

**EMPLOYES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE**

**Schedules of Employer Allocations and Pension Amounts by Employer
As of and for the year ended December 31, 2024**

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INDEPENDENT AUDITORS' REPORT

Members of the Annuity and Pension Board
City of Milwaukee Employees' Retirement System
Milwaukee, Wisconsin

Report on the Audit of the Employees' Retirement System of the City of Milwaukee Employer Schedules

Opinion

We have audited the Schedule of Employer Allocations of the City of Milwaukee Employees' Retirement System (Retirement System), as of and for the year ended December 31, 2024, and the related notes to the Schedule of Employer Allocations. We have also audited the total for all entities of the columns titled Ending Net Pension Liability, Total Deferred Outflows of Resources, Total Deferred Inflows of Resources, and Total Employer Pension Expense in the Schedule of Pension Amounts by Employer and the related notes of the Retirement System as of and for the year ended December 31, 2024.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and the totals for the columns titled Ending Net Pension Liability, Total Deferred Outflows of Resources, Total Deferred Inflows of Resources, and Total Employer Pension Expense for the Retirement System as of and for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Employer Schedules section of our report. We are required to be independent of the Retirement System 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 Employer Schedules

Management is responsible for the preparation and fair presentation of the employer schedules 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 the employer schedules that are free from material misstatement, whether due to fraud or error.

In preparing the employer schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System'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.

Auditors' Responsibilities for the Audit of the Employer Schedules

Our objectives are to obtain reasonable assurance about whether the Schedule of Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Employer are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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 employer schedules.

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.

Restriction on Use

Our report is intended solely for the information and use of the Retirement System's management, the Annuity and Pension Board, and the Retirement System's plan employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
January 13, 2026

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**Schedule of Employer Allocations****As of and for the year ended December 31, 2024**

Employer	Current Year Actuarial Employer Contributions	Employer Allocation Percentage	Prior Year Actuarial Employer Contributions	Employer Allocation Percentage
City of Milwaukee - General City	\$ 48,868,254	22.496990%	\$ 37,924,701	20.811059%
City of Milwaukee - Water Department	4,493,408	2.068585%	3,886,442	2.132673%
Milwaukee Public Schools	27,499,578	12.659706%	28,339,100	15.550991%
Milwaukee Metropolitan Sewerage District	5,564,646	2.561741%	4,595,754	2.521905%
Veolia Water Milwaukee LLC	1,408,947	0.648623%	145,109	0.079628%
Wisconsin Center District	981,530	0.451857%	1,361,168	0.746937%
Housing Authority of the City of Milwaukee	1,951,107	0.898212%	1,386,065	0.760599%
City of Milwaukee - Policemen	86,009,793	39.595471%	73,672,934	40.427788%
City of Milwaukee - Firemen	40,444,032	18.618815%	30,922,129	16.968420%
Total	<u>\$ 217,221,295</u>	<u>100.000000%</u>	<u>\$ 182,233,402</u>	<u>100.000000%</u>

The accompanying notes are an integral part of the Schedules of Employer Allocations and Pension Amounts by Employer.

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Pension Amounts by Employer
As of and for the year ended December 31, 2024
(in thousands)

Employer	Deferred Outflows of Resources							Deferred Inflows of Resources				Pension Expense		
	Beginning Net Pension Liability	Ending Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportion	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Recognition of Deferred Amounts from Changes in Proportionate Share	Total Employer Pension Expense
City of Milwaukee - General City	\$ 428,283	\$ 472,138	\$ 8,227	\$ 95,862	\$ 52,379	\$ 38,600	\$ 195,068	\$ 163	\$ 55,150	\$ -	\$ 55,313	\$ 108,361	\$ 23,394	\$ 131,755
City of Milwaukee - Water Department	43,890	43,413	756	8,814	4,816	1,943	16,329	15	5,071	679	5,765	9,964	1,266	11,230
Milwaukee Public Schools	320,033	265,686	4,629	53,944	29,475	15,338	103,386	92	31,034	28,232	59,358	60,978	1,089	62,067
Milwaukee Metropolitan Sewerage District	51,900	53,763	937	10,916	5,964	3,457	21,274	19	6,280	-	6,299	12,339	2,821	15,160
Veolia Water Milwaukee LLC	1,639	13,612	237	2,764	1,510	5,556	10,067	5	1,590	71	1,666	3,124	2,152	5,276
Wisconsin Center District	15,372	9,483	165	1,925	1,052	1,369	4,511	3	1,108	2,881	3,992	2,176	(243)	1,933
Housing Authority of the City of Milwaukee	15,653	18,851	328	3,827	2,091	1,813	8,059	7	2,202	52	2,261	4,326	639	4,965
City of Milwaukee - Policemen	831,988	830,978	14,480	168,720	92,188	-	275,388	286	97,065	37,457	134,808	190,718	(28,167)	162,551
City of Milwaukee - Firemen	349,203	390,748	6,809	79,336	43,349	17,116	146,610	135	45,643	15,820	61,598	89,681	(2,951)	86,730
Total for All Entities	\$ 2,057,961	\$ 2,098,672	\$ 36,568	\$ 426,108	\$ 232,824	\$ 85,192	\$ 780,692	\$ 725	\$ 245,143	\$ 85,192	\$ 331,060	\$ 481,667	\$ -	\$ 481,667

The accompanying notes are an integral part of the Schedules of Employer Allocations and Pension Amounts by Employer.

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION
AMOUNTS BY EMPLOYER
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024
(DOLLAR AMOUNTS IN THOUSANDS)

Plan Description

The following brief description of the more common provisions of the Employees' Retirement System of the City of Milwaukee (the "Retirement System" or "ERS") is provided for financial statement purposes only. The provisions reflect changes to the Retirement System enacted in 2000, known as the Global Pension Settlement ("GPS"). GPS increased benefits to current and future retirees who consented to the settlement in exchange for allowing the City to make certain changes in plan administration, including allowing the use of Retirement System assets to pay for all costs to administer the Retirement System.

The 2023 Wisconsin Act 12 authorized the City of Milwaukee to impose a sales tax for limited purposes, subject to certain conditions. Under the Act and the subsequent amendments to the City Charter by the Milwaukee Common Council, the ERS is closed to new members as of January 1, 2024. ERS members as of December 31, 2023 will continue to accrue benefits under ERS. ERS' investment return assumption can be no higher than the assumed rate of investment return used for the Wisconsin Retirement System, which was 6.8% for WRS active employees.

Plan Administration

The Retirement System was established pursuant to the Retirement Act (Chapter 396 of the Laws of Wisconsin of 1937) to provide payment of retirement and other benefits to employees of the City of Milwaukee (City). Chapter 441 of the Laws of Wisconsin of 1947 made the benefits contractual and vested. The ERS is a cost-sharing, multi-employer plan, which provides benefits to employees of the City of Milwaukee (including Fire and Police), Milwaukee Metropolitan Sewerage District, Wisconsin Center District, Veolia Water Milwaukee LLC, Milwaukee Housing Authority, and non-certified staff of Milwaukee Public Schools (Agencies). City employees comprise approximately 56.2% of the active participants in the Retirement System.

Measurement Focus and Basis of Accounting

The ERS is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized in the accounting period in which the underlying earnings on which the contributions are based are due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the ERS. Investment transactions and the related gains and losses are recorded on a trade date basis. Dividend and interest income are accrued as earned. Investments are reported at fair value.

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Estimates

The financial statements are presented in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was reviewed as part of the regular experience study, covering the five-year period ending December 31, 2021, which was adopted by the ERS Pension and Annuity Board in February 2023. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations, as developed by the Retirement System's investment consultant, for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. This assumption is intended to be a long-term assumption (30 to 50 years) and is not generally expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of arithmetic real rates of return (net of inflation) for each major asset class included in the Retirement System's target asset allocation based upon the experience study completed on December 31, 2021, are listed in the table below:

		Long-term Expected Real
Asset Class	Asset Allocation	Rate of Return*
Public Equity	44.0%	7.3%
Fixed Income & Cash	23.0%	3.1%
Real Estate	9.7%	5.1%
Real Assets	3.3%	4.6%
Private Equity	10.0%	10.0%
Absolute Return	10.0%	3.6%
	100.0%	

** Rates provided by the System's investment consultant, Callan Associates*

Wisconsin 2023 Act 12 requires that ERS use the WRS' assumed investment rate of return. For 2024, the ERS used 6.8% as its assumed rate of return.

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Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return, net of investment expense, was 6.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions

The last actuarial valuation was performed as of January 1, 2024, and the amounts were used to roll-forward the total pension liability to the plan's year-end, December 31, 2024, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

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Valuation Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Amortization Method	Level dollar, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Long-term Rate of Return, Net of Investment Expense, Including Price Inflation	6.8%
Projected Salary Increases, including wage inflation	General City: 3.0% - 7.5% Police & Fire: 3.0% - 19.0%
Inflation Assumption	2.5%
Cost of Living Adjustments	Varies by employee group and decrement type (see plan provisions)
Mortality Assumption	<p>Pre-retirement mortality rates for General employees were based on the Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.</p> <p>Pre-retirement mortality rates for Police and Firemen were based on the Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.</p> <p>Post-retirement mortality rates for General retirees were based on the Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.</p> <p>Post-retirement mortality rates for Police and Firemen retirees were based on the Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.</p> <p>Mortality rates for survivors of General employees were based on the Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.</p> <p>Mortality rates for survivors of Police and Firemen were based on the Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.</p> <p>Disabled mortality rates for General employees were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.</p> <p>Disabled mortality rates for Police and Firemen were based on the Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.</p>
Experience Study	The actuarial assumptions used in this valuation, are based on the results of the most recent experience study covering the five-year period ending December 31, 2021, except for the investment return assumption. The investment return assumption was lowered from 7.50% to 6.80% effective with the <i>Second</i> January 1, 2023 actuarial valuation.

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Net Pension Liability

The components of the pension liability of the ERS as of December 31, 2024, were as follows:

Total pension liability	\$ 7,965,043
Plan fiduciary net position	<u>(5,866,371)</u>
Net pension liability	<u>\$ 2,098,672</u>

Plan fiduciary net position as a percentage of total pension liability	73.7%
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Covered payroll	\$ 603,306
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Net pension liability as a percentage of covered payroll	347.9%
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Discount Rate

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 6.80 percent, which reflects the long-term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the ERS calculated using the discount rate of 6.80 percent, as well as what the ERS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Net pension liability	\$ 3,076,583	\$ 2,098,672	\$ 1,288,474

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Schedule of Employer Allocations

The Employer Allocation Percentage is based on the employers' required contribution compared to the required contribution for all employers. The Employer Allocation Percentage is rounded to seven decimal places.

Schedule of Pension Amounts

The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage.

The Total Pension Liability is measured as of December 31, 2024 based on a January 1, 2024 actuarial valuation rolled forward to December 31, 2024 using standard roll-forward techniques as shown below:

Total pension liability	
Service cost	\$ 104,182
Interest	518,959
Benefit term changes	24,409
Differences between expected and actual experience	39,789
Assumption changes	-
Benefit payments, including member refunds	(491,649)
Net change in total pension liability	195,690
	-
Total pension liability - beginning	7,769,353
Total pension liability - ending	<u>\$ 7,965,043</u>
Plan fiduciary net position	
Employer contributions	\$ 217,640
Employee contributions	34,089
Net investment income (loss)	404,186
Benefit payments, including member refunds	(491,649)
Administrative expenses	(9,287)
Net change in plan fiduciary net pension	154,979
	-
Plan fiduciary net position - beginning	5,711,392
Plan fiduciary net position - ending	<u>\$ 5,866,371</u>
Net pension liability - ending	<u>\$ 2,098,672</u>

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The Fiduciary Net Position is 73.7% of the Total Pension Liability, so the ERS has a Net Pension Liability.

The Collective Deferred Inflows and Outflows of Resources are amortized over the Average Expected Remaining Service Lives of ERS's members, which was 3.4 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments is amortized over five years.

Collective Deferred Inflows and Outflows of Resources to be recognized in the Current Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 18,800	\$ (1,609)	\$ 17,191
Changes of assumptions	182,872	-	182,872
Differences between projected and actual earnings	213,055	(174,158)	38,897
Changes in proportion	54,400	(54,400)	-
	<u>\$ 469,127</u>	<u>\$ (230,167)</u>	<u>\$ 238,960</u>

Collective Deferred Inflows and Outflows of Resources to be recognized in the Future Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 36,568	\$ (725)	\$ 35,843
Changes of assumptions	232,824	-	232,824
Differences between projected and actual earnings	426,108	(245,143)	180,965
Changes in proportion	85,192	(85,192)	-
	<u>\$ 780,692</u>	<u>\$ (331,060)</u>	<u>\$ 449,632</u>

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Deferred Outflows and Inflows of Resources to be recognized in the Future Pension Expense are as follows:

Year Ending December 31,	Net Outflows (Inflows) of Resources
2025	\$ 233,487
2026	249,874
2027	(28,900)
2028	(4,829)

Employers may also need to recognize a Deferred Outflow or Inflow of Resources related to a change in their proportionate share of the Net Pension Liability and for differences between employer contributions and proportionate share of contributions.

The Collective Pension Expense is determined as follows:

Service cost	\$ 104,182
Interest cost on total pension liability	518,959
Benefit term changes	24,409
Projected earnings on plan investments	(380,041)
Contributions - Member	(34,089)
Administrative expense	9,287
<u>Recognition of net deferred outflows (inflows)</u>	
Differences between expected and actual liability experience	11,737
Difference between projected and actual earnings	(4,829)
Recognition of prior years':	
Deferred outflows	402,990
Deferred inflows	(170,938)
Total Pension Expense	<u>\$ 481,667</u>

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