.93%	2,189,000	16,655,000	13.14%	97.76%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

EMPLOYEE'S RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/22	\$ 1,779,380	\$ 1,779,380	\$ -	\$ 18,017,700	9.88%
12/31/21	1,728,062	1,728,062	-	18,449,616	9.37%
12/31/20	1,720,560	1,720,560	-	19,900,355	8.65%
12/31/19	1,729,771	1,729,771	-	19,498,251	8.87%
12/31/18	1,587,306	1,587,306	-	19,280,366	8.23%
12/31/17	1,546,382	1,546,382	-	18,587,334	8.32%
12/31/16	1,532,962	1,532,962	-	17,752,000	8.64%
12/31/15	1,517,102	1,517,102	-	17,030,000	8.91%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

Changes of assumption: Changes in assumptions for 2020 include a change in the discount rate from 8.24% to 7.5% and a change in salary increases from 2.5% - 4.93% to 2.5% - 5.5% for general city employees and 4.0% - 9.47% to 4.0% - 13.4% for police and fire employees.

See accompanying notes to required supplementary information and independent auditors' report.

REQUIRED SUPPLEMENTAL INFORMATION (cont.)

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,815,346	\$ 1,721,143	\$ 1,648,388	\$ 1,302,131	\$ 1,305,767
Interest	2,357,706	2,518,003	3,726,304	4,794,541	4,588,191
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(3,871,095)	(3,565,076)	(5,852,647)	(3,710,355)	(8,959,140)
Changes of assumptions	(28,012,852)	7,215,753	3,009,212	22,373,632	(6,758,198)
Benefit payments	(5,502,419)	(5,805,053)	(12,156,906)	(6,543,340)	(6,685,156)
Net Change in Total OPEB Liability	(33,213,314)	2,084,770	(9,625,649)	18,216,609	(16,508,536)
Total OPEB Liability - Beginning	130,887,426	128,802,656	138,428,305	120,211,696	136,720,232
Total OPEB Liability - Ending	\$ 97,674,112	\$ 130,887,426	\$ 128,802,656	\$ 138,428,305	\$ 120,211,696
Covered-employee payroll	\$ 22,485,718	\$ 21,681,045	\$ 21,541,903	\$ 21,283,501	\$ 21,217,853
Total OPEB liability as a percentage of covered-employee payroll	434.38%	603.70%	597.92%	650.40%	566.56%

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

See accompanying notes to required supplementary information and independent auditors’ report.



Overlooking Jones Island Reclamation Facility and Milwaukee

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

	Fiscal Year	
	2022	2021
Valuation date:	Actuarially determined contribution rates are calculated as of December 31, 2022, one year prior to the end of the fiscal year.	Actuarially determined contribution rates are calculated as of December 31, 2021, one year prior to the end of the fiscal year.
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	N/A	N/A
Amortization period	N/A	N/A
Asset valuation method	N/A	N/A
Discount rate	4.05 percent	1.84 percent
Healthcare cost trend rates	6.75 percent initial decreasing to an ultimate rate of 5.0 percent	7.5 percent initial decreasing to an ultimate rate of 5.0 percent
Salary increases	3.0 percent, average, including inflation	3.0 percent, average, including inflation
Investment rate of return	N/A	N/A
Retirement age	Rates of retirement are based on age only. Rates are shown below:	
	Age	Rate
	55	26-45%
	56	17-30%
	57	15-27%
	58	20-27%
	59	20-22%
	60	19%
	61	19-20%
	62	25-28%
	63-64	18-20%
	65	25-30%
	66	30%
	67-69	18-20%
	70	100%
Mortality	2010 Sex Distinct Mortality Table base rates for Union Participants; and PubG-2010 Sex Distinct Mortality base rates for All Others. Base rates projected to 2023 with scale MP2021, Sex Distinct.	RP-2014 Mortality Table base rates projected to 2025 with scale MP2021, Sex Distinct

Benefit changes. There were no changes to the benefits.

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

See accompanying notes to required supplementary information and independent auditors’ report.



Milwaukee Riverwalk



STATISTICAL SECTION

This part of the Milwaukee Metropolitan Sewerage District's (District) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.
EXHIBIT B-1, B-2

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant revenue sources.
EXHIBIT B-3, B-4, B-5, B-6, B-7, B-8, B-9, B-10, B-11

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.
EXHIBIT B-12, B-13, B-14, B-15

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.
EXHIBIT B-16, B-17

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report related to the services the government provides and the activities it performed.
EXHIBIT B-18, B-19

EXHIBIT B-1

NET POSITION BY COMPONENTS

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year				
	2022	2021	2020	2019	2018
	(In Thousands)				
Investment in Capital Assets	\$2,552,510	\$2,547,876	\$2,523,541	\$2,525,563	\$2,513,765
Restricted - Equipment Replacement	16,032	15,983	15,856	15,442	15,082
Restricted - Debt Service	6,191	6,240	14,957	3,668	2,842
Unrestricted	(37,708)	(59,998)	(45,873)	(26,570)	(14,736)
	\$2,537,025	\$2,510,101	\$2,508,481	\$2,518,103	\$2,516,953

	Fiscal Year				
	2017	2016	2015	2014	2013
	(In Thousands)				
	\$2,501,652	\$2,489,929	\$2,471,795	\$2,486,416	\$2,464,531
	14,694	14,667	14,509	14,411	14,411
	6,800	18,622	23,861	18,143	19,439
	57,067	43,659	54,269	37,543	57,420
	\$2,580,213	\$2,566,877	\$2,564,434	\$2,556,513	\$2,555,801

EXHIBIT B-2

CHANGE IN NET POSITION

For the Fiscal Years ended December 31, 2013 through 2022

Year	Operating Revenue	Operating Expenses	Operating Income/ (Loss)	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) Before Capital Contributions	Capital Contributions	Change In Net Position
(In Thousands)							
2022	\$105,688	\$192,772	\$(87,084)	\$106,139	\$19,055	\$7,869	\$26,924
2021	102,204	205,022	(102,818)	101,307	(1,511)	3,131	1,620
2020	99,306	207,520	(108,214)	96,497	(11,717)	2,095	(9,622)
2019	99,129	208,284	(109,155)	107,677	(1,478)	2,628	1,150
2018	96,744	169,668	(72,924)	106,500	33,576	2,682	36,258
2017	89,615	184,454	(94,839)	106,986	12,147	1,189	13,336
2016	86,261	181,117	(94,856)	95,439	583	1,860	2,443
2015	83,609	175,417	(91,808)	94,858	3,050	3,070	6,120
2014	78,806	175,605	(96,799)	91,507	(5,292)	6,004	712
2013	78,397	167,921	(89,524)	88,125	(1,399)	3,016	1,617
2012	78,634	162,924	(84,290)	72,440	(11,850)	4,241	(7,609)
2011	78,515	158,675	(80,160)	91,201	11,041	2,049	13,090

EXHIBIT B-3

OPERATING REVENUE BY SOURCE

For the Fiscal Years ended December 31, 2013 through 2022

Year	Total Operating Revenue	Sewer User Charge	Fertilizer	Other
(In Thousands)				
2022	\$105,688	\$91,354	\$11,295	\$3,039
2021	102,204	89,625	10,828	1,751
2020	99,306	87,055	11,359	892
2019	99,129	86,146	11,851	1,132
2018	96,744	84,965	10,313	1,466
2017	89,615	78,301	10,272	1,042
2016	86,261	76,582	9,054	625
2015	83,609	73,940	8,603	1,066
2014	78,806	70,029	7,993	784
2013	78,397	69,572	7,667	1,158
2012	78,634	69,578	7,827	1,229
2011	78,515	69,570	7,252	1,693

EXHIBIT B-4

OPERATING EXPENSES

For the Fiscal Years ended December 31, 2013 through 2022

Year	Total Operating Expenses	System- Operation & Maintenance	Laboratory & Research Services	Industrial Waste & Conveyance Monitoring	Finance, Engineering & Administration	Depreciation
(In Thousands)						
2022	\$192,772	\$69,089	\$1,805	\$1,122	\$18,440	\$102,316
2021	205,022	69,231	3,031	2,821	28,369	101,570
2020	207,520	69,173	3,114	3,333	31,252	100,648
2019	208,284	68,058	3,191	4,043	33,868	99,124
2018	169,668	59,490	832	(601)	13,591	96,356
2017	184,454	56,415	2,812	3,161	28,115	93,951
2016	181,117	57,348	2,582	3,470	25,756	91,961
2015	175,417	57,618	2,388	3,274	22,231	89,906
2014	175,605	58,754	2,449	3,444	23,311	87,647
2013	167,921	57,130	2,448	3,227	22,331	82,785
2012	162,924	55,177	2,511	3,458	21,803	79,975
2011	158,675	56,896	2,170	3,280	20,121	76,208

EXHIBIT B-5

NONOPERATING REVENUE AND EXPENSES

For the Fiscal Years ended December 31, 2013 through 2022

Year	Total Non- Operating Revenues (Expenses)	Property Taxes	Capital Charges Municipalities Outside the District	Investment Income and Change in Fair Value of Investments	Interest Expenses	Gain (Loss) on Disposal of Capital Assets	Land Contributed to Municipalities	Capital Program Expenditures and Other
(In Thousands)								
2022	\$106,139	\$105,868	\$23,074	\$1,326	\$(18,883)	\$(771)	\$(1,629)	\$(2,846)
2021	101,307	102,733	28,066	89	(19,111)	49	(3,611)	(6,908)
2020	96,497	101,750	25,073	1,082	(21,382)	(1,499)	(655)	(7,872)
2019	107,677	100,094	32,175	4,119	(21,950)	(1,552)	(1,811)	(3,398)
2018	106,500	98,328	31,700	2,984	(23,603)	(1,251)	(87)	(1,571)
2017	106,986	98,250	31,523	1,225	(20,364)	1,034	(18)	(4,664)
2016	95,439	95,798	25,912	799	(22,816)	(1,766)	(649)	(1,839)
2015	94,858	93,239	28,433	402	(23,450)	(791)	(515)	(2,460)
2014	91,507	90,919	29,396	437	(24,260)	(2,110)	(722)	(2,153)
2013	88,125	88,626	28,424	(53)	(24,293)	(1,582)	(176)	(2,821)
2012	72,440	86,485	27,562	491	(22,663)	(5,033)	(8,782)	(5,620)
2011	91,201	85,212	24,864	736	(21,783)	87	-	2,085

EXHIBIT B-6

USER CHARGE REVENUE BY MUNICIPALITY
WITHIN THE DISTRICT

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year				
	2022	2021	2020	2019	2018
Municipality					
City of Cudahy	\$2,507,142	\$2,375,743	\$2,101,264	\$2,110,450	\$2,138,977
City of Franklin	2,716,003	2,703,643	2,629,404	2,509,674	2,468,702
City of Glendale	1,232,124	1,207,469	1,098,322	1,101,266	1,078,316
City of Greenfield	2,551,364	2,547,750	2,451,481	2,357,957	2,349,736
City of Milwaukee	50,966,369	50,161,673	48,809,191	48,790,374	48,987,466
City of Oak Creek	3,292,714	3,121,781	2,927,283	2,836,893	2,773,581
City of St. Francis	718,106	728,162	659,248	624,456	678,143
City of Wauwatosa	4,099,143	4,037,818	3,959,937	4,020,248	3,793,471
City of West Allis	5,063,977	4,615,797	4,935,678	4,551,867	4,356,397
Village of Bayside	284,317	281,506	264,564	263,091	259,506
Village of Brown Deer	885,004	1,100,552	949,520	931,792	904,192
Village of Fox Point	467,569	443,068	412,308	414,897	408,707
Village of Greendale	977,620	966,427	913,795	890,028	866,391
Village of Hales Corners	550,940	551,425	527,187	512,776	513,223
Village of River Hills	123,062	120,148	112,963	112,998	112,498
Village of Shorewood	851,826	869,298	809,418	803,096	837,409
Village of West Milwaukee	713,210	769,913	859,048	792,182	892,546
Village of Whitefish Bay	913,925	896,492	856,325	861,492	838,158
Total Within the District	\$78,914,415	\$77,498,665	\$75,276,936	\$74,485,537	\$74,257,419

Fiscal Year				
2017	2016	2015	2014	2013
\$2,057,456	\$1,960,292	\$1,804,675	\$1,618,550	\$1,507,280
2,210,560	2,202,361	2,143,999	2,040,662	2,006,441
984,641	1,008,386	953,839	900,806	934,241
2,120,970	2,107,906	2,036,361	1,945,286	1,944,800
45,350,427	43,968,676	42,484,064	40,235,500	40,211,422
2,454,978	2,367,729	2,222,514	2,133,231	2,069,149
590,960	585,989	561,119	540,392	540,870
3,404,955	3,259,792	3,178,030	2,961,982	2,997,566
4,088,271	4,066,099	3,896,350	3,726,150	3,717,622
238,859	238,959	234,505	239,170	230,494
819,350	809,479	777,074	735,633	721,924
372,589	375,364	372,582	363,849	361,777
814,645	792,771	796,170	788,101	742,539
470,888	469,508	456,334	436,428	434,642
97,527	89,271	88,063	84,893	84,355
652,279	709,321	691,074	676,706	662,621
922,139	944,055	961,138	917,770	971,000
748,213	731,223	724,679	697,095	687,053
\$68,399,707	\$66,687,181	\$64,382,570	\$61,042,204	\$60,825,796

EXHIBIT B-7

USER CHARGE REVENUE BY MUNICIPALITY OUTSIDE THE DISTRICT

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year				
	2022	2021	2020	2019	2018
Municipality					
City of Brookfield	\$1,312,890	\$1,234,961	\$1,166,221	\$1,207,706	\$1,086,410
City of Mequon	1,511,103	1,486,575	1,390,897	1,384,843	1,374,444
City of Muskego	1,532,721	1,414,436	1,404,050	1,341,710	1,320,220
City of New Berlin	2,567,120	2,461,941	2,352,120	2,313,763	2,178,966
City of South Milwaukee*	32,637	34,765	29,709	33,192	29,349
Village of Butler	335,542	418,758	577,608	503,015	252,748
Village of Caledonia	39,475	32,953	30,292	30,328	29,134
Village of Elm Grove	408,359	382,777	374,264	370,608	362,836
Village of Germantown	2,014,802	2,078,980	1,948,784	1,984,674	1,697,876
Village of Menomonee Falls	2,451,214	2,355,110	2,284,694	2,272,210	2,164,756
Village of Thiensville	233,554	225,512	219,219	218,530	210,618
Total Outside the District	\$12,439,417	\$12,126,768	\$11,777,858	\$11,660,579	\$10,707,357

**Household Hazardous Waste Program Charges Only*

Fiscal Year				
2017	2016	2015	2014	2013
\$995,317	\$985,854	\$969,822	\$917,553	\$898,795
1,246,411	1,281,186	1,234,929	1,206,940	1,094,553
1,156,039	1,130,497	1,132,336	1,092,905	1,054,548
1,950,333	1,956,174	1,978,663	1,859,908	1,818,911
30,331	30,568	25,146	30,496	28,042
432,882	404,769	224,889	175,348	174,544
19,519	25,636	27,062	26,174	25,528
328,731	337,961	337,445	325,919	310,463
1,568,676	1,613,777	1,536,335	1,387,769	1,413,618
1,980,487	1,936,950	1,897,058	1,777,329	1,745,112
192,587	191,595	193,249	186,370	181,708
\$9,901,313	\$9,894,967	\$9,556,934	\$8,986,711	\$8,745,822

EXHIBIT B-8

USER CHARGE RATES

For the Fiscal Years ended December 31, 2013 through 2022

	Flow (Cents Per 1000 Gallons)	Biochemical Oxygen Demand (BOD) (Cents Per Pound)	Total Suspended Solids (TSS) (Cents Per Pound)
Year			
2022	\$1.48096	\$0.10883	\$0.21451
2021	\$1.53935	\$0.10607	\$0.20235
2020	\$1.41098	\$0.12070	\$0.19814
2019	1.31058	0.13062	0.17931
2018	1.25965	0.13589	0.17541
2017	1.12748	0.12730	0.16289
2016	1.11377	0.11869	0.16275
2015	0.96079	0.11781	0.15807
2014	0.88437	0.10061	0.15815
2013	0.86507	0.09992	0.15924

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

Connection Charge (Dollars Per Year)	Volumetric (Dollars Per 1,000 Gallons)	Average Household (Dollars Per Year)	Million of Gallons of Sewage Treated
\$42.19	\$2.42426	\$151.89	63,100
\$36.61	\$2.43799	\$147.35	57,900
\$33.13	\$2.33445	\$144.63	75,500
32.44	2.20158	140.22	85,600
30.34	2.15224	137.37	76,900
23.98	1.95923	124.04	71,800
21.71	1.92283	122.42	68,200
30.21	1.75313	125.17	67,100
30.68	1.63250	120.68	68,480
29.84	1.61478	118.20	73,900

EXHIBIT B-9

WASTEWATER LOADINGS BY CUSTOMER CLASS

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year			
	2022	2021	2020	2019
PARAMETER				
BILLABLE FLOW (1,000 GALLONS)				
RESIDENTIAL	14,829,197	14,872,271	15,524,966	15,871,716
NON-CERTIFIED COMMERCIAL	9,927,811	9,816,601	9,587,243	10,209,402
CERTIFIED COMMERCIAL	1,302,734	1,244,243	1,130,532	1,318,774
CERTIFIED INDUSTRIAL	3,656,993	3,721,948	3,795,953	3,894,129
TOTALS	29,716,735	29,655,063	30,038,693	31,294,020
BIOCHEMICAL OXYGEN DEMAND (POUNDS)				
RESIDENTIAL	38,333,474	38,444,821	40,132,030	41,028,387
NON-CERTIFIED COMMERCIAL	25,663,387	25,375,916	24,783,024	26,391,302
CERTIFIED COMMERCIAL	3,085,128	2,731,832	2,468,187	2,917,626
CERTIFIED INDUSTRIAL	43,337,603	44,829,909	42,851,140	41,009,544
TOTALS	110,419,592	111,382,478	110,234,381	111,346,859
TOTAL SUSPENDED SOLIDS (POUNDS)				
RESIDENTIAL	45,762,905	45,895,821	47,910,050	48,980,102
NON-CERTIFIED COMMERCIAL	30,637,229	30,294,028	29,586,241	31,506,207
CERTIFIED COMMERCIAL	3,715,218	3,250,803	2,927,322	3,426,033
CERTIFIED INDUSTRIAL	14,719,375	17,571,657	17,251,306	17,835,600
TOTALS	94,834,727	97,012,309	97,674,919	101,747,942
CONNECTIONS				
RESIDENTIAL	268,261	267,828	267,411	266,788
NON-CERTIFIED COMMERCIAL	37,397	37,309	37,039	37,068
CERTIFIED COMMERCIAL	1,707	1,751	1,764	1,770
CERTIFIED INDUSTRIAL	661	669	685	691
TOTALS	308,025	307,557	306,898	306,317

Fiscal Year					
2018	2017	2016	2015	2014	2013
16,051,283	16,492,164	16,864,146	17,640,483	17,769,153	17,613,063
10,311,636	10,305,654	10,416,779	10,297,948	10,399,901	10,353,855
1,520,052	1,615,067	1,679,723	1,602,378	1,684,463	1,710,422
3,935,501	3,899,933	3,819,379	3,754,697	3,675,147	3,936,045
31,818,472	32,312,819	32,780,026	33,295,507	33,528,663	33,613,385
41,492,565	42,632,247	43,593,817	45,600,648	45,940,473	45,536,920
26,655,586	26,640,109	26,927,382	26,620,196	26,888,015	26,768,965
3,291,454	3,430,903	3,595,322	3,550,589	3,673,331	3,663,473
42,821,001	44,791,831	42,082,946	38,786,074	39,320,945	43,583,211
114,260,606	117,495,090	116,199,467	114,557,507	115,822,764	119,552,569
49,534,260	50,894,825	52,042,750	54,438,534	54,832,149	54,350,489
31,821,701	31,803,254	32,146,176	31,779,465	32,092,121	31,950,040
3,928,144	4,104,044	4,302,174	4,244,553	4,380,708	4,366,923
18,564,724	19,444,039	19,499,076	18,590,657	18,622,057	18,653,681
103,848,829	106,246,162	107,990,176	109,053,209	109,927,035	109,321,133
266,115	265,519	265,067	264,492	264,015	264,034
37,164	37,145	37,409	37,137	37,160	37,164
1,791	1,957	1,979	1,995	2,000	2,030
687	677	684	694	699	721
305,757	305,298	305,139	304,318	303,874	303,949

EXHIBIT B-10

TEN LARGEST SEWER USERS

For the Fiscal Years ended December 31, 2013 through 2022

			2022		2013	
			Sewer Revenue		Sewer Revenue	
Customer		Type of Business	Amount	%	Amount	%
Molson Coors	a	Brewery	\$3,497,776	3.8%	\$3,034,139	4.4%
Smithfield Packaged Meats	b	Process meat products	1,006,489	1.1%	388,245	0.6%
D.R. Diedrich & Co.		Leather tanning and finishing	927,179	1.0%	799,328	1.1%
Milwaukee Water Works-Howard		Water utility	659,300	0.7%	506,300	0.7%
Gehl Foods, LLC		Food preparation	512,525	0.6%	398,212	0.6%
Wisconsin Paperboard		Paperboard mill	510,078	0.6%	367,208	0.5%
Chris Hansen/Lincoln		Food preparation	491,492	0.5%	360,047	0.5%
Crystal Springs Treatment		Centralized waste treatment	370,303	0.4%		
Milwaukee Region Medical Center	c	Health services	354,917	0.4%		
Covanta Environmental Sol		Centralized waste treatment	231,221	0.3%		
Malteurop North America	d	Malt manufacturing			540,569	0.8%
Jonas Chem Works Hi-Mar	d	Centralized waste treatment			406,571	0.6%
Cargil Meat Solutions	e	Meat packing plants			444,376	0.6%
Subtotal (10 largest)			\$8,561,279	9.4%	\$7,244,995	10.4%
Balance from other customers			82,792,553	90.6%	62,326,623	89.6%
Grand Totals			\$91,353,832	100.0%	\$69,571,618	100.0%

a F/K/A/ Miller Coors
b Subsidiary of Smithfield Foods
c F/K/A/ Milwaukee County Hospital
d Business was dissolved
e Closed Milwaukee Operations

EXHIBIT B-11

PROPERTY TAX INFORMATION

For the Fiscal Years ended December 31, 2013 through 2022

Year	Equalized Value of Taxable Property	Tax Levies	Tax Rate Per \$1,000 Equalized Value
2022	\$80,065,106,800	\$109,126,440	\$1.36
2021	\$71,058,905,300	\$105,947,860	\$1.49
2020	\$64,920,299,800	\$102,872,540	\$1.58
2019	61,889,256,300	101,853,429	\$1.65
2018	59,060,994,300	100,101,650	1.69
2017	57,011,085,700	98,380,000	1.73
2016	56,188,121,100	98,380,000	1.75
2015	55,010,987,700	95,980,000	1.74
2014	54,607,126,500	93,639,000	1.71
2013	53,567,657,800	91,222,000	1.70

Due to varying assessment policies in the municipalities of the District, the District uses equalized value of taxable property for tax rate purposes.
Equalized valuations are net of the Tax Incremental District valuations.
Equalized valuations amounts provided by Department of Revenue - State of Wisconsin.

EXHIBIT B-12

BONDED DEBT LIMIT AND RATIO OF BONDED DEBT TO EQUALIZED VALUE

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year			
	2022	2021	2020	2019
Equalized Value ⁽¹⁾	\$85,368,718,800	\$75,898,364,800	\$69,616,173,600	\$65,909,579,500
Debt Limit (5% of equalized value) ⁽²⁾	\$4,268,435,940	\$3,794,918,240	\$3,480,808,680	\$3,295,478,975
Outstanding Bonds Issued by the District	\$353,040,000	\$329,015,000	\$317,540,000	\$262,395,000
Clean Water Fund Program Loans	\$375,142,943	\$402,441,825	\$443,814,451	\$486,837,724
Total General Obligation Debt ⁽³⁾	\$728,182,943	\$731,456,825	\$761,354,451	\$749,232,724
Legal Debt Margin	\$3,540,252,997	\$3,063,461,416	\$2,719,454,229	\$2,546,246,251
Percentage of Bonded Debt to Equalized Value	0.85%	0.96%	1.09%	1.14%

⁽¹⁾ Includes Tax Increment District valuation reported by State of Wisconsin, Department of Revenue.
⁽²⁾ Per Wisconsin Statutes Section 67.03
⁽³⁾ In accordance with GASB 44 the debt applicable to the limit may be offset only by amounts that the applicable law expressly allows. Wisconsin Statue 67.03 states that the aggregate indebtedness of the entity is subject to the debt limit.

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$62,864,827,600	\$60,253,027,200	\$59,145,532,800	\$57,445,674,300	\$57,151,739,300	\$56,031,757,800
\$3,143,241,380	\$3,012,651,360	\$2,957,276,640	\$2,872,283,715	\$2,857,586,965	\$2,801,587,890
\$286,475,000	\$312,940,000	\$270,040,000	\$305,615,000	\$233,835,000	\$265,665,000
\$529,148,687	\$567,252,821	\$611,184,396	\$654,385,332	\$689,893,418	\$704,591,497
\$815,623,687	\$880,192,821	\$881,224,396	\$960,000,332	\$923,728,418	\$970,256,497
\$2,327,617,693	\$2,132,458,539	\$2,076,052,244	\$1,912,283,383	\$1,933,858,547	\$1,831,331,393
1.30%	1.46%	1.49%	1.67%	1.62%	1.73%

EXHIBIT B-13

PER CAPITA DEBT, PERSONAL INCOME AND UNEMPLOYMENT RATE

For the Fiscal Years ended December 31, 2013 through 2022

Year	Outstanding General Obligation Debt ⁽¹⁾	Inter-Governmental Loan	District Population	Milwaukee County Personal Income (Thousands)	District Personal Income Per Capita	Outstanding Debt		Milwaukee County Unemployment Rate
						Per Capita	Percentage of Personal Income	
2022	\$728,182,943	\$ 13,634,560	918,888		-	\$ 792.46	-	3.7%
2021	\$731,456,825	\$ 14,973,400	926,588	\$ 51,904,010	56,016	\$ 789.41	1.41%	5.4%
2020	761,354,451	16,280,069	923,566	48,197,546	52,186	\$ 824.36	1.58%	8.2%
2019	749,232,724	17,555,341	925,661	46,433,612	50,163	\$ 809.40	1.61%	4.0%
2018	815,623,687	18,799,970	929,584	45,123,754	48,542	\$ 877.41	1.81%	3.6%
2017	880,192,821	20,014,693	924,594	42,937,677	46,439	\$ 951.98	2.05%	4.0%
2016	881,224,396	21,200,228	927,947	41,268,719	44,473	\$ 949.65	2.14%	5.0%
2015	960,000,332	22,357,276	928,743	41,201,661	44,363	\$ 1,033.66	2.33%	5.8%
2014	923,728,418	23,486,522	928,689	39,697,233	42,745	\$ 994.66	2.33%	7.0%
2013	970,256,497	24,588,635	929,373	39,213,035	42,193	\$ 1,043.99	2.47%	8.3%

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

Note:

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

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

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

Sources:

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

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

Milwaukee County unemployment rate from Wisconsin Department of Workforce Development.

EXHIBIT B-14

COMPUTATION OF OVERLAPPING DEBT

For the fiscal years ended December 31, 2022

Name of Government Unit	Net Debt Outstanding	Percentage of Debt Within District Boundary	Amount of Debt Within District Boundary
Villages & Cities:			
Village of Bayside	\$9,161,107	100.00%	\$9,161,107
Village of Brown Deer #	20,703,382	100.00%	20,703,382
Village of Fox Point #	12,180,400	100.00%	12,180,400
Village of Greendale	27,145,000	100.00%	27,145,000
Village of Hales Corners	13,555,000	100.00%	13,555,000
Village of River Hills	5,660,000	100.00%	5,660,000
Village of Shorewood	44,299,853	100.00%	44,299,853
Village of West Milwaukee	8,500,000	100.00%	8,500,000
Village of Whitefish Bay	49,290,231	100.00%	49,290,231
City of Cudahy#	15,300,000	100.00%	15,300,000
City of Franklin	67,974,561	100.00%	67,974,561
City of Glendale	47,586,551	100.00%	47,586,551
City of Greenfield	92,160,000	100.00%	92,160,000
City of Milwaukee	1,091,494,836	100.00%	1,091,494,836
City of Oak Creek	88,740,000	100.00%	88,740,000
City of Saint Francis	23,969,862	100.00%	23,969,862
City of Wauwatosa	135,305,000	100.00%	135,305,000
City of West Allis	65,424,074	100.00%	65,424,074
Total Cities and Villages	\$1,818,449,857		\$1,818,449,857
School Districts:			
Brown Deer	\$38,318,929	100.00%	\$38,318,929
Cudahy	11,725,000	100.00%	11,725,000
Fox Point-Bayside	1,695,000	100.00%	1,695,000
Franklin	51,970,000	100.00%	51,970,000
Glendale-River Hills	1,060,000	100.00%	1,060,000
Greendale #	41,435,000	100.00%	41,435,000
Greenfield	38,017,000	100.00%	38,017,000
Maple Dale-Indian Hill	14,510,000	100.00%	14,510,000
Milwaukee Area Technical College	97,950,000	78.75%	77,135,625
Milwaukee Public	53,898,925	100.00%	53,896,415
Nicolet High School	79,925,000	99.34%	79,397,125
Oak Creek-Franklin	51,970,000	100.00%	51,970,000
Shorewood *	45,940,000	100.00%	45,940,000
Saint Francis	35,560,000	100.00%	35,560,000
Wauwatosa	101,410,000	100.00%	101,410,000
West Allis-West Milwaukee	11,895,000	93.06%	11,069,487
Whitefish Bay	5,628,000	100.00%	5,628,000
Whitnall	12,649,368	100.00%	12,649,368
Total School Districts	\$695,557,222		\$673,386,949
Milwaukee County	\$436,005,453	98.00%	\$427,285,344
Total Overlapping Debt	\$2,950,012,532		\$2,919,122,149

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

12/31/2022 data not received. 12/31/2021 data presented.

* 12/31/2022 and 12/31/2021 data not received. 12/31/2020 data presented.

EXHIBIT B-15

TEN LARGEST TAXPAYERS FOR MILWAUKEE COUNTY

For the fiscal years ended December 31, 2012 and 2020

Name of Business	Type of Business
NORTHWESTERN MUTUAL LIFE INSURANCE CO.	INSURANCE
FROEDTERT HEALTH	HOSPITAL
MAYFAIR MALL LLC	SHOPPING MALL
MANDEL GROUP	REAL ESTATE
IRGENS DEVELOPMENT PROPERTIES	REAL ESTATE
WEIDNER INVESTMENTS	REAL ESTATE
BERRADA PROPERTIES	REAL ESTATE
US BANK CORP	BANKING
AURORA HEALTH	HEALTH CARE
CHILDRENS HOSPITAL OF WISCONSIN	HOSPITAL
METROPOLITAN ASSOCIATES	REAL ESTATE
BAYSHORE TOWN CENTER LLC	SHOPPING MALL
BRE SOUTHRICH MALL LLC	SHOPPING MALL
WAL-MART/SAMS CLUB	RETAILER
COLUMBIA ST. MARY'S	HEALTH CARE
MARCUS CORPORATION/MILW. CITY CENTER/PFISTER	HOTELS, THEATERS & RESTAURANTS
Total for Ten Largest	

Source:
Largest Industrial Taxpayer - Milwaukee County
Non-Industrial Taxpayer - MMSD

2022		2013	
Equalized Valuation	Percentage of Total Equalized Valuation	Equalized Valuation	Percentage of Total Equalized Valuation
\$669,633,585	0.82%	\$305,534,319	0.56%
492,616,260	0.60%	-	
476,634,748	0.58%	376,624,530	0.69%
465,192,073	0.57%	142,394,023	0.26%
391,404,591	0.48%		
361,312,317	0.44%		
267,312,642	0.33%		
263,859,445	0.32%	262,408,538	0.48%
239,263,537	0.29%		
208,208,580	0.26%		
		125,725,125	0.23%
		319,668,170	0.59%
		154,151,933	0.28%
		143,990,983	0.26%
		113,595,463	0.21%
		128,948,768	0.24%
\$3,835,437,778	4.70%	\$2,073,041,852	3.80%

EXHIBIT B-16

POPULATION BY MUNICIPALITY

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year				
	2022	2021	2020	2019	2018
Municipality					
Bayside	4,463	4,180	4,290	4,304	4,339
Brown Deer	13,023	12,852	12,518	12,246	12,346
Cudahy	18,134	18,093	18,007	18,071	18,208
Fox Point	6,770	6,733	6,826	6,571	6,652
Franklin	35,895	36,646	36,514	35,996	35,779
Glendale	13,472	12,411	12,463	12,483	12,587
Greendale	14,815	14,393	14,335	14,366	14,345
Greenfield	37,709	36,856	36,659	36,968	36,366
Hales Corners	7,658	7,546	7,555	7,593	7,622
Milwaukee	577,309	587,976	587,072	590,547	595,555
Oak Creek	37,374	37,608	36,529	35,830	35,739
River Hills	1,595	1,562	1,553	1,558	1,568
St. Francis	9,156	9,811	9,658	9,381	9,434
Shorewood	13,807	13,495	13,472	13,479	13,315
Wauwatosa	48,638	48,604	48,478	48,314	47,781
West Allis	60,068	59,614	59,517	59,780	59,590
West Milwaukee	4,097	4,127	4,120	4,124	4,159
Whitefish Bay	14,905	14,081	14,000	14,050	14,199
Total District population	918,888	926,588	923,566	925,661	929,584
Total population served by the District ⁽²⁾	1,074,823	1,081,817	1,077,196	1,078,367	1,079,701
2013 = 100%	100.1%	100.7%	100.3%	100.4%	100.5%
Total state population	5,949,155	5,901,473	5,854,594	5,843,443	5,816,231
2013 = 100%	104.1%	103.2%	102.4%	102.2%	101.7%

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

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

Fiscal Year					Percentage Change 2013-2022
2017	2016	2015	2014	2013	
4,341	4,365	4,376	4,376	4,380	1.9%
12,340	12,305	12,217	12,157	12,086	7.8%
18,186	18,192	18,250	18,224	18,227	-0.5%
6,648	6,678	6,690	6,676	6,630	2.1%
36,046	35,741	35,655	35,702	35,810	0.2%
12,604	12,724	12,753	12,773	12,845	4.9%
14,263	14,123	14,135	14,144	14,165	4.6%
36,294	36,404	36,473	36,687	36,770	2.6%
7,619	7,652	7,670	7,678	7,691	-0.4%
591,076	594,667	595,787	595,993	596,500	-3.2%
35,560	35,206	34,791	34,707	34,695	7.7%
1,577	1,577	1,581	1,584	1,587	0.5%
9,435	9,458	9,475	9,465	9,462	-3.2%
13,228	13,134	13,178	13,183	13,189	4.7%
47,389	47,160	46,947	46,766	46,705	4.1%
59,652	60,164	60,329	60,272	60,300	-0.4%
4,158	4,181	4,193	4,197	4,205	-2.6%
14,178	14,216	14,243	14,105	14,126	5.5%
924,594	927,947	928,743	928,689	929,373	
1,072,574	1,075,208	1,074,811	1,074,101	1,074,130	
99.9%	100.1%	100.1%	100.0%	100.0%	
5,783,278	5,775,120	5,753,324	5,732,981	5,717,110	
101.2%	101.0%	100.6%	100.3%	100.0%	

EXHIBIT B-17

PRINCIPAL PRIVATE SECTOR EMPLOYERS

For the fiscal years ended December 31, 2013 AND 2022

Employer	2022			2013		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
Advocate Aurora Health	29,503	6.67%	1	24,462	5.57%	1
Froedtert Health	14,058	3.18%	2	8,982	2.05%	3
Ascension Wisconsin	10,449	2.36%	3	11,171	2.55%	2
Roundy's Inc.	7,800	1.76%	4	8,400	1.91%	4
The Medical College of Wisconsin Inc.	6,554	1.48%	5	5,417	1.23%	8
GE Healthcare	6,000	1.36%	6	5,800	1.32%	7
Quad/Graphics Inc.	5,800	1.31%	7	6,900	1.57%	6
Children's Hospital and Health System	5,309	1.20%	8			
Kohl's Corp.	5,000	1.13%	9	7,800	1.78%	5
Northwestern Mutual	5,000	1.13%	10	5,000	1.14%	9
ProHealth Care, Inc.				4,819	1.10%	10
Total for Ten Largest	95,473	21.59%		88,751	20.22%	
Total Milwaukee County Employment	442,178	100.00%		438,862	100.00%	

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

Source:
Employee count from Milwaukee Business Journal August 18, 2022 Addition.
Total County Employment from Wisconsin's Workforce and Labor Market Information System.

EXHIBIT B-18

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

For the Fiscal Years ended December 31, 2013 through 2022

	Full-time Equivalent Employees as of December 31,					Full-time Equivalent Employees as of December 31,				
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Engineering/Inspection/Construction/Water Quality										
Engineering	58	55	33	33	26	28	26	44	43	46
Planning	26	24	50	51	52	52	53	29	32	27
Contract Compliance	10	10	10	10	9	8	8	8	7	6
Lab/Monitoring	61	62	60	59	59	59	59	60	63	60
Administration										
Office of the Executive Director	4	8	6	5	4	5	2	5	5	5
Legal Services	7	6	6	5	6	6	6	6	6	7
Internal Services	71	62	64	63	68	67	68	68	63	65
Total Employees	237	227	229	226	224	225	222	220	219	216

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

EXHIBIT B-19

OPERATING AND CAPITAL INDICATORS

For the Fiscal Years ended December 31, 2013 through 2022

	Fiscal Year				
	2022	2021	2020	2019	2018
Wastewater Treatment					
Miles of Sewers	362	362	362	362	362
Number of Water Reclamation Facilities	2	2	2	2	2
Treatment Capacity (MGD)	600	600	600	600	600
Storage Capacity (millions of gallons)	521	521	521	521	521
Amount Treated Annually (millions of gallons)	63,100	57,900	75,500	85,600	76,900
Percentage of Wastewater Captured	98.8%	99.3%	97.3%	99.3%	98.4%
Percentage of Treatment Capacity Utilized	52%	48%	63%	71%	64%
Number of Inline Storage System Events	45	45	53	68	46
Number of Overflows	2	3	4	2	9
Greenseams Acres Acquired to Date	5,225	5,066	4,676	4,082	3,711
Household Hazardous Waste (lbs collected) ¹	1,115,340	1,275,101	1,202,051	1,243,724	1,248,441
Milorganite® Production (tons)	41,849	44,260	43,359	49,105	47,722
Milorganite® Tons Sold	46,524	37,237	48,679	45,796	44,753
Average selling price per ton shipped	\$266.82	\$262.46	\$259.35	\$250.58	\$226.34

¹ Does not include medicine collection pounds.
Sources:
MMSD O&M and Capital Budgets, MMSD Annual Capacity, Management, Operation, and Maintenance (CMOM) Program Report, and MMSD real estate records.

Fiscal Year				
2017	2016	2015	2014	2013
359	360	362	362	347
2	2	2	2	2
600	600	600	600	600
521	521	521	521	521
71,800	68,200	67,100	68,300	73,900
100.0%	99.8%	98.9%	99.5%	98.5%
60%	56%	56%	57%	61%
52	46	47	47	42
1	2	2	3	2
3,647	3,433	3,183	3,058	2,682
1,181,059	1,155,611	832,357	909,919	866,609
48,418	40,274	43,816	45,408	47,954
45,349	43,728	43,284	45,498	47,672
\$222.29	\$220.22	\$198.52	\$178.57	\$164.15



MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

260 W SEEBOTH ST
MILWAUKEE, WI 53204

MMSD.COM

APPENDIX B

FORM OF LEGAL OPINIONS

May __, 2024

Milwaukee Metropolitan Sewerage District
260 West Seeboth Street
Milwaukee, Wisconsin 53204

Subject: \$90,000,000
Milwaukee Metropolitan Sewerage District, Wisconsin
General Obligation Sewerage System Bonds, Series 2024D
(Green Bonds – Climate Bond Certified)

We have acted as co-bond counsel to Milwaukee Metropolitan Sewerage District, Wisconsin (the “**District**”) in connection with the issuance of its \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds – Climate Bond Certified), dated May __, 2024 (the “**Obligations**”).

We examined the law, a certified copy of the proceedings relating to the issuance of the Obligations, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Obligations are valid and binding general obligations of the District.
2. All taxable property in the District’s territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Obligations. The District is required by law to include in its annual tax levy the principal and interest coming due on the Obligations except to the extent that the District has deposited other funds, or there is otherwise surplus money, in the account within the debt service fund created for the Obligations under Wisconsin law.
3. Interest on the Obligations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on certain corporations. The District must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Obligations are issued for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The District has agreed to comply with those requirements. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Obligations were issued. We express no opinion about other federal tax law consequences relating to the Obligations.

Milwaukee Metropolitan Sewerage District

May __, 2024

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The rights of the owners of the Obligations and the enforceability of the Obligations may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Obligations.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In acting as co-bond counsel, we have established an attorney-client relationship solely with the District.

Very truly yours,

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of May 13, 2024 (this “**Disclosure Agreement**”), is executed and delivered by the Milwaukee Metropolitan Sewerage District, Wisconsin (the “**Issuer**”), a municipal securities issuer and a governmental entity located in the State of Wisconsin. The Issuer covenants and agrees as follows:

Section 1. Definitions.

The following capitalized terms have the following meanings:

“**Annual Financial Information**” means the Issuer’s financial information or operating data, for the preceding fiscal year, of the type included in the Final Official Statement, as described in Section 3(b) hereof.

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Dissemination Agent**” means any agent responsible for assisting the Issuer in carrying out its obligations under this Disclosure Agreement, which has been designated as a dissemination agent in writing by the Issuer, and has filed with the Issuer a written acceptance of such designation, and the successors and assigns of such dissemination agent.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

“**Event Notice**” means a notice of occurrence of a Listed Event provided under Section 4(b) hereof or a notice provided under Sections 3(d), 4(c), or 8 hereof, each of which shall be transmitted as described in Section 5 hereof.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Final Official Statement**” means the offering document prepared and distributed to a Participating Underwriter in connection with the primary offering of the Obligations.

“**Financial Obligation**” means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of clause (i) or (ii) of this definition. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Issuer**” means the municipal securities issuer named above.

“**Listed Event**” means any of the events listed in Section 4(a) of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, which serves as the sole repository for all required filings of all secondary market disclosures under the Rule.

“**Obligations**” means the Issuer’s \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds – Climate Bond Certified), dated May 13, 2024.

“**Owners**” means the beneficial owners from time to time of the Obligations.

“**Participating Underwriter**” means any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in a primary offering of the Obligations.

“**Resolution**” means collectively, the resolutions adopted by the governing body of the Issuer on January 22, 2024 and on April 22, 2024, pursuant to which the Obligations are issued.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

Section 2. Purpose of this Disclosure Agreement.

The purpose of this Disclosure Agreement is to assist a Participating Underwriter in complying with the Rule when acting as an underwriter in a primary offering of the Obligations.

Section 3. Annual Financial Information.

- (a) The Issuer shall submit its Annual Financial Information to the MSRB not later than 180 days following the close of the Issuer’s fiscal year (currently December 31), beginning with the 2023 Annual Financial Information.
- (b) The Annual Financial Information will consist of (i) the Issuer’s audited annual financial statements prepared using generally accepted accounting principles, and (ii) the following operating data:
 - 1. expenses by type,
 - 2. revenues by source,
 - 3. sewer user charges by municipalities within the metropolitan sewerage district,
 - 4. sewer user charges by municipalities outside the metropolitan sewerage district,
 - 5. sewer user charge rates,
 - 6. ten largest sewer users,

7. tax levies and tax rates,
 8. equalized value of taxable property,
 9. ratio of bonded debt to equalized value and bonded debt per capita,
 10. statement of bonded debt limit,
 11. computation of overlapping debt, and
 12. ten largest taxpayers.
- (c) If the Issuer's audited annual financial statements are not available on the date the Annual Financial Information is due to be submitted, then the Issuer shall submit the statements to the MSRB within ten business days after they are publicly available.
- (d) If the Issuer fails to submit its Annual Financial Information to the MSRB by the date required in subsection (a) above, then the Issuer shall promptly send an Event Notice of such failure to the MSRB.

Section 4. Reporting of Listed Events; Event Notices.

- (a) This Section 4 shall govern the submission of an Event Notice after the occurrence of any of the following Listed Events with respect to the Obligations:
1. Principal and interest payment delinquencies.
 2. Non-payment related defaults, if material under the Exchange Act.
 3. Unscheduled draws on debt service reserves reflecting financial difficulties.
 4. Unscheduled draws on credit enhancements reflecting financial difficulties.
 5. Substitution of credit or liquidity providers, or their failure to perform.
 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations.
 7. Modifications to rights of Owners, if material under the Exchange Act.

8. Redemptions of the Obligations, if material under the Exchange Act, and tender offers.
 9. Defeasances.
 10. Release, substitution, or sale of property securing repayment of the Obligations, if material under the Exchange Act.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership, or similar event of the Issuer (for the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the Issuer).
 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material under the Exchange Act.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material under the Exchange Act.
 15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Owners of the Obligations, if material.
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- (b) The Issuer shall submit an Event Notice to the MSRB within ten business days after the occurrence of any particular Listed Event.

- (c) If the Issuer determines that it failed to submit an Event Notice of an occurrence of a Listed Event as required by subsection (b) above, then it shall promptly submit an Event Notice with respect to such occurrence to the MSRB.

Section 5. Transmittal of Annual Financial Information and Event Notices.

Annual Financial Information and Event Notices shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB requires that all submissions of secondary disclosure be made through EMMA. The Annual Financial Information may be submitted as a single document or as a package comprising separate documents. Any or all the items constituting the Annual Financial Information may be incorporated by reference from other documents available to the public on the MSRB's internet website or filed with the Commission. The Issuer shall clearly identify each document that is incorporated by reference.

Section 6. Duty to Confirm MSRB's Filing Format and Procedure.

The Issuer shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information for submissions. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's internet website at www.emma.msrb.org.

Section 7. Termination of Disclosure Agreement and Reporting Obligation.

This Disclosure Agreement and the Issuer's disclosure obligations under this Disclosure Agreement with respect to the Obligations shall terminate upon the legal defeasance (if applicable), prior redemption, or payment in full of all the Obligations or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

- (a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or an obligated person, or the type of business conducted;
- (b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule on the date of the primary offering, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) The amendment or waiver does not materially impair the interests of Owners, as determined either by parties unaffiliated with the Issuer (such as the fiscal agent, trustee, or bond counsel), or by approving vote of the Owners pursuant to the terms of the Resolution at the time of the amendment.

In the event this Disclosure Agreement is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Financial Information it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an Event Notice and that the next Annual Financial Information it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Dissemination Agent.

The Issuer may, from time to time, appoint or engage a Dissemination Agent and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Additional Information.

The Issuer may from time to time choose to disseminate other information, using the means of transmittal set forth in Section 5 hereof or any other means of communication, or to include other information with its Annual Financial Information or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information with its Annual Financial Information or Event Notice in addition to that which is specifically required by this Disclosure Agreement, then the Issuer shall have no obligation under this Disclosure Agreement to update such information or include similar information in any future Annual Financial Information or Event Notice.

Section 11. Default.

The sole remedy of the Owners under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries.

The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Owners, and shall create no rights in any other person or entity.

Section 13. Recordkeeping.

The Issuer shall maintain records of all Annual Financial Information and Event Notices submitted to the MSRB pursuant to this Disclosure Agreement, including the content and the date of filing of such submissions until the last Obligation has been retired.

Section 14. Responsible Officer.

The Issuer's Treasurer shall be the officer, representative, agency, or agent of the Issuer ultimately responsible for submitting Annual Financial Information and Event Notices to the MSRB, to the extent required hereunder, regardless of whether a Dissemination Agent has been appointed. Any inquiries regarding this Disclosure Agreement should be directed to:

Milwaukee Metropolitan Sewerage District
Attention: Treasurer
260 West Seeboth Street
Milwaukee, WI 53204-1446
Telephone: (414) 225-2190
Fax: (414) 272-0270
Email: dnehmer@mmsd.com

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Agreement to be executed by its duly authorized officer or representative as of the date first written above.

MILWAUKEE METROPOLITAN SEWERAGE
DISTRICT, WISCONSIN,
Issuer

By: _____
Title: Commission Treasurer

APPENDIX D
NOTICE OF SALE
FOR
\$90,000,000
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN
General Obligation Sewerage System Bonds, Series 2024D
(Green Bonds – Climate Bond Certified)

DATE AND TIME: April 22, 2024
11:00 A.M. (Central Time)

PLACE: Robert W. Baird & Co.
Public Finance Department
777 East Wisconsin Avenue, 25th Floor
Milwaukee, Wisconsin 53202

Attention: Ms. Katherine Voss
Phone: (414) 765-3827

Bids will be accepted electronically via PARITY.

NOTICE OF SALE

\$90,000,000

**MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN
GENERAL OBLIGATION SEWERAGE SYSTEM BONDS, SERIES 2024D
(GREEN BONDS - CLIMATE BOND CERTIFIED)
DATED MAY 13, 2024**

BIDS will be received by the Milwaukee Metropolitan Sewerage District, Wisconsin (the “**Issuer**”) for all, not part, of its \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds - Climate Bond Certified) (the “**Obligations**”), in the office of the Issuer’s Financial Advisor, Robert W. Baird & Co. Incorporated, Public Finance Department, 777 East Wisconsin Avenue, 25th Floor, Milwaukee, Wisconsin 53202, until **11:00 a.m. (Central Time) on Monday, April 22, 2024** (the “**Sale Date**”), at which time the bids will be publicly opened and read. The bids will be presented to the Milwaukee Metropolitan Sewerage Commission (the “**Commission**”) for consideration for award by resolution (the “**Award Resolution**”) at a meeting of the Commission to be held at 1:00 p.m., Central Time, on the Sale Date.

Bids must be submitted electronically via PARITY as described herein. Telephone bids will not be accepted.

Terms of Obligations. The Obligations will be dated May 13, 2024 and will mature serially on October 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$2,780,000	2035	\$4,400,000
2026	2,895,000	2036	4,630,000
2027	3,020,000	2037	4,875,000
2028	3,150,000	2038	5,130,000
2029	3,280,000	2039	5,400,000
2030	3,420,000	2040	5,680,000
2031	3,595,000	2041	5,980,000
2032	3,775,000	2042	6,295,000
2033	3,970,000	2043	6,625,000
2034	4,180,000	2044	6,920,000

Interest on the Obligations will be payable on each April 1 and October 1, beginning on October 1, 2024.

Redemption Provisions. The Obligations maturing on and after October 1, 2033 will be subject to redemption prior to maturity, at the option of the Issuer, on October 1, 2032 and on any date thereafter. Obligations subject to optional redemption by the Issuer may be redeemed in whole or in part, in the order of maturity selected by the Issuer, at a price of par plus accrued interest to the date of redemption, and without premium.

Term Bond Option. Bids for the Obligations may contain a maturity schedule providing for any combination of serial bonds or term bonds. All term bonds shall be subject to partial mandatory sinking fund redemption at a price of par plus accrued interest to the redemption date, and without premium. The principal amount of Obligations maturing or subject to partial mandatory sinking fund redemption in each year must conform to the maturity schedule set forth above.

Book-Entry Form. The Obligations will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Obligations. A single bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of Obligations purchased. The Issuer shall deposit the bond certificates with DTC, or with DTC’s Fast Automated Securities Transfer (“FAST”) agent, and will release the Obligations to DTC on May 13, 2024 or such other date as the Issuer may establish consistent with the provisions under the heading “Closing and Delivery” below (the “Closing Date”).

Security and Purpose. The Obligations are general obligations of the Issuer. The principal of and interest on the Obligations will be payable from *ad valorem* taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the Issuer. The Obligations are to be issued for the purpose of financing portions of the Issuer’s capital budget for the years 2023, 2024, and 2025.

Tax Status. In the opinions of Foley & Lardner LLP and MWH Law Group LLP, co-bond counsel, under existing law, interest on the Obligations will be excluded from gross income for federal income tax purposes. Interest on the Obligations will not be exempt from current State of Wisconsin income or franchise taxes.

Not Qualified Tax-Exempt Obligations. The Issuer will not designate the Obligations as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Bid Form. Bids for Obligations will be received on an interest rate basis in multiples of five one-hundredths (5/100) or one-eighth (1/8) of one percent (1%). A rate of interest must be named for each maturity, a zero rate of interest shall not be named, and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all the Obligations and shall offer a price (payable in federal or other immediately available funds) which is not less than par (\$90,000,000) nor more than 110% of par (\$99,000,000), plus accrued interest, if any, to the Closing Date.

The Issuer reserves the right, in its discretion, to reject any or all bids, and to waive any informality or non-complying provision in any bid.

PARITY. Electronic bids must be submitted via PARITY in accordance with this Notice of Sale within a one hour period prior to the time of sale on the Sale Date. No bids will be received after the time established above for the opening of bids. If any provisions in this Notice of Sale conflict with any instructions or directions set forth in PARITY, then this Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact the Issuer's Financial Advisor at the address shown on the last page hereof or contact PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Issuer and its Financial Advisor assume no responsibility or liability for bids submitted through PARITY.

For informational purposes only, bidders are requested to state in their electronic bids the true interest cost to the Issuer, as described in this Notice of Sale. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Minority Bidders. The Issuer desires the highest possible minority underwriter participation in the bidding for the Obligations. The Issuer desires that a minimum of 5% of the Obligations are underwritten by firms which are certified as being minority owned. The Issuer urges prospective bidders to utilize firms so certified by the State of Wisconsin (information which is available on the State of Wisconsin's website) and to include one or more of such firms in their bidding group. The Issuer further strongly desires certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority participation in bids is strongly encouraged by the Issuer but is not a requirement for submitting a bid. Minority-owned firms that are not yet certified, but wish to be, may contact the State of Wisconsin Department of Administration or the Issuer's Procurement Supervisor, Michelle Kaczmarowski, at (414) 225-2261.

Good Faith Deposit. Each bid must be accompanied by a good faith deposit in the amount of \$900,000 (the "**Good Faith Deposit**"), which may be submitted together with the bid in the form of a cashier's check payable to the order of the Issuer, or at the option of the winning bidder, the winning bidder may submit the Good Faith Deposit by federal wire transfer pursuant to wire instructions provided by the Issuer. A Good Faith Deposit sent by wire transfer must be received by the Issuer no later than 1:00 p.m. Central Time on the Sale Date. The Issuer reserves the right to award the Obligations to the winning bidder in the event the wire has not been received by that time as long as the wire has already been initiated and a federal wire reference number has been provided by such time. In the event the Good Faith Deposit is not received as described above, the Issuer may award the Obligations to the bidder submitting the next best bid provided such bidder agrees to the award. The Good Faith Deposit is a guarantee of good faith on the part of the winning bidder to ensure performance of the requirements of the sale if the bid is accepted by the Commission and the award of the Obligations is confirmed by the adoption of the Award Resolution. The failure of the winning bidder to pay for and accept delivery of the Obligations as provided herein shall constitute a default and entitle the Issuer to retain the Good Faith Deposit as the Issuer's agreed liquidated damages. Upon delivery of the Obligations, the Good Faith Deposit will be applied to the purchase price of the Obligations or returned to the winning bidder (no interest will accrue to the winning bidder on the Good Faith Deposit amount held by the Issuer). After the award is made to the winning bidder, the Good Faith Deposits of all other bidders will be returned to them.

Award. All bids received shall be considered at the meeting of the Commission to be held on the Sale Date. Unless all bids are rejected, the Obligations shall be awarded, by adoption of the Award Resolution, to the bidder whose qualifying bid results in the *lowest true interest cost* to the Issuer, subject to receipt of the Good Faith Deposit as described above. The computation by a bidder of the true interest cost contained in any bid shall be for informational purposes only and shall not constitute a part of the bid. The winning bidder shall pay accrued interest, if any, from the date of the Obligations to the Closing Date and payment of the purchase price.

Bond Insurance at Winning Bidder's Option. A policy of municipal bond insurance or commitment therefor may be purchased at the option of the winning bidder, provided that the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole expense of the winning bidder. In the event an insurance policy is purchased for the Obligations, the winning bidder shall also be responsible for ascertaining whether or not the municipal bond insurer requires specific language to be included in the Award Resolution with respect to the insurer and the insurance policy. *The winning bidder shall provide, or cause the insurer to provide, any such required language to co-bond counsel together with its bid.* Any increased costs of issuance for the Obligations resulting from the purchase of bond insurance shall be paid by the winning bidder, except that, if the Issuer has requested and received a rating on the Obligations from a rating agency, then the Issuer will pay that rating fee. Any other rating agency fees shall be the responsibility of the winning bidder. Failure of the municipal bond insurer to issue the policy after Obligations have been awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery on the Obligations.

Rating. The Obligations will be assigned a rating by Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings.

Fiscal Agent. The Issuer will appoint, pursuant to the Award Resolution, U.S. Bank Trust Company, National Association to act as authentication agent, paying agent, and registrar (the "**Fiscal Agent**") for the Obligations. The Fiscal Agent is a FAST agent for DTC.

Closing and Delivery. The Obligations shall be delivered on the Closing Date to the Fiscal Agent in its capacity as a FAST agent for DTC and in such capacity will hold the Obligations in permanent safekeeping on behalf of DTC in accordance with its FAST closing procedures. Payment of the purchase price on the Closing Date must be made by federal wire transfer or other immediately available funds. In the event that delivery is not made within forty (40) days after the Sale Date, the winning bidder may, prior to tender of the Obligations, at its option, be relieved of its obligation under the purchase agreement for the Obligations and its Good Faith Deposit shall be returned, but no interest will accrue to the winning bidder on the Good Faith Deposit amount that is returned.

Establishment of Issue Price Prior to Closing Date. The winning bidder shall assist the Issuer in establishing the issue price of the Obligations and shall execute and deliver to the Issuer on the Closing Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Obligations, together with the supporting pricing wires or equivalent communications, and compliance with

the representations and covenants below, and identifying all underwriters for purposes of the issue price rules.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Obligations) will apply to the initial sale of the Obligations (the “**competitive sale requirements**”) because:

- (1) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Obligations to the bidder who submits a firm offer to purchase the Obligations at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Obligations, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. In that event, *the winning bidder shall be required to elect at the time of the acceptance of the bid on the Sale Date whether to comply with its obligation to assist the Issuer in establishing the “issue price” of the Obligations on the basis of the “general rule” or on the basis of the “hold-the-offering price” rule, as further described below.* If the winning bidder makes no express election, it shall be treated as having elected to apply the “general rule”.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all the maturities of the Obligations will be subject to either the “general rule” or the “hold-the-offering price” rule, as applicable, to establish the issue price of the Obligations.

For purposes of the agreements and representations of the underwriters, the “**10 percent test**” is met when the first 10% of a maturity is first sold to the public at a single price. The winning bidder shall advise the Issuer if any maturity of the Obligations satisfies the 10% test as of the time of the award of the Obligations on the Sale Date. The winning bidder shall also promptly advise the Issuer, at or before the time of award of the Obligations on the Sale Date, which maturities of the Obligations shall be subject to the “general rule” and which shall be subject to the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**general rule**”, the Issuer intends treat the first price at which 10% of a maturity of the Obligations is sold to the

public as the issue price of that maturity, applied on a maturity-by-maturity basis. The Issuer, however, may in its sole discretion choose to apply one or more different interpretations of the issue price rule for purposes of its federal income tax compliance (for example, by averaging the prices at which the first 10% is sold). Until the 10% test has been satisfied as to each maturity of the Obligations, the winning bidder agrees to promptly report to the Issuer and to its financial advisor the prices at which the unsold Obligations of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Obligations of that maturity or until all Obligations of that maturity have been sold. If such election is made, the Issuer will not require bidders to comply with the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**hold-the-offering-price rule**”, then the Issuer may determine to treat (i) the first price at which 10% of a maturity of the Obligations is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the Sale Date of any maturity of the Obligations as the issue price of that maturity, in each case applied on a maturity-by-maturity basis.

By electing the hold-the-offering-price rule, the winning bidder (i) agrees to confirm that the underwriters have offered or will offer the Obligations to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) agrees, on behalf of the underwriters participating in the purchase of the Obligations, that the underwriters will neither offer nor sell unsold Obligations of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the 5th business day after the Sale Date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the Issuer and its financial advisor when the underwriters have sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the Sale Date.

The Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires and representations relating to actual sales, (ii) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires and representations relating to actual sales, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Obligations to the public, the agreement of

each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires, and representations relating to actual sales.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Obligations to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this section of the Notice of Sale:

- (i) “**maturity**” means each maturity of substantially identical Obligations. For this purpose, Obligations are not treated as substantially identical if they have different credit or payment terms. For example, Obligations having the same nominal maturity are not treated as having the same “maturity” for this purpose if they have different interest rates.
- (ii) “**public**” means any person (including any individual, trust, estate, partnership, association or corporation) other than an underwriter or a related party.
- (iii) a winning bidder of any of the Obligations is a “**related party**” to an underwriter if the underwriter and the winning bidder are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a

corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (iv) **“underwriter”** means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Obligations to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the public).

Bond Counsel Opinions. The legality of the Obligations will be approved by Foley & Lardner LLP and MWH Law Group LLP, co-bond counsel, whose unqualified approving opinions will be furnished to the winning bidder on the Closing Date without cost. There will also be furnished on the Closing Date the usual closing papers, including a certificate to the effect that the offering document prepared in connection with the sale of the Obligations, as of its date and as of the Closing Date, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstance under which they were made, not misleading, and stating that there is no litigation pending or threatened affecting the validity of or security for the Obligations.

CUSIP Numbers. CUSIP identification numbers will be specified on the Obligations, but the CUSIP numbers shall not constitute a part of the purchase agreement for the Obligations, and any error or omission with respect thereto shall not constitute cause for refusal by the winning bidder to accept delivery of and pay for the Obligations in accordance with the terms of its bid.

Continuing Disclosure. In order to assist bidders in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5), the Issuer will agree, pursuant to the Award Resolution, to enter into a Continuing Disclosure Agreement (the **“Disclosure Agreement”**) to provide annual financial information and notices of the occurrence of certain events to the Municipal Securities Rulemaking Board for the benefit of the owners of the Obligations. The details and terms of the Issuer’s reporting obligations are set forth in the form of the Disclosure Agreement attached as an appendix to the Preliminary Official Statement (as defined below). As a condition of closing for the Obligations, the Issuer will deliver the fully executed Disclosure Agreement on the Closing Date.

Official Statement. The preliminary offering document prepared in connection with the initial sale of the Obligations (the **“Preliminary Official Statement”**) is in a form which the Issuer “deems final” as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment, and completion in a final official statement as defined in SEC Rule 15c2-12(e)(3).

The Preliminary Official Statement, when supplemented with information specifying the maturity dates, principal amounts, and interest rates of the Obligations, together with any other information required by law, shall constitute a **“Final Official Statement”** of the Issuer with respect to the Obligations. The Issuer agrees that, pursuant to SEC Rule 15c2-

12(b)(3), no more than seven business days after the Sale Date, it shall provide, without cost, an electronic version of the Final Official Statement to the managing underwriter of the winning bidder.

Additional information with respect to the Obligations may be obtained by contacting: Robert W. Baird & Co. Incorporated, Public Finance Department, 777 East Wisconsin Avenue, 25th Floor, Milwaukee, Wisconsin 53202, Attention: Ms. Katherine Voss, (414) 298-7702, kvoss@rwbaird.com, or the undersigned.

Mr. Donald R. Nehmer
Director of Finance/Treasurer
Milwaukee Metropolitan Sewerage District
260 West Seeboth Street
Milwaukee, Wisconsin 53204
(414) 225-2190
dnehrmer@mmsd.com

BID FORM
Milwaukee Metropolitan Sewerage District, Wisconsin
\$90,000,000 General Obligation Sewerage System Bonds, Series 2024D
(Green Bonds – Climate Bond Certified)

Mr. Jeff Stone, Commission Chair and
Members of the Commission
Milwaukee Metropolitan Sewerage District
260 West Seeboth Street
Milwaukee, Wisconsin 53204

Dear Mr. Stone and Members of the Commission:

For all, but no part of your issue of \$90,000,000 General Obligation Sewerage System Bonds, Series 2024D (Green Bonds – Climate Bond Certified) (the “Obligations”), each bid for the Obligations shall offer to purchase all of the Obligations and shall offer a price not less than \$90,000,000 (100.0% of par), nor more than \$99,000,000 (110.0% of par). We offer to pay a price of \$_____. The dated and delivery date of the Obligations is May 13, 2024. The Obligations shall bear interest as follows:

<u>(October 1)</u>	<u>Rate</u>	<u>(October 1)</u>	<u>Rate</u>	<u>(October 1)</u>	<u>Rate</u>
2025	_____ %	2032	_____ %	2039	_____ %
2026	_____ %	2033	_____ %	2040	_____ %
2027	_____ %	2034	_____ %	2041	_____ %
2028	_____ %	2035	_____ %	2042	_____ %
2029	_____ %	2036	_____ %	2043	_____ %
2030	_____ %	2037	_____ %	2044	_____ %
2031	_____ %	2038	_____ %		

The Bidder elects to have the following term bond(s):

<u>Final Maturity Date</u>	<u>For Years</u>	<u>Amount</u>
October 1, _____	_____ to _____	\$ _____
October 1, _____	_____ to _____	\$ _____
October 1, _____	_____ to _____	\$ _____
October 1, _____	_____ to _____	\$ _____

This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received and the Official Notice of Sale heretofore published, all terms and conditions which are made a part hereof as fully as though set forth in full in this bid.

This bid is a firm offer for the purchase of the Obligations identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.

YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering price rule to determine the issue price of the Obligations.

A cashier's check in the amount of \$900,000 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$900,000 shall be made by the winning bidder by federal wire transfer as directed by the Milwaukee Metropolitan Sewerage District (the “District”) to be received by the District no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (April 22, 2024) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Obligations.

Managing Underwriter

Direct Contact and Phone Number: _____

By: _____

Please attach a list of account members

For your information, but not as a condition of this bid, the above interest rates result in:

Net Interest Cost \$ _____ True Interest Rate _____ %

The foregoing offer is hereby accepted this 22nd day of April 2024 by the Members of the Commission and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

Commission Chair

Commission Secretary

Please list minority underwriting firms who have participated in your bidding group and their initial percentages:

