Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2010

W. Martin Morics
Comptroller

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Office of the Comptroller

W. Martin Morics
Comptroller

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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City of Milwaukee

Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

July 29, 2011

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Milwaukee for the fiscal year ended December 31, 2010. This report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee. The report was prepared by the Office of the Comptroller in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units. The CAFR reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's Annual Budget.

This report consists of management's representation concerning the finances of the City of Milwaukee. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Milwaukee and the component units are responsible for establishing and maintaining an internal control structure designed to ensure that the assets entrusted are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

An independent firm of licensed certified public accountants, KPMG LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2010, 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. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2010, are fairly presented in conformity with GAAP.

The GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in three sections. The **Introductory Section** includes a list of principal officials, an organizational chart, and this letter of transmittal, which highlights significant aspects of the City and particular financial issues. The **Financial Section** includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The **Statistical Section** includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.

Room 404, City Hall, 200 East Wells Street, Milwaukee, Wisconsin 53202 – 3566 Phone: (414) 286-3321, Fax: (414) 286-3281

THE REPORTING ENTITY AND ITS SERVICES

The City of Milwaukee was incorporated as a city on January 31, 1846, pursuant to the laws of the territory of Wisconsin. The City, in operation under a Home Rule Charter since 1874, provides for a council-mayor form of government. The Mayor, Comptroller, Treasurer, City Attorney and 15 Common Council members are elected officials of the City. Local elections are nonpartisan. Officials are elected to identical four-year terms. The City of Milwaukee held a general election for these positions in April 2008. The Mayor is the Chief Executive Officer and maintains a cabinet form of government controlling major City departments by appointing department heads subject to confirmation by the Common Council. The Mayor is responsible for the preparation of an annual city expenditure budget, subject to review and adoption by the Common Council. The Common Council is responsible for the management and control of the finances and property of the City and has the full power and authority to establish, enforce and modify all regulations for the government. The Comptroller, as the Chief Financial Officer for the City, is responsible for establishing City accounting policies and procedures, revenue estimating and monitoring, examination and investigation of all matters related to the finances of the City, issuance of debt and financial reporting. The City Treasurer is responsible for the receipt, disbursement and investment of all monies accruing to the City, including the collection of property taxes. The City Attorney is responsible for all legal matters of the corporation, including furnishing legal opinions, drafting all legal documents and defending the City in any legal actions.

The City of Milwaukee provides a full range of municipal services, including police and fire protection, sanitation, health, culture and recreation, public works, conservation and development and administrative support services. Also included in the report are the enterprise operations of the Metropolitan Sewerage District User Charge, Parking, Port, Sewer Maintenance and Water Works. These activities are under the direct oversight responsibility of the Mayor and Common Council and constitute the primary governmental functions of the City of Milwaukee. In addition, entities for which the City has financial accountability or for which the nature and significance of their relationship with the City would cause these financial statements to be misleading or incomplete are a part of the reporting entity. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The following organizations are reported as discretely presented component units: Milwaukee Economic Development Corporation, City of Milwaukee Housing and Redevelopment Authorities and Neighborhood Improvement Development Corporation.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Common Council of the City of Milwaukee. Activities of the general, capital projects funds and certain special revenue, debt service and enterprise fund types (exclusive of the component units) are included in the City's annual budget. The component units' respective Boards approve their budgets. City departments are required to submit their annual budget requests for the ensuing year to the Mayor by the second Tuesday in May. The Comptroller is also required to provide a statement of anticipated revenues by this date. After all requests have been reviewed, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28. The Common Council must complete its review and adopt the budget on or before November 14. Once adopted, Common Council approval is required to amend the total appropriations by a department, the legal level of control for each budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object class (i.e. salaries, operating expenditures, equipment) for each department for the general fund and enterprise funds. Project life rather than the standard current fiscal year is utilized for capital funds and special revenue funds. The City of Milwaukee also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Budget-to-actual comparisons are provided in the Required Supplemental Information Section of this report for the General Fund.

LOCAL ECONOMY

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison. It is the 28th largest city in the Untied States with a 2010 U.S. Census estimated population of 594,883. Due to its large population, it is the largest city in the State and also the only city of the First Class within the State of Wisconsin. Milwaukee is the main cultural and economic center of the combined population of 1.7 million for the Milwaukee-Racine-Waukesha metropolitan area. Milwaukee also is an international seaport.

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. The service sector (service, finance, insurance, real estate and retail trade) employs over 69% of the workforce. Manufacturing firms employ 17% of the work force. The area is not dominated by any large employers. Less than two percent of the manufacturers have employment levels greater than 500. Less than one percent of the employers in finance, insurance, and services have more than 500 employees.

Metropolitan area firms are engaged primarily in the manufacture of machinery. Once known almost exclusively as a manufacturing and brewing powerhouse, Milwaukee's economy has changed with the national shift to a service based economy. In spite of this national trend, the Milwaukee metro area remains a major producer of capital goods for the nation and the world, and, the State's largest source of manufacturing employment. In the past decade, major new additions to the City include the Milwaukee Riverwalk, the Frontier Airlines Center, Miller Park, an internationally renowned addition the Milwaukee Art Museum and Pier Wisconsin, as well a major renovations to the U.S. Cellular Arena. Many new skyscrapers, condos, lofts, and apartments have been constructed in neighborhoods on and near the lakefront and riverbanks.

Milwaukee is a major commercial shipping hub. Of vital importance to both the local and state economies is the Port of Milwaukee, a "shipping and receiving" point for international trade as well as the primary heavy-lift facility on the Great Lakes. A protected harbor permits year-round navigation through the port from three rivers in addition to Lake Michigan. With access to the eastern seaboard via the St. Lawrence Seaway and to the Gulf of Mexico through the Mississippi River, the Port of Milwaukee processes 2.3 metric tons of cargo annually and has helped the state maintain an export growth rate twice the national average. Both the Union Pacific Railroad and the Canadian Pacific Railway serve the Port, which is also served by convenient, non-congested access to the interstate highway system. Principal inbound commodities include cement, coal, machinery, steel, salt, limestone, asphalt, and crushed rock. The Port is also home to the U.S. Coast Guard, the U.S. Navy Reserve and the U.S. Army. The Harbor Commission's authority also includes the property of Milwaukee World Festivals, Inc., Pier Wisconsin and the Lake Express high speed ferry.

Economic development is encouraged through the growth of employment opportunities for the citizens of Milwaukee and supports private investment that grows the City's tax base. Four key approaches are utilized: 1) direct financial assistance to small businesses that helps clients take advantage of opportunities to increase sales and employment; 2) use of tax incremental financing to provide public infrastructure improvements or other assistance to encourage major private investments that will contribute significantly to the growth of the tax base, employment or availability of commercial services in underserved areas; 3) partnerships with organizations that represent businesses and employers to improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects that invest City resources to redevelop underutilized or vacant properties for eventual sale to private owners.

In addition to pursuing new business, the City takes an active role in guiding economic development to serve the community. The City manages a number of programs intended to assist in local business retention efforts, provide permit assistance to new businesses and seek out appropriate sites for these businesses. The City has recently established its 44th Business Improvement District and Tax Incremental District (TID) #76. Thirty-three and forty-six districts, respectively, remain active. In addition, the City manages various Development Fund Projects to promote urban renewal throughout the City.

Some of the City's noteworthy revitalization efforts were realized during 2010. In the Menomonee Valley, the seven year revitalization/redevelopment program reclaimed more than 120 acres of blighted property and transformed it into a vibrant industrial center and public park. The redevelopment has created more than $120 million of natural resource value, a projected 1,200 sustainable wage jobs, and has added $1 million to the City's annual tax base. The Menomonee Valley partners, a nonprofit collaboration of neighbor and businesses, have provided key assistance in the project.

Milwaukee welcomes new businesses. Ingeteam's $15 million factory is the company's first North American production operation and will build Indar wind power generators and Ingeteam converters and solar power inverters. Ingeteam's new factory Menomonee Valley wind generator facility plans 275 new jobs. Helios USA is a start-up solar energy company that plans to employ 50 people within the next few years and more than 100 people by 2015 at its Menomonee Valley facility. Industry innovator American Micro Detection Systems (AMDS) chose Milwaukee for its manufacturing and support operations. AMDS has developed proprietary technology for analyzing water and other liquids. Initially, AMDS will employ fewer than ten people, but, after the start-up phase, it projects it could employ hundreds of workers in Milwaukee. AMDS is raising $7.5 million in first-round financing to execute on its business model and fully build-out its Milwaukee operation.

In mid 2009, Mayor Tom Barrett, the State Attorney General, and Marquette University Law School (MU) initiated a Milwaukee Foreclosure Mediation Program. Under this Program, MU lawyers and law students work with home owners in danger of foreclosure to locate services and negotiate with lender banks to establish workable mortgage repayment terms. The City also launched Take Root Milwaukee, a campaign to promote homeownership and aid local homeowners faced with foreclosure. Take Root Milwaukee is a combined effort of Freddie Mac and the Milwaukee Homeownership Consortium, a collaboration of local housing partners. This campaign is the latest element of a broad local strategy to combat the impact of high rates of mortgage foreclosure.

Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract about six million visitors a year. There are about 20 major annual festivals hosted in Milwaukee. Summerfest is promoted as the world's largest music festival and attracts about one million attendees each year. Some of Milwaukee's ethic festivals include the largest Native American festival in the country, America's largest Polish festival, America's largest Italian festival, America's largest 3-day German festival, and the largest Irish festival in the world.

The educational opportunities in Milwaukee offer a wide variety of choices within the City. They include Alverno College, Cardinal Stritch University, Marquette University, Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee School of Engineering, Mount Mary College, University of Wisconsin-Milwaukee and Wisconsin Lutheran College.

The City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The General Fund Reserve for Tax Stabilization increased by $1.7 million to a year end balance of $43.8 million compared to $42.1 million for 2009. That portion of the Reserve for Tax Stabilization available for future years remained stable at $29 million at year-end 2010 and 2009. However, the City faces numerous fiscal challenges. To fund its municipal expenditures, the City relies heavily on property taxes and State Shared revenue. Comprising 77% of the total General Fund revenues for 2010, these two revenues, are strongly impacted by a weakened economy. A slumping housing market and home foreclosures translate directly to a drop in city-wide assessed property values and property tax collections. State Shared Revenue decreased by nearly $1.4 million from 2009's intergovernmental revenue. The breakdown in the State's Shared Revenue program has created substantial consequences for the City's fiscal sustainability. In the 2011 budget, members of the Common Council, the Mayor and most City employees will again be subject to four furlough days, as well as salary freezes as part of collective bargaining negotiations for 2010 and 2011. In addition, both the Common Council and the Mayor have, again, agreed to freeze their salaries in 2011, the third consecutive year of this freeze. In a separate legislation, concerning the City's pension system, the Council adopted legislation that will allow the City to reduce the risk associated with Employer's Reserve Fund investments. Prior to its passage, the reserve fund reflected the pension fund's investments and had been subject to the recent swings in stock market returns. The legislation will permit the Reserve Fund portfolio to be placed in investments that are not subject to this sort of market uncertainty.

ECONOMIC OUTLOOK

During 2010, the City's unemployment rate averaged approximately 11.1%; compared to the State of Wisconsin average of 8.3% and the United States average of 9.6% (as estimated by U.S. Department of Labor, Bureau of Labor Statistics).

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain high investment grade ratings of AA+ from Fitch; Aa1 from Moody's and AA from Standard & Poor's on the City's most recent 2011 General Obligation Bonds and Notes. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued. The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City issued any refunding securities for the purpose of preventing default in the principal or interest on its debt obligations.

The 2010 property tax rate for 2011 purposes is $9.12 compared to $8.89 per $1,000 of assessed value. The 2011 budgetary City property tax levy of approximately $246.7 million represents a slight decrease compared to the $246.8 million in 2010. The estimated assessed value used for 2011 budget purposes decreased approximately 2.6% from the value used for the 2010 budget purposes. This property tax levy will provide $111.6 million in revenue for the general city purposes budget in 2011 compared to $90 million for 2010 general city purposes. The actual 2010 property tax revenue reported in the General Fund was $168 million compared to $156.4 million in 2009. Property taxes revenue funding as a portion of total General Fund budgetary expenditures for 2010 was 26.2% compared to 2009 of 25.8% as depicted in Exhibits E-1.

Due to significant investment losses incurred in the Employes' Retirement System (ERS) in prior years, a $49 million pension contribution was paid in 2010. Changes were implemented to the ERS funding policy and a strong 2009 investment return was achieved which resulted in a funded ratio of approximately 113% on an actuarial basis. As a result of these actions, no employer contribution is required for the 2011 budget. However, pension funding is one of the biggest challenges that impact future budgets; and, therefore, a $17.35 million voluntary contribution to the Employer's Pension Reserve was provided in the 2011 budget to reduce the potential destabilizing impact that pension funding could have on future budgets.

Many significant challenges remain in achieving ongoing fiscal sustainability. There was a 98% increase in health care costs from 2003 through the 2011 budget. This increase is more than five times the rate of inflation during this same time period. For 2011, the costs increase is $25.1 million or 21% above the 2010 estimate.

Home foreclosure is a tragedy for individuals and families. From the outset of the foreclosure crisis, the City and its partners are taking an active role in mitigating negative impacts. The City has worked together to bring banks, real estate professionals, neighborhood groups, educational institutions, housing counselors and government representatives together. By working together, hundreds of individuals in Milwaukee are in better situations. In some cases, good homeowners have kept their homes through mediation settlements. Recently, a $35 million in federal resource to support these efforts to solve problems, create innovative solutions, and prod everyone involved to step up has been announced. For the 2011 budget, the foreclosure approach is changing from an annual date to foreclose on tax-delinquent properties to a quarterly basis in order to better protect individual houses and the neighborhoods where they are located. In addition to increasing the budget for maintenance of these city-owned homes, new additional funding has been incorporated in the budget for start repairs and management and market of these city-owned homes.

The American Recovery and Reinvestment Act (ARRA) of 2009 was enacted in February 2009. The City was awarded about $203 million in ARRA funds, of which over $150 million in competitive grants were awarded. This funding supports the City's efforts to address crime and public safety, energy efficiency and environmental quality, infrastructure and transportation improvements, public health, and job creation and workforce development. The City has convened an Economic Stimulus Task Force that will monitor and oversee the City's application for ARRA funding and report on the use of ARRA funds. The City has also created a website that explains how it is working to access and spend ARRA funds, part of the effort to create transparency and accountability in the program. The website provides details on proposed spending plans and how funds are spent by City government. Some of the known larger grant awards include $33.6 million in Clean Water Revolving Loan Fund and $31 million in Street Transportation Project funding.

City fees established by the Common Council include sewer user fee, storm-water fee, solid-waste fee, sewer maintenance fee (which includes leaf pickup and street sweeping), snow and ice control fee and special garbage pickups (greater than four cubic yards). For 2011, the Stormwater Management Fee will increase 1.6% to $56.88. The Local Sewerage charge rate will remain at $1.16 per one hundred cubic feet of water. The Common Council reduced the annual Solid Waste Charge by $2.01 from $170.17 to $168.16 and added a new extra cart fee of $20 per cart. It should be noted that the charge of these types of fees for service alleviates pressure on the tax levy, since the funds for providing these critical services is shifted away from the property tax levy and is more equitably spread onto all properties, including tax exempt properties. Also during 2010, the City decreased the frequency required to buy night parking permits; non-annual permits will be able to buy four month permits instead of the previous three month permits.

In order to accelerate the City's maintenance and replacement of its nearly 1,000 miles of residential city streets, the Common Council implemented a $20.00 Vehicle Registration Fee in 2008. This fee is added on to the State of Wisconsin's annual vehicle registration fee. This $20.00 fee has generated almost $6.4 million in 2010; and, in accordance with state law; the City can only use it for transportation purposes. The implementation of this fee serves a dual purpose. It will increase funding for street maintenance and replacement, while relieving property owners of expensive and unpopular special assessments.

MAJOR CAPITAL PROJECTS

The 2011 capital budget includes funds for various infrastructure and building projects. For 2011, the City capital improvements budget, not including enterprise funds and grants and aid funding, totals $117.9 million, a decrease of 2.8% or $3.4 million from 2010 budget of $121.3 million. Funding of $30.7 million for various tax incremental district and development projects comprises 26% of the total capital budget for 2011. The Department of Public Works budget for bridges ($6.4 million), local street resurfacing/reconstruction ($14.3 million), major streets ($8.3 million), street lighting ($7.4 million) and major equipment purchases ($5.5 million) total $41.9 million or approximately 36% of the total 2011 capital budget. With the continuing funding for the Foundation and Hollow Walk Project for City Hall ($3.2 million, representing 2.7% of the City funded portion of the capital budget), these projects account for approximately 38.7% of the total 2011 capital budget. Other department's major capital projects include Police remodel administration building offices ($3.8 million); Fire major capital equipment ($2.9 million); and Zeidler Municipal Building parking floor restoration ($1.5 million). With the recent completion of the $76 million City Hall Restoration Project, the City Hall Foundation and Hollow Walk Project which commenced in late 2009 will continue with the next phase of foundation and hollow walk repairs in 2011 through 2013.

The 2011 capital projects budget includes a separate listing of thirteen large scale projects for 2011. These projects identify all funding sources including city and grantor share funds whose components total at least $2 million. These projects include a major bridge project (Juneau Avenue Bascule Bridge over the Milwaukee River) with a project total of $17.5 million, a connecting highways project (West Capital Drive between North 60th Street and North 84th Street) projected at $6.4 million and a state trunk highway (Appleton Avenue [Highway 41] from West Capitol Drive to US Highway 45) with an estimate of $10.6 million.

The City also created a Capital Improvements Committee in 2009 to provide a continuing analysis and public focus on the City's investment and management of its public facilities and networks.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Enterprise Fund and component entities which maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and commercial paper (all of which are permissible under State Statutes). The average interest earnings rate for City funds invested by the City Treasurer was approximately 0.315% in 2010 as compared to 0.746% in 2009. The City continued to use the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. In 2010, the average daily investable balance was $235.8 million as compared to $238.3 million in 2009, a 0.99% decrease. The investable balance generates interest earnings for the City, which is used to offset the property tax levy.

During 2010, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting on-going cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled $372 million, compared to $344 million in 2009. The financing was accomplished through two separate offerings -- $147 million General Obligation Cash Flow Promissory Notes in April 2010 for City purposes and $225 million School Revenue Anticipation Notes in September 2010 for school purposes. The timing of these offerings provided the City with an opportunity to earn additional interest on investments and still comply with the requirements of the Tax Reform Act of 1986. The second borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aids and is not a general obligation of the City.

In addition, the City continued its use of the State of Wisconsin's Clean Water Fund to finance sewer maintenance capital projects which began in June 2007. Over $36.6 million of loans were obtained during 2010 with over $1.8 million being immediately forgiven. The Clean Water Fund provides below market interest loans to communities to finance storm-water control projects. This financing strategy will save ratepayer's money, as Clean Water funding and General Obligation bonds have a lower interest rate than revenue bonds. However, the recently adopted 2011-2013 State Budget has curtailed the interest rate subsidy provided by the State Clean Water Fund. General Obligation debt will finance sewer capital projects that do not qualify for the Clean Water Fund. Also, during 2010, over $205.8 million of commercial paper to finance various public improvement projects and fiscal requirements of the City was issued. The City, for the second year, issued Qualified School Construction Bonds on behalf of the Milwaukee Public Schools in the amount of $37.3 million. This debt will be reimbursed by the Milwaukee Public Schools as the maturities come due.

RISK MANAGEMENT

The City is self-insured for workers' compensation, employee Basic Plan health and dental insurance, uninsured motorist motor vehicle coverage for City employees, and general liability claims. With certain exceptions, it is the policy of the City not to purchase commercial insurance against property or liability risks. Instead, the City has found it is more economical to manage its risk internally, setting aside funds as needed for estimated current claim settlements and judgments through annual and supplemental appropriations as needed. The City also purchases and maintains limited coverage for certain facilities and employee bonding. Indemnity and insurance protection is also required of City contractors, vendors, lessees and permit holders.

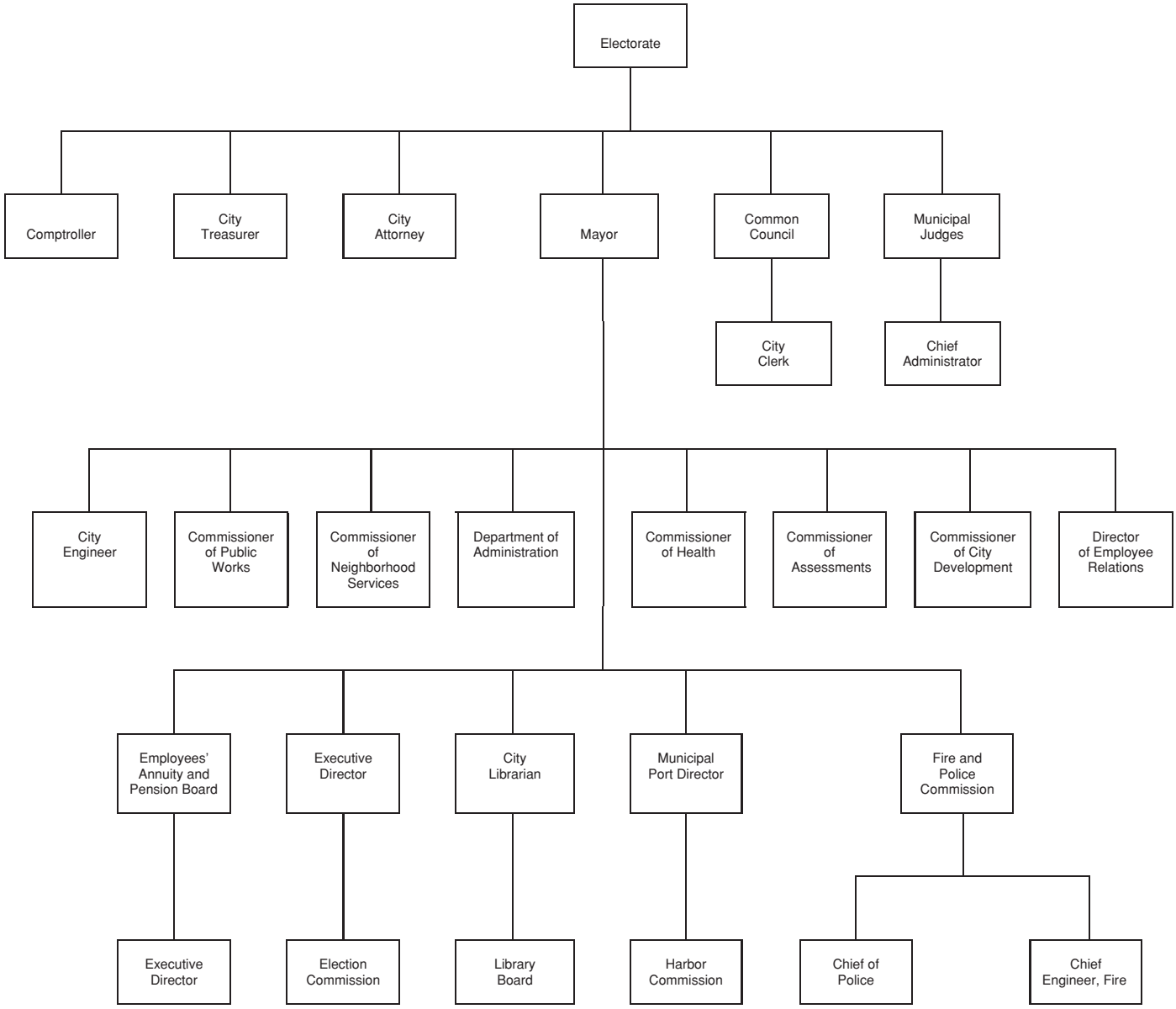
ACKNOWLEDGEMENTS

The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, dedication, and extensive involvement of the entire staff of the Office of the Comptroller and the able assistance of our independent auditors, KPMG LLP, as well as the accounting personnel of our component units. Special commendation and appreciation should be accorded to the dedicated staff of the Comptroller's Office in the preparation of this Comprehensive Annual Financial Report. In addition, I convey my appreciation to you and members of your respective staffs for your interest and support in planning and conducting the fiscal affairs of the City throughout the past year. The City will continue to remain fiscally sound through our cooperative efforts.

Very truly yours,

W. MARTIN MORICS
Comptroller

CITYOF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2010



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2010

ELECTED

Mayor	Thomas M. Barrett
Comptroller	W. Martin Morics
City Treasurer	Wayne F. Whittow
City Attorney	Grant F. Langley
Municipal Judge	Derek C. Mosley
Municipal Judge	Phillip M. Chavez
Municipal Judge	Valarie A. Hill

COMMON COUNCIL

President	Willie L. Hines, Jr.
Aldermanic District	**Alderman**
First	Ashanti T. Hamilton
Second	Joseph L. Davis, Sr.
Third	Nik Kovac
Fourth	Robert J. Bauman
Fifth	James A. Bohl, Jr.
Sixth	Milele A. Coggs
Seventh	Willie C. Wade
Eighth	Robert G. Donovan
Ninth	Robert W. Puente
Tenth	Michael J. Murphy
Eleventh	Joseph A. Dudzik
Twelfth	James N. Witkowiak
Thirteenth	Terry L . Witkowski
Fourteenth	T. Anthony Zielinski
Fifteenth	Willie L. Hines, Jr.

FINANCE RELATED (Non-Elected)

Administration Director	Sharon D. Robinson
Budget & Management Director	Mark P. Nicolini
City Purchasing Director	Rhonda Kelsey
Commissioner of Assessments	Mary P. Reavey
Chief Information Officer	Nancy A. Olson

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FINANCIAL SECTION

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KPMG LLP
Suite 1500
777 East Wisconsin Avenue
Milwaukee, WI 53202-5337

Independent Auditors' Report

The Honorable Members
Common Council
City of Milwaukee, Wisconsin:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Housing Authority of the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, the Milwaukee Economic Development Corporation, and the Neighborhood Improvement Development Corporation, which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 19 through 34 and 96 through 98 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the

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("KPMG International"), a Swiss entity.

methods of measurement and presentation of this information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, miscellaneous financial data and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, miscellaneous financial data, and statistical section have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 29, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

KPMG LLP

Milwaukee, Wisconsin
July 29, 2011

Within this section of the City of Milwaukee Comprehensive Annual Financial Report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This *Management Discussion and Analysis* (MD&A) should be read in conjunction with the City's basic financial statements, which follow this discussion. Additional information is available in the letter of transmittal, which precedes Management's Discussion and Analysis. The MD&A focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

- The assets of the City of Milwaukee exceeded its liabilities at the close of fiscal year 2010 by $950 million (net assets); $273 million in governmental activities and $677 million in business-type activities. Governmental activities' unrestricted assets reflect a deficit of $285 million. The City regularly makes significant investments in private purpose developments which do not produce any direct financial return to the City. The City also finances certain long-term liabilities as they come due rather than when they are incurred. The City's net assets increased 2% compared to the previous year of $929 million.

- The vast majority of the City's net assets are capital assets, most of which do not generate revenues by their use or sale. Total net assets are comprised of the following:
  - Capital assets, including property and equipment, net of related debt and accumulated depreciation – $980 million.
  - Restricted net assets, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $222 million.
  - Unrestricted net assets – ($252) million.

- The City's total 2010 year-end other post-employment benefits (OPEB) obligation is $174 million; an increase of 37% from the 2009 obligation of $127 million. The obligation is based on an actuarial valuation as of January 1, 2009, which indicates the 2010 actuarial accrued liability for benefits was $1,008 million over a 30-year amortization period.

- Total liabilities of the City increased by $144 million to $1,879 million. The long-term portion of total liabilities ($1,297 million) consists of $174 million for OPEB, $1,063 million for outstanding debt and $60 million for compensated absences, claims, and judgments.

- City governmental expenses exceeded combined program revenues by $757 million General revenues and transfers of $782 million resulted in a $25 million increase of net assets for the year. Business-type activities produced a decrease of net assets of 1% over 2009, generating a $4 million shortfall in 2010.

- For governmental activities, program revenue supported 25% of the total expenses for 2010. Property taxes and other taxes represented 28% of the primary government's governmental activities' expenses, state aids for the General Fund equaled 27%, and miscellaneous revenues and transfers supported 23% of the expenses. Revenues and transfers exceeded expenses by 3% in 2010.

- For business-type activities, program revenue supported 123% of the expenses for 2010; and, in total exceeded the expenses by $43 million. Miscellaneous revenue net of transfers out reduced this excess to $4 million shortfall for the year.

- The City's total governmental funds reported total ending fund balances of $264 million this year. Compared to the prior year ending fund balance of $226 million, an increase of $38 million resulted by year end 2010; a 17% increase.

- The General Fund balance at year-end 2010 totaled $60 million – a $12 million reduction compared to 2009 (-15%). This ending Fund balance is about 8% of General Fund expenditures and transfers.

- The operating expenditures of the General Fund were $8 million less than budgeted. This favorable variance is a result of savings from general government departments of $6 million, public safety departments of $1 million, and a combined savings of $1 million in other departments. The combined savings from the general government departments of Comptroller, Treasurer, Employees' Retirement and Employees Relations resulted in a favorable variance in various fringe benefit costs that were allocated to capital and grant projects rather than to general fund accounts, and, thus saved $4 million for the year. In addition, savings of $1 million was realized in a non-departmental account set aside for

contingencies. Fire, Police, and Neighborhood Services' operating accounts saved about $1 million; with the remaining $2 million from all other operating accounts of other departments.

- Outstanding General Obligation bonds and notes payable increased by $114 million during the current fiscal year from $780 million to $894 million. This increase results from early retirement of General Obligation debt of $471 million and issuance of $585 million in new General Obligation bonds and notes for the continued funding of City capital projects as well as debt issued on behalf of the Milwaukee Public Schools.

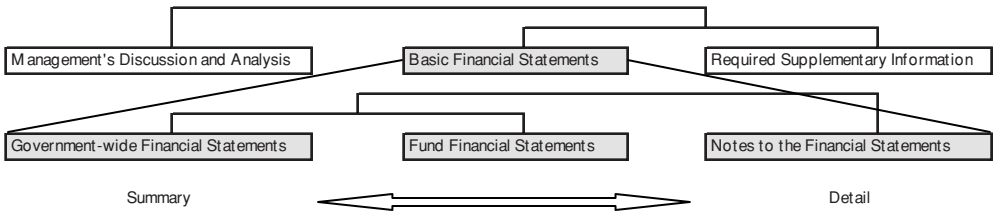
- The City issued General Obligation Cash-flow Promissory Notes for $147 million in advance of receipt of the State Shared Revenues. With the receipt of these revenues, an amount equal to the debt was transferred to the Debt Service Fund. .

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, (3) **Notes** to the financial statements. This report also includes other (4) **Required Supplementary Information.** Figure A-1 shows how the required parts of the annual report are arranged and relate to one another.

Figure A-1

COMPONENTS OF THE FINANCIAL SECTION



The basic financial statements include two kinds of statements.

- Government-wide financial statements that provide both long-term and current period information about the City's overall financial status.
- "Fund" specific financial statements that focus on individual components of City government, reporting the City's operations in more detail than the government-wide statements.
  - Governmental fund statements tell how general government services such as public safety were financed in the past year as well as what remains for future spending.
  - Proprietary fund statements offer current year and long-term financial information about business type activities such as the water utility and the sewer maintenance systems.
  - Fiduciary fund statements provide financial information about certain operations - such as benefit plans for the City's employees—in which the City is solely a trustee or agent for the benefit of others to whom the resources belong.

A summary of the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain are depicted in table Figure A-2. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2

MAJOR FEATURES OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the city for basic governmental services	The day-to-day operating activities of the city for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Required financial statements	* Statement of net assets * Statement of activities	* Balance Sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of net assets * Statement of revenues, expenses, and changes in net assets * Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus, except agency funds do not have measurement focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; capital assets and long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business and include both long-term and short-term information about the City's financial status. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. All of the activities of the City, except those of a fiduciary nature, are included.

Two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets is one measure of whether its financial health is improving or deteriorating. Other non-financial factors such as changes in the property tax base and the condition of the City's infrastructure (streets, sewers, etc.) are also needed to assess the overall health of the City.

The government-wide financial statements of the City of Milwaukee are reported into three categories on these statements—governmental activities, business-type activities, and component units. A total column for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as the water, sewer user charge, sewer maintenance, parking, and port. User charges or fees primarily support these activities.
- The *component units* include four other entities in its report. The Housing Authority and the Redevelopment Authority of the City of Milwaukee, Milwaukee Economic Development Corporation and the Neighborhood Improvement Development Corporation. Although legally independent entities, these organizations are closely related to the City of Milwaukee in terms of their respective financial and public policy responsibilities.

Fund Financial Statements

The City's major funds begin with Exhibit A-1. The fund financial statements provide detailed information about the most significant financial components of the municipality as opposed to the City as a whole. These individual funds are established for the purpose of executing specific activities and objectives in accordance with Federal, State and local laws and regulations.

The accounts of the City are organized on the basis of funds. Each fund is a separate fiscal and accounting entity with a self-balancing set of accounts including assets, liabilities, equities, revenues and expenditures or expenses.
.

The City reports financial activity and status according to three fund types: governmental, proprietary and fiduciary funds.

- Governmental funds: Most of the City's basic services are reported in governmental funds, applying modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine if more or fewer financial resources are available to be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in the reconciliation at the bottom of the fund financial statements.
- Proprietary funds: Operations which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control and other purposes. Proprietary funds utilize full accrual accounting. The City's proprietary (enterprise) funds focus on the business-type activities reported in the government-wide statements, providing additional detail including cash flows.
- Fiduciary funds: The City is the trustee, or fiduciary, for its pension and other employee benefit trusts and various miscellaneous private purpose trusts. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets in Exhibits C-1, C-2 and H-1. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes which follow the Government-wide and Fund financial statements (Exhibits 1 through D-2) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted. This required supplementary information is presented in Exhibits E-1. A *Schedule of Funding Progress* relating to retiree health and life insurance is depicted in Exhibit E-2.

Combining and Individual Fund Statements and Schedules and Miscellaneous Financial Data

Combining schedules provide detail in connection with nonmajor governmental funds and nonmajor enterprise funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each nonmajor special revenue fund. Capital Projects are also presented in detail by major category (i.e. streets, sewers) within the Miscellaneous Financial Data Section. See Exhibits F-1 through I-9.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole. The net assets and net expenses of governmental and business-type activities of the City are presented separately below. Table 1 focuses on the net assets and Table 2 focuses on the changes in net assets.

Table 1
Summary of Statement of Net Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Current and other assets	$ 839,138	$ 888,034	$ 99,970	$ 117,622	$ 939,108	$ 1,005,656
Capital assets	929,995	985,504	795,192	837,899	1,725,187	1,823,403
Total assets	1,769,133	1,873,538	895,162	955,521	2,664,295	2,829,059
Long-term obligations	948,158	1,072,207	149,645	224,791	1,097,803	1,296,998
Other liabilities	572,852	528,317	64,488	53,925	637,340	582,242
Total liabilities	1,521,010	1,600,524	214,133	278,716	1,735,143	1,879,240
Net assets:						
Invested in Capital assets, net of related debt	367,061	360,132	650,478	619,758	1,017,539	979,890
Restricted	164,011	210,066	30,551	11,422	194,562	221,488
Unrestricted	(282,949)	(297,184)	-	45,625	(282,949)	(251,559)
Total net assets	$ 248,123	$ 273,014	$ 681,029	$ 676,805	$ 929,152	$ 949,819

Net assets of the City's governmental activities increased 11% to $273 million for 2010. The portion of these net assets restricted as to use totaled $198 million. Net assets invested in capital facilities (buildings, roads, bridges, etc) totaled $360 million net of outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets are reported net of related debt, the funding needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net assets deficit ($285 million) at the end of 2010 does not imply that the City has inadequate financial resources available to meet its current obligations. For example, the City's annual budgets do not include the full amounts needed to meet future liabilities arising from property-casualty claims, unused employee vacation-sick leave and outstanding debt. The City will include the amounts needed in future years' budgets as these obligations come due.

The net assets of business-type activities decreased 1% to $677 million in 2010. The City generally can only use these net assets to finance the continuing operations of its specific enterprise activities.

Long-term obligations for governmental activities increased 13% and for business-type activities increased 50% from 2009 due primarily to the issuance and retirement of long-term debt and the recording of other post employment benefits (OPEB) obligation.

Total assets including capital assets increased $165 million or 6% from 2009. Capital assets of the primary government increased 6% from the previous year due to several completed major street projects by the State of Wisconsin. For 2010, capital assets of the Water Works and the Sewer Maintenance Funds comprise 93% of the City's total capital assets related to business-type activities. These are the City's two largest enterprise (business-type) funds. The Water Works capital assets (48%) consist primarily of water mains and related water facilities and plants; and, the Sewer Maintenance Fund (45%) includes local sewer mains and connections.

Changes in net assets. Total annual City revenues less expenses yield the change in net assets. The City's program and general revenues totaled $985 million for governmental activities. Forty-three percent of governmental purpose revenues are intergovernmental revenues (State aids, Federal and State grants) while 29% is derived from property and other taxes. Charges for services represent 10% of total revenues, and the remaining 18% generated by licenses, permits, fines and forfeits and other miscellaneous sources.

The City's governmental activity expenses cover a range of services, with $326 million (32%) related to public safety (fire and police, neighborhood services). General government expenditures total $259 million (26%) while public works expenditures total $169 million (17%). Program specific revenues generated only about one-fourth of the revenue needed to support the cost of governmental activities. General City revenues, taxes and State aids provide the remaining funds.

Total governmental activities revenues and transfers exceeded expenditures by $26 million (3%). For business-type activities expenditures and transfers exceeded its revenues by $4 million (2%). However, prior to the transfer of $48 million from business type funds to governmental funds, business type funds showed a $44 million excess of revenues over expenses while governmental activities showed a $22 million gap of revenues below expenses. Chart 1, Expenses and Program Revenues – Governmental Activities and Chart 2 Expenses and Program Revenues – Business-type Activities depict this comparison by major function.

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table 2
Changes in Net Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	$ 91,057	$ 97,146	$ 213,032	$ 226,139	$ 304,089	$ 323,285
Operating grants and contributions	73,694	95,018	-	-	73,694	95,018
Capital grants and contributions	-	57,739	18,674	3,094	18,674	60,833
General revenues:						
Property taxes and other taxes	270,191	283,442	-	-	270,191	283,442
State aids for General Fund	272,337	270,939	-	-	272,337	270,939
Miscellaneous	47,217	179,057	120	1,085	47,337	180,142
Total revenues	754,496	983,341	231,826	230,318	986,322	1,213,659
Expenses						
General government	207,504	259,420	-	-	207,504	259,420
Public safety	331,409	326,366	-	-	331,409	326,366
Public Works	167,983	168,699	-	-	167,983	168,699
Health	22,995	23,360	-	-	22,995	23,360
Culture and recreation	22,901	21,075	-	-	22,901	21,075
Conservation and development	50,683	66,758	-	-	50,683	66,758
Capital contribution to Milwaukee Public Schools	5,153	91,161	-	-	5,153	91,161
Contributions	21,026	23,321	-	-	21,026	23,321
Interest on long-term debt	23,985	26,467	-	-	23,985	26,467
Water	-	-	67,946	67,966	67,946	67,966
Sewer Maintenance	-	-	34,847	41,188	34,847	41,188
Parking	-	-	24,659	25,450	24,659	25,450
Port of Milwaukee	-	-	3,811	5,885	3,811	5,885
Metropolitan Sewerage District User Charges.	-	-	44,545	45,876	44,545	45,876
Total expenses	853,639	1,006,627	175,808	186,365	1,029,447	1,192,992
Increase in net assets before transfers	(99,143)	(23,286)	56,018	43,953	(43,125)	20,667
Transfers	40,111	48,177	(40,111)	(48,177)	-	-
Increase in net assets	(59,032)	24,891	15,907	(4,224)	(43,125)	20,667
Net assets – Beginning	307,155	248,123	665,122	681,029	972,277	929,152
Net assets – Ending	$ 248,123	$ 273,014	$ 681,029	$ 676,805	$ 929,152	$ 949,819

Governmental Activities

Revenues for the City's governmental activities totaled $983 million, while total expenses totaled $1,007 million for 2010. The 2010 governmental activity expenditures total increased by 18% over 2009 Total revenues, excluding transfers, supported 98% of total expenses; 103% with transfers. Comparable data for 2009 indicates 88% of all revenues, excluding transfers supported the 2009 expenses and, 93% including transfers.

Property taxes represent 29% of the total revenues for 2010 compared to 36% for 2009; a 7% decrease in this category. While the actual revenue increased 5% over the previous year, the comparison to the total decreased due to an increase in additional grants and contributions. The City of Milwaukee's share of the Tax Rate increased eighty cents (from $8.09 in 2009 to $8.89 in 2010 (per $1,000 of Assessed Value), due in part to a decrease in assessed property value. State aids for the General Fund of $271 million decreased by $1 million or 1% in 2010. The combined property taxes and State aids comprised approximately 56% of the total revenues for governmental funds in 2010 compared to 72% in 2009. Charges for services equaled 10% of the total revenues in 2010 compared to 12% in 2009. Operating grants, capital grants, and contributions increased $79 million, to a total $153 million or 16% of total revenues in 2010 compared to only 10% in 2009. During 2010, non-cash capital grants were recorded to represent the State contribution of completed major street projects on behalf of the City.

In 2010, governmental-activity-type expenses increased by $153 million (18%) to 1,007 million in 2010. Federal Recovery Act funding, Milwaukee Public Schools (MPS) cash-flow borrowing and an addition to City Pension reserves were the major contributing factors. Expenses for general government, which comprise 26% of the total expenses, increased 25% in 2010. Public safety expenses represent the largest category of governmental activities or 32% of the total expenses for 2010 which is a decrease of 2% over 2009. The largest change occurred in the City's contribution to the Milwaukee Public Schools, an increase of $86 million and represents 56% of the overall increase in expenditures. The Milwaukee Public Schools cannot issue its own debt. As a result, the City issued debt to finance MPS operations pending the issuance of revenue anticipation notes later in the year. Since this borrowing simply finances MPS operating costs until MPS receives State aids, this City increase does not reflect an expansion of MPS or City spending. Also, the General Government category increased $52 million, primarily as a result of a one-time contribution payment to the Employes' Retirement System of $49 million as a result of significant investment losses incurred in prior years. These two items represent $135 million or 88% of the overall increase in governmental activities for 2010.

Chart 1
2010 Expenses and Program Revenues - Governmental Activities

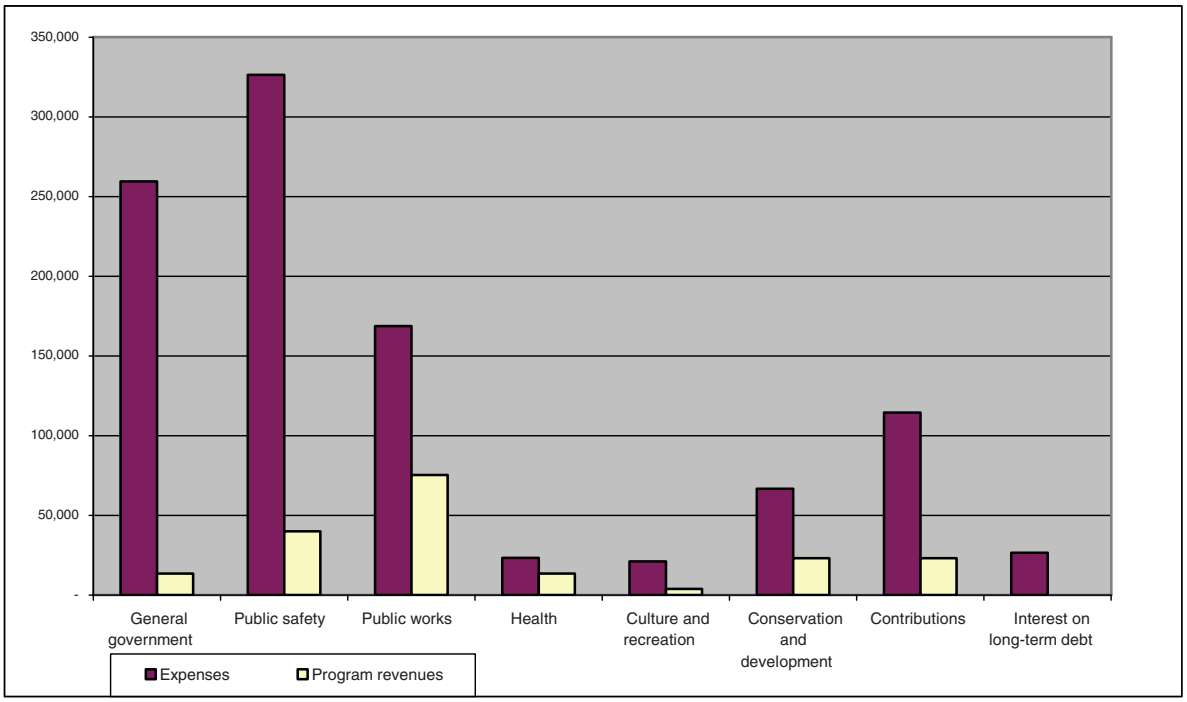


Table 3 presents the cost of each of the City's largest programs as depicted in the Chart 1 above, as well as each program's net costs (total cost less the revenues generated by the activities). General government includes most City departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer.

Public safety includes Fire, Police and Neighborhood Services. "Net cost" shows the financial placed on the city taxpayers by each of these functions.

Table 3
Governmental Activities
(Thousand of Dollars)

	Total Cost of Services		Net Cost of Services	
	2009	2010	2009	2010
General government	$ 207,504	$ 259,420	$ 195,668	$ 245,926
Public safety	331,409	326,366	300,285	286,416
Public works	167,983	168,699	101,405	35,626
Health	22,995	23,360	10,496	9,942
Culture and recreation	22,901	21,075	19,094	17,181
Conservation and development	50,683	66,758	33,076	43,689
Contributions	26,179	114,482	4,879	91,477
Interest on long-term debt	23,985	26,467	23,985	26,467
Total Governmental Activities	$ 853,639	$ 1,006,627	$ 688,888	$ 756,724

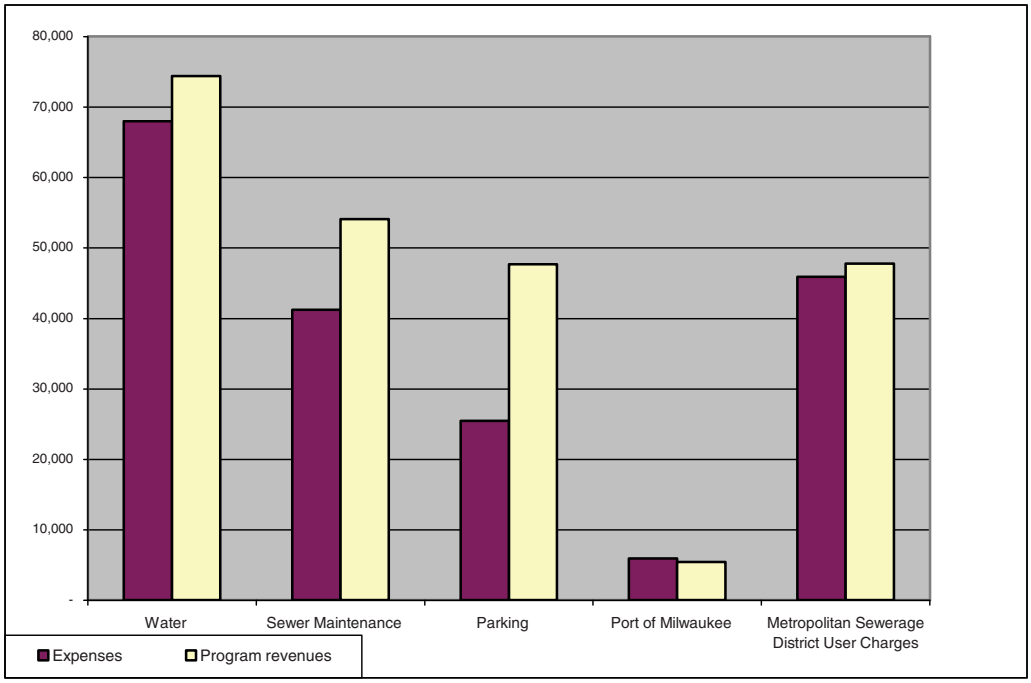
The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities increased in 2010 to $757 million from $689 million in 2009 or 10% change. Because such a small portion of total costs are supported by program revenue, the remainder of the total costs of service must be funded by general City taxes and State aids.

Business-type Activities

The two major enterprises or business-type activities for the City of Milwaukee are water services and sewer maintenance. The Water Works had operating expenses of $67 million and operating income of $6 million. The Sewer Maintenance produced a net operating income of $30 million after incurring expenses of $22 million.

Business-type revenues on Table 2 decreased by $3 million in 2010 compared to 2009, or 1%. Total expenses and transfers of all enterprise funds of the City increased $17 million, from $216 million in 2009 to $233 million in 2010 (+8%). Overall, 2010 year-end Total Net Assets decreased by $4 million to $677 million, or -1%.

Chart 2
2010 Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting consistent with finance related legal requirements and external government accounting standards.

Governmental Funds

Governmental Funds are reported in the fund based financial statements with a focus on the annual inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with the succeeding year's requirements. In particular, the Reserved for Tax Stabilization account in the General Fund serves as one useful measure of the City's net resources available for financing subsequent year's budget. This budgeted reserve is intended to help stabilize year-to-year fluctuations in the City property tax rate. Types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As the City completed 2010, its Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $264 million, an increase of $38 million or 17% over 2009. The General Obligation Debt Service Fund and the Public Debt Amortization Fund generated nearly $32 million of this increase. Non-major governmental funds produced a positive change from operations of $2 million. The Capital Projects Fund balance increased by $17 million; although, the total Fund balance remains a negative amount of $20 million. This negative balance persists because the City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects. This practice minimizes City borrowing costs and facilitates compliance with Federal IRS regulations. Debt issued for capital projects totaled $238 million in 2010 compared to $84 million in 2009.

The total reserves of the General Fund decreased 15% to $60 million from $71 million in 2009. This decrease was due to a reduction in required reserves for encumbrances, carryovers, and inventory of $14 million. Of the total year-end 2010 General Fund fund balance of $60 million, $29 million is reserved and available for 2012 and subsequent years' budgets. This amount is unchanged when compared to the $29 million balance at year-end 2009.

Chart 3 and 4 illustrate spending by function and revenues by source for all governmental funds.

Chart 3
2010 City Spending by Function - Governmental Funds

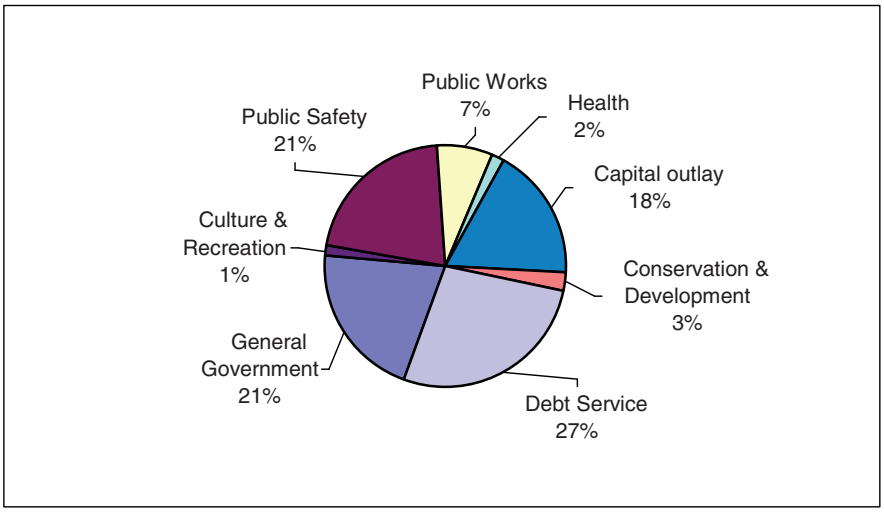
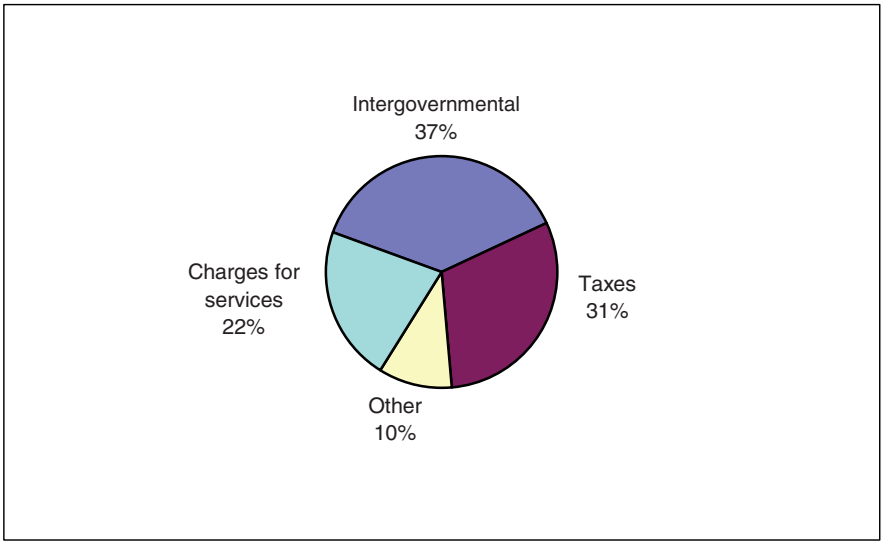


Chart 4
2010 Revenues by Source - Governmental Funds



Revenues for governmental functions overall totaled $922 million in the fiscal year ended December 31, 2010 (+19%). Expenditures for governmental funds totaled $1,356 million (+32%) Expenditures exceeded revenues by $434 million. Other financing sources closed the gap, leaving a total net increase in governmental fund balances of $38 million for the year compared to an increase of $23 million in 2009. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from enterprise funds; and receipt of loans receivable transferred from the Neighborhood Improvement Development Corporation component unit.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund decreased by $12 million or 16%. Revenues and other financing sources totaled approximately $802 million and expenditures and other financing uses totaled approximately $813 million - detailed in Table 4 below. While revenues growth remained consistent with the prior year (increasing by 4% over 2009), expenditures increased by 6% over 2009, with expenditures exceeding revenues by 10%. Other Financing Sources (consisting of debt proceeds and transfers in from other funds), exceeded Other Financing Uses (consisting of transfers out to other funds) by $50 million. This excludes the budgeted use of funds from the Reserve for Tax Stabilization account. Thirteen million was budgeted from the Reserve for Tax Stabilization to fund the 2010 General Fund budget. This was a decrease of $9 million from 2009.

Total General Fund revenues for 2010 totaled $603 million. The largest revenue category is intergovernmental at $271 million with 45% of the total revenue. The second largest revenue source is Property Taxes with $168 million or 28%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 16% or $97 million. These three categories combined comprise 89% of the total revenues for 2010. The largest percentage increase in revenues compared to 2009 was the Other Taxes category with a 45% increase.

The following table (Table 4) presents a summary of revenues and expenditures of the General Fund compared to prior year:

Table 4
General Fund
Summary of Revenues, Expenditures and Other Financing Sources and Uses
(Thousands of Dollars)

Revenues and Other Financing Sources

Revenues:	**2009**	**2010**	**% Change**
Property taxes	$ 156,410	$ 168,031	7.4%
Other taxes	3,504	5,097	45.5%
Licenses and permits	12,186	12,948	6.3%
Intergovernmental	272,337	270,939	-0.5%
Charges for services	91,057	97,146	6.7%
Fines and forfeits	4,802	5,422	12.9%
Contributions received	21,300	23,005	8.0%
Other	19,967	20,323	1.8%
Total Revenues	581,563	602,911	3.7%
Other Financing Sources			
Debt proceeds	119,000	147,000	23.5%
Transfers in	43,834	51,711	18.0%
Total Revenues and Other Financing Sources	744,397	801,622	7.7%
Excess of Revenues over Expenditures	(46,404)	(61,363)	-32.2%
Net Change in Fund Balance	$ (1,651)	$ (11,730)	-610.5%

Expenditures and Other Financing Uses

Expenditures:	**2009**	**2010**	% Change
General government	$ 222,809	$ 276,326	24.0%
Public safety	276,060	264,067	-4.3%
Public works	97,093	94,482	-2.7%
Health	10,446	9,996	-4.3%
Culture and recreation	17,329	15,656	-9.7%
Conservation and development	4,230	3,747	-11.4%
	-	-	
Total Expenditures	627,967	664,274	5.8%
Other Financing Uses			
Transfers out	118,081	149,078	26.3%
Total Expenditures and other Financing Uses	$ 746,048	$ 813,352	9.0%

Beginning in 2006, the City began issuing General Obligation Cash-Flow Promissory Notes (rather than Revenue Anticipation Notes) in advance of receipt of the State Shared Revenues. For 2010, $147 million was issued.

The City maintains two separate debt service funds. The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The Public Debt Amortization Fund is governed by State Statutes Section 67.101 whereby accumulated resources can be used for the

retirement of the public debt. The General Obligation Debt Service Fund increased its fund balance from $81 million to $118 million or 46% Total revenues of the General Obligation Debt Service increased from $103 million 2009 to $205 million in 2010. Revenues combined with *Other Financing Sources* totaled $519 million; expenditures combined with *Other Financing Uses* totaled $482 million; resulting in a *net increase in Fund Balance* for year end 2010 of $37 million.

Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. At year end, 2010 showed a fund balance deficit of $20 million (an increase in the fund balance of $16 million compared to a fund balance deficit of $36 million in 2009). In 2010, total debt proceeds amounted to $238 million as compared to $84 million in 2009, a 183% increase. Total revenues increased 24% from $17 million to $21 million; expenditures increased from $98 million to $240 million or 145%. The issuance of bonds and notes during 2010 for capital purposes combined with revenues and transfers were sufficient to cover the current year's expenditures and also reduced the 2010 year end deficit in fund balance by $16 million.

Proprietary Funds

The proprietary fund statements provide information on both short and long-term financial status, focusing on net assets and the change in net assets as a result of operations.

At the end of the fiscal year, the total unrestricted net assets for all enterprise funds were $46 million. This was an increase from $19 million at December 31, 2009 or 142%. This increase consists of $(-18) million in Water Works and $45 million in Sewer Maintenance fund.

In 2010, operating revenues of the enterprise funds totaled $226 million (+7%); total operating expenses increased to $164 million in 2010 (+2%). The Water Works is the largest enterprise activity for the City, comprising approximately 32% of the total operating revenues. The Sewer Maintenance Fund comprises 23% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2010, Water Works operating revenues increased 0.6% while Sewer Maintenance operating revenues increased 8%; all other enterprise funds combined increased by 10%. Water Works non-operating revenues for 2010 are mainly composed of interest income and other miscellaneous revenues. The investment income decreased $73,000 (83%) compared to the 2009 income. Other miscellaneous non-operating revenue also decreased from $63,000 to $45,000 in 2010. These miscellaneous revenues (fees for servicing of branch water mains and water tapping services) decreased 29% from 2009.

The Water Works incurred total expenses of $67 million for 2010 compared to $68 million for 2009. Excluding depreciation expense, operating expenses increased over the previous year by $32,000 or .06%. The non-operating expenses (interest expense) of the Water Works decreased by $118,000 due to the declining principal balances on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds increased 4% over 2009.

General Fund Budgetary Highlights

For the fiscal year ended December 31, 2010, the General Fund revenue budget exceeded actual revenues by $3 million. Actual 2010 General Fund revenues also exceeded that of the prior year. On a budgetary basis, General Fund actual revenues totaled $580 million in 2010, a $20 million (4%) increase over 2009. Property Taxes and Other Taxes increased by 7% and 45%, respectively. All revenue categories except Intergovernmental had an increase in 2010. Charges for Services category increased of $6 million. Noteworthy increases for this category over 2009 actual revenue include new revenue from Construction Debris Disposal and Vacant Building Registration and Residential Rental Inspection fees. These three revenues totaled $0.8 million. While the revenues from paramedic activities decreased $0.8 million, recycling revenues increased $0.6 million. Combining the snow and ice fee and the solid waste fee, the overall net increase was $2.7 million. In addition, services to the sewer maintenance enterprise fund showed had an increase of $2.1 million. Property Taxes increased nearly $12 million due to an increase in the tax rate for City purposes of eighty cents (from $8.09 to $8.89 per $1,000 of Assessed Value). All other categories combined (Other Taxes, Licenses and permits, Intergovernmental, Fines and forfeits, and Other) increased by $2 million or 0.6%. A major Other Revenue identified was interest on investments, which totaled $503,000 for 2010. The average interest earnings rate was 0.315% compared to .746% in 2009 with a decrease in the average investable balance from $238.3 million in 2009 to $235.8 million in 2010.

The year 2010 also produced an unexpended budget surplus of $8 million. The general government category contributed $6 million; the public safety category had a surplus of $1 million. Public works, health culture and recreation, and, conservation and development categories, in the aggregate, added nearly $1 million. These savings included $4 million in various fringe

benefit costs that were allocated to capital and grant projects rather than to general fund accounts, $1 million was realized in the non-departmental account for departments' contingencies primarily earmarked for snow operations, $1 million in the aggregate from various Police, Fire and Neighborhood Services departments' operating accounts, and. $2 million from all other departmental operating accounts.

During 2010, the Common Council adopted seven resolutions which increased the General Fund appropriations due to greater than anticipated revenues. These increased revenues provided departments an additional $2 million in appropriation authority.

The original budget for expenditures includes the adopted budget plus the encumbrances carried over from 2009 less the encumbrances carried over to 2011. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2009 by the Common Council less those appropriations authorized for carryover to 2011. In addition, certain appropriations are budgeted in a general non-departmental account (i.e. contingency) and are only transferred from this account to specific departments during the year to expend after authorization by the Common Council. These appropriation adjustments are part of the final budget. As detailed in the Required Supplementary Information Section, Exhibit E-1 shows both the original 2010 General Fund expenditure budget of $633 million and the final budget of $650 million. This is a 4% increase over the final 2009 budget of $625 million. The original General Fund revenue budget totaled $582 million with the final budget increasing approximately $1 million. This is a 4% increase over the final 2009 revenue budget of $563 million.

The General Fund Schedule of Expenditures-Budget and Actual (Exhibit I-9) details current year expenditures by department.

The City's General Fund's beginning fund balance of $71 million as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance differs from the General Fund's budgetary fund balance reported in the budgetary comparison schedule by the amount of the budgeted withdrawal from the Reserve for Tax Stabilization of $13 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2010 total $1,823 million (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. The total increase in the City's capital assets for the current fiscal year was $98 million or 5.7%. Governmental activities' capital assets increased $56 million or a 6% increase from 2009. Business-type activities' capital assets increased $43 million or 5.4% at the end of 2010. A schedule comparing the assets by type for 2009 and 2010 for both governmental and business-type activities is depicted in Table 5 below. The net change in assets as detailed in Note 4 reports that additions were $78 million and deletions were $23 million for 2010 for governmental activities. The Sewer Maintenance Fund had a net change in capital assets that resulted in an increase of $35 million. Of the Sewer Maintenance Fund's net assets at year end, 99% relate to the sewer mains infrastructure. Infrastructure net assets of the Water Works Fund comprise 68% of its total net assets with 25% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of 2%.

Debt issued to finance tax incremental districts (TID) totals $163 million outstanding at year end. The majority of these expenditures have no related assets for TID, so the net increase in TID debt reduces unrestricted net assets by an equal amount. In addition, debt issued for school purposes at year end was $132 million. The Milwaukee Public Schools (MPS) is a separate governmental entity. By State Statute, MPS cannot issue its own debt. As a result, the City issues debt for school purposes. The City has the option of providing funds from its treasury or issue debt to finance school construction, operations and/or maintenance. The City chooses to issue debt. The MPS's assets are not an asset of the City and, as a result, capital expenditures for school purposes also reduce unrestricted net assets by an equal amount.

Table 5
Capital Assets
(net of depreciation)
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Capital assets not being depreciated:						
Land	$ 164,250	$ 164,210	$ 18,167	$ 18,253	$ 182,417	$ 182,463
Construction in progress	40,839	26,513	18,095	14,897	58,934	41,410
Intangible right of ways	-	1,319	-	-	-	1,319
Capital assets being depreciated:						
Buildings	257,076	276,816	89,407	91,798	346,483	368,614
Infrastructure	1,377,383	1,450,918	802,717	861,200	2,180,100	2,312,118
Improvements other than buildings	11,687	11,811	7,717	7,771	19,404	19,582
Machinery and equipment	164,265	173,788	215,306	221,194	379,571	394,982
Intangible software	-	1,364	-	-	-	1,364
Nonutility property	-	-	5,509	4,692	5,509	4,692
Accumulated depreciation	(1,085,505)	(1,121,235)	(361,726)	(381,906)	(1,447,231)	(1,503,141)
Total	$ 929,995	$ 985,504	$ 795,192	$ 837,899	$ 1,725,187	$ 1,823,403

Debt

At year-end, the City had $894 million in general obligation bonds and notes, $81 million in State loans, and $54 million in revenue bonds outstanding as itemized in Table 6.

New debt issued for general obligation bonds and notes totaled $585 million, of which $75 million related to Water Works, Sewer Maintenance, Port, and Parking Enterprises.

The City continues to maintain high investment grade ratings from the three major rating agencies. A rating of AA+ from Fitch Ratings, AA from Standard and Poor's Corporation, and Aa2 from Moody's Investors Service, Inc, were received on the City's April 2010 general obligation bond issues.

The City's gross general obligation debt per capita, excluding enterprise fund debt, was $1,155 at the end of 2009 and $1,259 at the end of 2010; an 9% increase from the prior year. As of December 31, 2010, the City's outstanding net general obligation debt for governmental activities was 2.40% of the City's total taxable value of property. (Statistical Section - Table 9) The legal debt limit is 7% of equalized property value, including Milwaukee Public Schools debt, which also is issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit and has used about 52% of this limit. The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2010, notes were issued in the amount of approximately $29.9 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

Table 6
Outstanding Debt
General Obligation and Revenue Bonds
(Thousand of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
General obligation bonds and notes (backed by the City)	$ 742,752	$ 812,183	$ 36,803	$ 82,002	$ 779,555	$ 894,185
State loans	-	-	48,002	80,724	48,002	80,724
Revenue bonds (backed by specific fee revenues)	-	-	57,515	53,737	57,515	53,737
Total	$ 742,752	$ 812,183	$ 142,320	$ 216,463	$ 885,072	$ 1,028,646

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2010 is 11.5%, compared to 11% for 2009. City of Milwaukee per capita income for the most recent fiscal year available (2009) was $37,088, compared to 37,118 for 2008. The City's population over the last five years is depicted in the table below. The 2006-2009 data is estimated from the Wisconsin Department of Revenue used in the distribution of State Shared Taxes; and, these years differ from the U.S. Census Bureau. The 2010 data is from the Census Bureau.

2006	590,370
2007	590,190
2008	590,870
2009	584,000
2010	594,833

The 2011 adopted City Budget is about $1.5 billion with a General Fund budget of $683 million. The General Fund budget decreased 0.15% over the 2009 budget of $684 million. In 2011, the City will expend $145 million for health insurance and related costs compared to $120 million budgeted for 2010, an increase of 21%. Estimated Full-time Equivalent (FTE) employment for all General Fund departments decreased by 24 FTE with the Public Works Department and the Unified Call Center Department showing a decrease of 20 and 7 FTE, respectively. The City reached agreements with its largest labor union (District Council (DC) 48) holding wage rates for 2010 and 2011 at 2009 levels, with progression steps not awarded. Also, the City continued four mandatory furloughs days for both 2010 and 2011.

Total property taxes levied for all funds of the City in 2010 for 2011 purposes increased $0.23 per thousand dollars of assessed valuation to a rate of $9.12 (+2.6%). The 2009 for 2010 rate increased $0.80 (from $8.09 to $8.89 or +11.0%).

The total City property tax levy remained at the $247 million for both 2009 and 2010. While the rate for 2010 increased, the assessed valuation decreased; thus providing roughly the same amount in property tax revenue. The property tax levy will provide $111.6 million for general City purposes in 2011. This represents an increase of $21.6 million from 2010 or 24%. The 2011 General City Purpose budget includes $100 million in estimated revenue for City charges for services rendered, an increase of $4 million. A City Solid Waste Fee is the largest revenue source in this category and is expected to generate $32 million for 2011. This fee represents 32% of the total charges for services in the 2011 budget. The Street Sweeping-Leaf Collection Fee is expected to generate $12 million for 2010, no increase over 2009. This Fee comprises 13% of the total charges for services for both 2011 and 2010. Most 2011 revenue estimates remained consistent with the prior year with only a net overall increase of 0.08%.

Estimated General City Purposes intergovernmental revenues, primarily from the State of Wisconsin, are projected to total $271.6 million; a slight increase of $750,000 from 2010.

Revenue increases were also implemented in City enterprise funds for 2011 including the following: the Water Works in late December 2010 received approval from the Public Service Commission at a reduced rate of return from what the Work Works

had requested. The delay in implementing the new rates cost the utility about $18 million in revenue in 2010. Due to this loss in expected revenue, the Water Works took action to stabilize its 2010 finances by delaying equipment purchased, scrutinizing operating expenses and reducing overtime, and curtailing water main replacements. A second rate case approved a 4.18% rate of Return and should be fully implemented in mid-2011. As a result, the average single family residential user in the City of Milwaukee will pay $45.48 per quarter. Sewer Maintenance Fee will increase 1.6% to $14.22.

The City remains in sound financial condition, as demonstrated by the financial statements and schedules included in this report. The General Fund Reserve for Tax Stabilization remained stable at $44 million for 12/31/10 compared to $42 million for 12/31/09. That portion of the Reserve for Tax Stabilization available for future years also remained stable at $29 million at year-end 2010 and for 2009. With expected continuing limitations on State Shared Revenue, growing health care and post employment costs and other fiscal pressures, the City is reviewing options for 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the City's finances and to demonstrate the City's accountability for the taxes and other funding received. If you have questions about this report or need additional financial information, contact the City of Milwaukee, Office of the City Comptroller, Office, City Hall, 200 East Wells Street Room 404, Milwaukee, WI 53202.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MILWAUKEE

STATEMENT OF NET ASSETS

December 31, 2010

(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 274,745	$ 53,665	$ 328,410	$ 60,099
Investments	14,883	-	14,883	4,687
Receivables (net):				
Taxes	213,584	-	213,584	-
Accounts	27,843	44,941	72,784	2,881
Unbilled accounts	754	15,156	15,910	-
Special assessments	10,556	-	10,556	-
Notes and loans	118,911	-	118,911	94,002
Accrued interest	315	8	323	5,758
Due from component units	17,707	-	17,707	-
Due from primary government	-	-	-	399
Due from other governmental agencies	198,245	51	198,296	26,072
Inventory of materials and supplies	7,621	2,632	10,253	-
Inventory of property for resale	26	-	26	8,027
Prepaid items	355	590	945	1,014
Deferred charges	2,489	321	2,810	999
Other assets	-	258	258	427
Total Noncapital Assets	888,034	117,622	1,005,656	204,365
Capital assets:				
Capital assets not being depreciated:				
Land	164,210	18,253	182,463	56,816
Construction in progress	26,513	14,897	41,410	16,732
Intangible right of ways	1,319	-	1,319	-
Capital assets being depreciated:				
Buildings	276,816	91,798	368,614	500,289
Infrastructure	1,450,918	861,200	2,312,118	379
Improvements other than buildings	11,811	7,771	19,582	1,725
Machinery and equipment	173,788	221,194	394,982	3,718
Intangible software	1,364	-	1,364	-
Nonutility property	-	4,692	4,692	-
Accumulated depreciation	(1,121,235)	(381,906)	(1,503,141)	(251,174)
Total Capital Assets	985,504	837,899	1,823,403	328,485
Total Assets	1,873,538	955,521	2,829,059	532,850

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
December 31, 2010
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable	$ 37,727	$ 21,010	$ 58,737	$ 10,531
Accrued expenses	33,089	2,599	35,688	12,966
Accrued interest payable	12,122	1,167	13,289	-
Internal balances	(29,135)	29,135	-	-
Due to component units	399	-	399	-
Due to other governmental agencies	294	-	294	2,486
Deferred revenue	298,821	14	298,835	4,584
Revenue anticipation notes payable	175,000	-	175,000	-
Other payables	-	-	-	-
Other liabilities	-	-	-	10,782
Due to primary government:				
Due within one year	-	-	-	1,157
Due in more than one year	-	-	-	16,550
Long-term obligations:				
Due within one year	107,894	14,447	122,341	11,437
Due in more than one year	964,313	210,344	1,174,657	133,946
Total Liabilities	1,600,524	278,716	1,879,240	204,439
NET ASSETS				
Invested in capital assets, net of related debt	360,132	619,758	979,890	200,573
Restricted for:				
Debt Service	197,499	11,422	208,921	-
Other purposes	12,567	-	12,567	18,591
Unrestricted	(297,184)	45,625	(251,559)	109,247
Total Net Assets	**$ 273,014**	**$ 676,805**	**$ 949,819**	**$ 328,411**

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	$ 259,420	$ 9,931	$ 3,563	$ -
Public safety	326,366	16,202	23,748	-
Public works	168,699	68,135	7,199	57,739
Health	23,360	1,071	12,347	-
Culture and recreation	21,075	1,504	2,390	-
Conservation and development	66,758	303	22,766	-
Capital contribution to Milwaukee Public Schools	91,161	-	-	-
Contributions	23,321	-	23,005	-
Interest on long-term debt	26,467	-	-	-
Total Governmental Activities	1,006,627	97,146	95,018	57,739
Business-type Activities:				
Water	67,966	73,473	-	910
Sewer Maintenance	41,188	52,046	-	2,011
Parking	25,450	47,477	-	173
Port of Milwaukee	5,885	5,398	-	-
Metropolitan Sewerage District User Charges	45,876	47,745	-	-
Total Business-type Activities	186,365	226,139	-	3,094
Total Primary Government	$ 1,192,992	$ 323,285	$ 95,018	$ 60,833
Component units:				
Housing Authority	$ 90,346	$ 20,057	$ 53,938	$ 20,829
Redevelopment Authority	13,805	5,980	8,294	9,292
Milwaukee Economic Development Authority	3,385	2,969	1,814	-
Neighborhood Improvement Development Corporation	3,715	764	1,313	1,343
Total Component Units	$ 111,251	$ 29,770	$ 65,359	$ 31,464

General revenues:
Property taxes and other taxes
State aids for General Fund
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as restated (note 1w)

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (245,926)		$ (245,926)	
(286,416)		(286,416)	
(35,626)		(35,626)	
(9,942)		(9,942)	
(17,181)		(17,181)	
(43,689)		(43,689)	
(91,161)		(91,161)	
(316)		(316)	
(26,467)		(26,467)	
(756,724)		(756,724)	
-	$ 6,417	6,417	
-	12,869	12,869	
-	22,200	22,200	
-	(487)	(487)	
-	1,869	1,869	
-	42,868	42,868	
(756,724)	42,868	(713,856)	
			$ 4,478
			9,761
			1,398
			(295)
			15,342
283,442	-	283,442	-
270,939	-	270,939	-
179,057	1,085	180,142	4,908
48,177	(48,177)	-	-
781,615	(47,092)	734,523	4,908
24,891	(4,224)	20,667	20,250
248,123	681,029	929,152	308,161
$ 273,014	**$ 676,805**	**$ 949,819**	**$ 328,411**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and cash equivalents	$ 57,002
Investments	135
Receivables (net):	
Taxes	139,841
Accounts	26,596
Unbilled accounts	754
Special assessments	-
Notes and loans	19
Accrued interest	87
Due from other funds	57,997
Due from component units	1,209
Due from other governmental agencies	337
Advances to other funds	9,798
Inventory of materials and supplies	7,194
Inventory of property for resale	26
Prepaid items	350
Total Assets	**$ 301,345**
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 19,891
Accrued expenses	32,462
Due to other funds	1,732
Due to component units	-
Due to other governmental agencies	-
Deferred revenue	187,634
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	241,719
Fund Balances:	
Reserved for debt service	-
Reserved for delinquent taxes receivable	-
Reserved for economic development	-
Reserved for grant activities	-
Reserved for encumbrances, prepaids, and carryovers	8,144
Reserved for inventory	7,220
Reserved for mortgage trust	135
Reserved for environmental remediation	303
Reserved for tax stabilization - 2011	14,600
Reserved for tax stabilization - 2012 and subsequent years' budgets and advances to other funds	29,224
Unreserved:	
Undesignated	-
Special assessment (deficit)	-
Total Fund Balances	59,626
Total Liabilities and Fund Balances	**$ 301,345**

The notes to the financial statements are an integral part of this statement.

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
$ 161,857	$ 25,603	$ 11,727	$ 18,556	$ 274,745
-	14,748	-	-	14,883
53,240	-	2,663	17,840	213,584
-	-	1,098	149	27,843
-	-	-	-	754
-	-	10,556	-	10,556
77,102	22,561	-	19,229	118,911
24	204	-	-	315
-	-	-	288	58,285
16,319	-	138	41	17,707
175,000	-	3,919	18,989	198,245
-	-	-	-	9,798
-	-	427	-	7,621
-	-	-	-	26
-	-	-	5	355
$ 483,542	**$ 63,116**	**$ 30,528**	**$ 75,097**	**$ 953,628**
$ 90	$ -	$ 10,753	$ 6,993	$ 37,727
7	-	226	394	33,089
3,700	-	12,244	11,474	29,150
-	-	287	112	399
-	-	-	294	294
187,020	-	17,075	11,957	403,686
175,000	-	-	-	175,000
-	-	9,798	-	9,798
365,817	-	50,383	31,224	689,143
117,725	63,116	-	16,658	197,499
-	-	-	14,570	14,570
-	-	-	213	213
-	-	-	12,432	12,432
-	-	7,649	-	15,793
-	-	427	-	7,647
-	-	-	-	135
-	-		-	303
-	-	-	-	14,600
-	-	-	-	29,224
-	-	(19,445)	-	(19,445)
-	-	(8,486)	-	(8,486)
117,725	63,116	(19,855)	43,873	264,485
$ 483,542	**$ 63,116**	**$ 30,528**	**$ 75,097**	**$ 953,628**

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CITY OF MILWAUKEE

Exhibit A-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2010

(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 264,485
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 164,210	
Buildings, net of $78,395 accumulated depreciation	198,421	
Infrastructure, net of $934,550 accumulated depreciation	516,368	
Improvements other than buildings, net of $7,972 accumulated depreciation	3,839	
Machinery and equipment, net of $100,221 accumulated depreciation	73,567	
Intangible assets net of $97 accumulated depreciation	2,586	
Construction in progress	26,513	
		985,504
Deferred charges for debt issuance costs are not available to pay for current-period expenditures and therefore are deferred in the funds.		2,489
Some revenues are deferred in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected after year-end	11,916	
Other revenues to be collected after year-end	6,778	
Special assessments to be collected after year-end	9,069	
Notes and loans receivable to repay long-term bonds and notes	77,102	
		104,865
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.		
Accrued interest payable	(12,122)	
Bonds and notes payable	(812,183)	
Deferred amount on refunding	2,903	
Unamortized premiums	(35,478)	
Compensated absences	(38,948)	
Net other postemployment benefits obligation	(169,040)	
Claims and judgments	(19,461)	
		(1,084,329)
Total net assets of governmental activities (Exhibit 1)		**$ 273,014**

The notes to the financial statements are an integral part of this reconciliation.

CITY OF MILWAUKEE

Exhibit A-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 168,031
Other taxes	5,097
Special assessments	-
Licenses and permits	12,948
Intergovernmental	270,939
Charges for services	97,146
Fines and forfeits	5,422
Contributions received	23,005
Other	20,323
Total Revenues	602,911
Expenditures:	
Current:	
General government	276,326
Public safety	264,067
Public works	94,482
Health	9,996
Culture and recreation	15,656
Conservation and development	3,747
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	664,274
Excess (Deficiency) of Revenues over Expenditures	(61,363)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	147,000
Proceeds current refunding	-
Payment current refunding	-
Loans receivable activities	-
Issuance premium	-
Transfers in	51,711
Transfers out	(149,078)
Total Other Financing Sources and Uses	49,633
Net Change in Fund Balances	(11,730)
Fund Balances - Beginning	71,356
Fund Balances - Ending	**$ 59,626**

The notes to the financial statements are an integral part of this statement.

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
$ 69,118	$ -	$ 4,768	$ 6,039	$ 247,956
25,663	3,349	-	-	34,109
-	-	3,421	-	3,421
-	-	-	-	12,948
1,197	-	3,831	68,962	344,929
103,315	-	-	-	200,461
-	-	-	-	5,422
-	-	-	-	23,005
5,684	1,997	9,094	12,443	49,541
204,977	5,346	21,114	87,444	921,792
392	-	-	5,260	281,978
-	-	-	23,748	287,815
-	-	-	7,199	101,681
	-	-	12,347	22,343
-	-	-	2,390	18,046
-	-	-	31,721	35,468
-	-	240,480	-	240,480
333,780	-	-	-	333,780
33,305	-	-	-	33,305
1,314	-	-	-	1,314
368,791	-	240,480	82,665	1,356,210
(163,814)	5,346	(219,366)	4,779	(434,418)
-	-	238,424	29,867	415,291
94,420	-	-	-	94,420
(106,500)	-	-	-	(106,500)
-	-	-	(293)	(293)
21,632	-	-	-	21,632
198,244	3,457	-	-	253,412
(7,037)	(13,928)	(2,428)	(32,764)	(205,235)
200,759	(10,471)	235,996	(3,190)	472,727
36,945	(5,125)	16,630	1,589	38,309
80,780	68,241	(36,485)	42,284	226,176
$ 117,725	**$ 63,116**	**$ (19,855)**	**$ 43,873**	**$ 264,485**

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CITY OF MILWAUKEE

Exhibit A-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		$ 38,309
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($105,478) exceeded depreciation expense ($49,688) in the current period less loss on disposals ($281)		55,509
Notes and loans receivable to repay long-term bonds and notes		52,350
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the funds.		
Taxes accrued in prior years	$ 1,377	
Other revenues deferred at year end	5,565	
Special assessments deferred revenue beginning of the year $11,627 less deferred at end of the year $9,069	(2,558)	
		4,384
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(509,711)	
Issuance premiums	(21,632)	
Issuance costs	954	
Repayments:		
Principal retirement	440,280	
Amortization:		
Premiums	9,993	
Issuance costs	(508)	
Deferred amount on refunding	(1,097)	
		(81,721)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	(44)	
Net other postemployment benefits obligation	(46,096)	
Claims and judgments	4,258	
Accrued interest on bonds and notes	(2,058)	
		(43,940)
Changes in net assets of governmental activities (Exhibit 2)		**$ 24,891**

The notes to the financial statements are an integral part of this reconciliation.

CITY OF MILWAUKEE

Exhibit B-1

STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2010
(Thousands of Dollars)

ASSETS	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Current Assets:				
Cash and cash equivalents	$ 3,494	$ 17,745	$ 21,004	$ 42,243
Restricted cash and cash equivalents	680	1,910	-	2,590
Receivables (net):				
Accounts	14,528	15,816	14,597	44,941
Unbilled accounts	9,771	2,218	3,167	15,156
Accrued interest	2	6	-	8
Due from other funds	5,144	762	581	6,487
Due from other governmental agencies	-	51	-	51
Inventory of materials and supplies	2,632	-	-	2,632
Prepaid items	590	-	-	590
Deferred charges	-	321	-	321
Other assets	258	-	-	258
Total Current Assets	37,099	38,829	39,349	115,277
Noncurrent assets:				
Restricted cash and cash equivalents	-	8,832	-	8,832
Capital assets:				
Capital assets not being depreciated:				
Land	2,022	-	16,231	18,253
Construction in progress	12,717	-	2,180	14,897
Capital assets being depreciated:				
Buildings	25,406	-	66,392	91,798
Infrastructure	355,873	488,707	16,620	861,200
Improvements other than buildings	-	-	7,771	7,771
Machinery and equipment	206,450	4,563	10,181	221,194
Nonutility property	4,692	-	-	4,692
Accumulated depreciation	(204,982)	(116,862)	(60,062)	(381,906)
Net Capital Assets	402,178	376,408	59,313	837,899
Total Noncurrent Assets	402,178	385,240	59,313	846,731
Total Assets	439,277	424,069	98,662	962,008

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 5,093	$ 4,277	$ 11,640	$ 21,010
Accrued expenses	1,113	744	742	2,599
Accrued interest payable	246	-	234	480
Compensated absences	1,329	-	-	1,329
Due to other funds	23,888	-	11,734	35,622
Deferred revenue	-	-	14	14
General obligation debt payable - current	3,025	675	2,000	5,700
Revenue bonds payable - current	964	-	-	964
Total Current Liabilities	35,658	5,696	26,364	67,718
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	-	6,454	-	6,454
Accrued interest payable	-	687	-	687
Total Current Liabilities Payable from Restricted Assets	-	7,141	-	7,141
Noncurrent Liabilities:				
General obligation debt payable	10,722	52,762	13,155	76,639
Revenue bonds & State loans payable	7,498	120,887	-	128,385
Other post employment benefits obligation	3,077	1,184	1,059	5,320
Total Noncurrent Liabilities	21,297	174,833	14,214	210,344
Total Liabilities	56,955	187,670	40,578	285,203
Net Assets:				
Invested in capital assets, net of related debt	379,969	195,630	44,159	619,758
Restricted for Debt Service	680	10,742	-	11,422
Unrestricted	1,673	30,027	13,925	45,625
Total Net Assets	**$ 382,322**	**$ 236,399**	**$ 58,084**	**$ 676,805**

The notes to the financial statements are an integral part of this statement.

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CITY OF MILWAUKEE

Exhibit B-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 59,371	$ -	$ -	$ 59,371
Statutory sewer user fee	-	-	46,279	46,279
Sewer maintenance fee	-	52,046	-	52,046
Rent	-	-	12,847	12,847
Fire protection service	6,607	-	-	6,607
Parking meters	-	-	5,112	5,112
Parking permits	-	-	3,928	3,928
Vehicle towing	-	-	5,341	5,341
Parking forfeitures	-	-	25,646	25,646
Other	7,495	-	1,467	8,962
Total Operating Revenues	73,473	52,046	100,620	226,139
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	40,891	40,891
Employee services	-	8,642	9,726	18,368
Administrative and general	7,947	-	60	8,007
Depreciation	13,434	5,551	3,553	22,538
Transmission and distribution	20,381	-	3,342	23,723
Services, supplies, and materials	-	8,054	15,582	23,636
Water treatment	14,852	-	-	14,852
Water pumping	7,608	-	-	7,608
Billing and collection	2,823	-	1,471	4,294
Total Operating Expenses	67,045	22,247	74,625	163,917
Operating Income	6,428	29,799	25,995	62,222
Nonoperating Revenues (Expenses):				
Investment income	15	17	-	32
Grant Revenue	-	1,941	-	1,941
Interest expense	(921)	(4,073)	(702)	(5,696)
Other	45	(14,868)	(876)	(15,699)
Total Nonoperating Revenues (Expenses)	(861)	(16,983)	(1,578)	(19,422)
Income before Contributions and Transfers	5,567	12,816	24,417	42,800
Capital contributions	910	70	173	1,153
Transfers in	-	-	576	576
Transfers out	(13,154)	(8,757)	(26,842)	(48,753)
Change in Net Assets	(6,677)	4,129	(1,676)	(4,224)
Total Net Assets - Beginning	388,999	232,270	59,760	681,029
Total Net Assets - Ending	**$ 382,322**	**$ 236,399**	**$ 58,084**	**$ 676,805**

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 68,385	$ 50,927	$ 99,747	$ 219,059
Receipts from interfund services provided	5,254	-	-	5,254
Payments to suppliers	(7,533)	(6,565)	(60,315)	(74,413)
Payments to employees	(25,471)	(8,390)	(9,503)	(43,364)
Payments from other funds	-	-	1,671	1,671
Payments to other funds	(5,942)	(27,958)	(1,723)	(35,623)
Net Cash Provided by Operating Activities	34,693	8,014	29,877	72,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	45	1,941	-	1,986
Other nonoperating expenses	-	(14,868)	-	(14,868)
Transfers from other funds	-	-	576	576
Transfers to other funds	(13,154)	(8,757)	(26,842)	(48,753)
Net Cash Used for Noncapital Financing Activities	(13,109)	(21,684)	(26,266)	(61,059)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	675	106,823	2,681	110,179
Acquisition of property, plant, and equipment	(20,875)	(40,571)	(2,809)	(64,255)
Retirement of bonds, notes, and revenue bonds	(3,445)	(30,671)	(1,920)	(36,036)
Interest paid	(1,014)	(3,985)	(710)	(5,709)
Other	-	(51)	(868)	(919)
Net Cash Used for Capital and Related Financing Activities	(24,659)	31,545	(3,626)	3,260
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	17	120	-	137
Net Increase (Decrease) in Cash and Cash Equivalents	(3,058)	17,995	(15)	14,922
Cash and Cash Equivalents - Beginning	7,232	10,492	21,019	38,743
Cash and Cash Equivalents - Ending	**$ 4,174**	**$ 28,487**	**$ 21,004**	**$ 53,665**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	$ 3,494	$ 18,245	$ 21,004	$ 42,743
Restricted Cash	680	10,742	-	11,422
	$ 4,174	$ 28,987	$ 21,004	$ 54,165
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 6,428	$ 29,799	$ 25,995	$ 62,222
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	13,434	5,551	3,553	22,538
Changes in assets and liabilities:				
Receivables	(325)	(1,076)	(862)	(2,263)
Due from other funds	13,698	(43)	493	14,148
Inventories	(16)	-	-	(16)
Prepaid items	(550)	-	-	(550)
Other assets	(4)	-	-	(4)
Accounts payable	1,399	1,489	1,031	3,919
Accrued liabilities	(47)	(28)	33	(42)
Net other postemployment benefits obligation	676	280	190	1,146
Due to other funds	-	(27,958)	(545)	(28,503)
Deferred revenue	-	-	(11)	(11)
Net Cash Provided by Operating Activities	$ 34,693	$ 8,014	$ 29,877	$ 72,584

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $910,324.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $104,054 with a net value of $0, and, received donated assets in the amount of $70,153.

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE

Exhibit C-1

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

DECEMBER 31, 2010

(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and cash equivalents	$ 403	$ 3,082	$ 302,562
Investments	-	2,429	-
Total Assets	403	5,511	**$ 302,562**
LIABILITIES			
Liabilities:			
Accounts payable	86	35	1,821
Due to other governmental agencies	-	-	300,741
Total Liabilities	86	35	**$ 302,562**
Net Assets			
Employees' pension benefits and other purposes	**$ 317**	**$ 5,476**	

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE

Exhibit C-2

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 1,397	$ -
Private donations	-	3,325
Total Contributions	1,397	3,325
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	133
Total Additions	1,397	3,458
Deductions		
Benefits	1,482	-
Fees remitted from Trust	-	2,873
Other	-	144
Total Deductions	1,482	3,017
Change in Net Assets	(85)	441
Net Assets - Beginning	402	5,035
Net Assets - Ending	**$ 317**	**$ 5,476**

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE

Exhibit D-1

COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2010
(Thousands of Dollars)

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 20,384	$ 23,970	$ 13,783	$ 1,962	$ 60,099
Investments	3,087	1,300	-	300	4,687
Receivables (net):					
Accounts	2,549	218	69	45	2,881
Notes and loans	41,924	19,228	32,351	499	94,002
Accrued interest	5,391	107	133	127	5,758
Due from primary government	-	378	-	21	399
Due from other governmental agencies	6,046	2,522	17,504	-	26,072
Inventory of property for resale	-	4,885	955	2,187	8,027
Prepaid items	952	62	-	-	1,014
Deferred charges	217	782	-	-	999
Other assets	344	-	83	-	427
Total Noncapital Assets	80,894	53,452	64,878	5,141	204,365
Capital assets:					
Capital assets not being depreciated:					
Land and land improvements	40,188	16,628	-	-	56,816
Construction in progress	16,217	515	-	-	16,732
Capital assets being depreciated:					
Buildings	397,056	103,233	-	-	500,289
Infrastructure	-	379	-	-	379
Improvements other than buildings	882	843	-	-	1,725
Machinery and equipment	3,502	-	216	-	3,718
Accumulated depreciation	(240,111)	(10,869)	(194)	-	(251,174)
Total Capital Assets, Net of Depreciation	217,734	110,729	22	-	328,485
Total Assets	298,628	164,181	64,900	5,141	532,850

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit D-1 (Continued)

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 5,984	$ 3,278	$ 1,220	$ 49	$ 10,531
Accrued expenses	6,254	6,712	-	-	12,966
Due to other governmental agencies	1,137	1,349	-	-	2,486
Deferred revenue	493	3,825	-	266	4,584
Other liabilities	5,659	3,076	764	1,283	10,782
Total Current Liabilities	19,527	18,240	1,984	1,598	41,349
Due to primary government:					
Due within one year	1,096	-	34	27	1,157
Due in more than one year	-	15,102	1,448	-	16,550
Total Due to Primary Government	1,096	15,102	1,482	27	17,707
Long-term obligations:					
Due within one year	11,437	-	-	-	11,437
Due in more than one year	46,964	82,257	4,725	-	133,946
Total Noncurrent Liabilities	58,401	82,257	4,725	-	145,383
Total Liabilities	79,024	115,599	8,191	1,625	204,439
NET ASSETS:					
Invested in capital assets, net of related debt	160,774	39,799	-	-	200,573
Restricted	5,113	4,128	8,196	1,154	18,591
Unrestricted	53,717	4,655	48,513	2,362	109,247
Total Net Assets	**$ 219,604**	**$ 48,582**	**$ 56,709**	**$ 3,516**	**$ 328,411**

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit D-2

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Housing Authority				
Low income housing	$ 90,346	$ 20,057	$ 53,938	$ 20,829
Redevelopment Authority				
Prevention and elimination of blight	13,805	5,980	8,294	9,292
Milwaukee Economic Development Corporation				
Increase employment and expansion of business	3,385	2,969	1,814	-
Neighborhood Improvement Development Corp.				
Housing improvements	3,715	764	1,313	1,343
Total Component Units	$111,251	$ 29,770	$ 65,359	$ 31,464
General revenues:				
Miscellaneous				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning, as restated (note 1w)				
Net Assets - Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
$ 4,478	$ -	$ -	$ -	$ 4,478
-	9,761	-	-	9,761
-	-	1,398	-	1,398
-	-	-	(295)	(295)
4,478	9,761	1,398	(295)	15,342
4,230	183	458	37	4,908
4,230	183	458	37	4,908
8,708	9,944	1,856	(258)	20,250
210,896	38,638	54,853	3,774	308,161
$ 219,604	**$ 48,582**	**$ 56,709**	**$ 3,516**	**$328,411**

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Reporting Entity

The City of Milwaukee (the "City") was incorporated on January 31, 1846, and operates under a Council-Mayor form of government. These financial statements present the City (the primary government) and other organizations, including component units, for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are legally separate organizations for which the elected officials of the City are accountable. The City is considered financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to or burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the primary government.

Discretely Presented Component Units

The component units columns in the government-wide financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the following discretely presented component units:

Housing Authority - This entity is used to account for the Federal and State grants relating primarily to low-income housing and rental assistance programs. The entire governing board is appointed by the Mayor of the City. The daily operations of the Housing Authority of the City of Milwaukee (HACM) are managed by City employees.

Redevelopment Authority - The Redevelopment Authority of the City of Milwaukee (RACM) is responsible for activities related to the prevention and elimination of blighted conditions in the City. The City appoints all members of the Board and approves the budget.

Milwaukee Economic Development Corporation - The Milwaukee Economic Development Corporation (MEDC) is a non-profit organization formed to promote economic development within the City. The principal objective of the corporation is to benefit the community by fostering increased employment through expansion of business and industry within the metropolitan Milwaukee area. MEDC's primary source of funds is interest on loans originally granted through the City.

Neighborhood Improvement Development Corporation - The Neighborhood Improvement Development Corporation (NIDC) is a nonprofit organization established to promote reinvestment in both housing and commercial structures within the City. NIDC programs encourage private lending institutions and property owners to make improvements to the community's homes and businesses. Corporate officers of NIDC are provided by the City and daily operations are managed by City employees.

Financial statements of the individual component units can be obtained from their respective administrative offices. Addresses of the component units are as follows: HACM, 809 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202; RACM, 809 North Broadway, 2nd Floor, Milwaukee, Wisconsin 53202; MEDC, 809 North Broadway, 2nd Floor, Milwaukee, Wisconsin 53202; and NIDC, 841 North Broadway, Room 105, Milwaukee, Wisconsin 53202.

The basic financial statements exclude the accounts of the Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District, World Festivals Inc. ("Summerfest") and the Employes' Retirement System of the City of Milwaukee, because these entities operate with separate governing boards and do not meet the criteria established by the GASB Statement 14 as component units of the City. The Milwaukee Metropolitan Sewerage District (MMSD) is a special purpose municipal corporation created to provide sewerage treatment services in the Milwaukee metropolitan area. The City is responsible for paying usage charges within its jurisdiction. These amounts, in turn, are billed by the City to its water customers. The City has no equity interest in MMSD. Financial statements for MMSD can be obtained from its administrative office.

Related Organizations

Milwaukee Area Workforce Investment Board

The Milwaukee Area Workforce Investment Board (MAWIB) was established to provide job training, employment services, and workforce development within Milwaukee County. MAWIB acts as the recipient, dispenser, and administer of funding provided under the Workforce Development Act for Milwaukee County.

The Governor designated the Mayor of the City of Milwaukee as Milwaukee County's chief local elected officer for the Workforce Investment Act of 1998. The directors of the MAWIB are appointed by the Mayor in accordance with the Workforce Investment Act. The City is not legally obligated for any of MAWIB obligations or debt. The City is not entitled to access funds of the Milwaukee Area Workforce Investment Board.

B. Basis of Presentation

Government-wide Statements. The government-wide statement of net assets and statement of activities report the overall financial activity of the City, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) fines, fees, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Proprietary fund operating revenues and expenses are a result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

General Obligation Debt – This fund accounts for the resources accumulated and payments made for principal and interest on the City's outstanding long-term general obligation debt.

Public Debt Amortization – This fund accounts for one-third of all interest on general City investments and interest on Fund investments for the retirement of debt. The Public Debt Amortization Fund is governed by Section 67.101 of the Wisconsin Statutes for the retirement of the public debt. See Note 7 for further discussion.

Capital Projects Fund – The Capital Projects Fund is used to account for the financial resources segregated for the acquisition or construction of major capital expenditures other than those financed by proprietary funds.

The City reports the following major enterprise funds:

Water Works – All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer Maintenance – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.0821, permit municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Additionally, the City reports the following fiduciary fund types:

Pension and Other Employee Benefit Trusts – This fund accounts for resources for employee flexible spending plans.

Private Purpose Trust – These funds account for resources legally held in trust for use by various individuals, governmental entities, and nonpublic corporations. All resources of these funds, including any earnings on invested resources, may be used to support each trust's initiatives.

Agency – These funds account for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2010 that will be collected in 2011 are recorded as receivable and deferred revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are 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 City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, excluding property taxes, to be available if they are collected within 90 days of the end of the current year. Property taxes are considered to be available if they are collected within 60 days of the end of the current year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources, which are susceptible to accrual include property taxes, state shared revenues, grants, contributions, and interest. All other revenue sources including licenses, permits, fines, and forfeits are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted cash and investments) purchased with a maturity of three months or less are considered to be cash equivalents. The City manages a cash and investment pool to maximize return on funds while providing liquidity to meet day-to-day obligations. Each fund's equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at anytime without prior notice or penalty. The Housing Authority considers amounts on deposit with fiscal agents to be investments and not cash equivalents due to their restrictive nature.

E. Investments

Investments, primarily consisting of fixed income securities, are reported at fair value based on quoted market prices. Commercial paper, which is short term, defined as having an original maturity of one year or less, and highly liquid is carried at amortized cost. Investment transactions are recorded on the trade date. Under Wisconsin Statutes, one-third of all interest on pooled cash and investments is allocated to the Public Debt Amortization Fund. The remaining two-thirds are credited to the General Fund. Each fund type's portion of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Assets/Balance Sheet.

Wisconsin Statutes permit the City to invest funds not immediately needed in any of the following:

- Time deposits maturing within three years in any credit union, bank, savings bank, trust company, or savings and loan association, which are authorized to transact business in the State of Wisconsin.
- Bonds or securities issued or guaranteed by the Federal government.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the State of Wisconsin, as well as bonds issued by a local exposition district, a local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.
- Local Government Investment Pool - Investment Fund of the State of Wisconsin. The Local Government Pooled Investment Fund is an external investment pool administered by the State of Wisconsin. The fair value of the City's investment in the fund is the same as the value of the pooled shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of Section 25.50 of the Wisconsin Statutes.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Any Security that matures or that may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating, which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, Inc., or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

F. Property Taxes

Property taxes are recorded as receivables and deferred revenues in the taxing fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. Property tax payments received prior to year-end are also reflected in the taxing fund. Property taxes are recognized in the appropriate funds as revenues in the succeeding year when they are collected and available to finance City services. If not collected at year-end, the delinquent property taxes are reflected as receivables and deferred revenues. Delinquent property taxes and related interest are recognized as revenues when collected.
The allowance for uncollectible property taxes is based on an analysis of the delinquent property taxes and, in management's judgment, represents an amount adequate to provide for potential uncollectible taxes. The allowance is increased by provisions charged against revenues and is reduced by taxes receivable written off.

The City, through its Special Revenue Fund - Delinquent Tax, issues general obligation short-term promissory notes to finance the purchase of the most recent delinquent taxes from its General Fund. Collections on these delinquencies are used for the associated debt service requirements.

G. Accounts Receivable

Accounts receivables are presented net of allowances. The amount of the General Fund allowance as of December 31, 2010 is approximately $2,186,000.

H. Unbilled Services

Unbilled water and sewer services at year-end are recognized as revenues and receivables in the accompanying financial statements.

I. Special Assessments

Special assessments consist of capital projects constructed through non-special assessment debt. In governmental fund financial statements, special assessments are recorded as receivables and deferred revenues when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements, special assessments are recorded as receivables and capital contribution revenue when the capital outlays are made. All special assessments are due when billed and may be paid on an installment basis with interest. Special assessment receivables that become delinquent are added to the general tax roll. The method of enforcing collections is the same as for general city taxes with like force and effect.

J. Notes and Loan Receivables

The General Fund, the Special Revenue Fund - Community Development Block Grant, and Neighborhood Improvement Development Corporation hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectability of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the nonmajor governmental fund is approximately $9,660,000 as of December 31, 2010.

The City creates tax incremental districts (TID) to issue debt to fund redevelopment projects. Pursuant to a cooperation agreement between the City, the Redevelopment Authority of the City of Milwaukee (Authority), and the Milwaukee Economic Development Corporation (Corporation), the City provides the Authority and the Corporation with the funds necessary to carry out the loan to a private developer to finance the redevelopment projects. Loan repayments to the Authority and the Corporation from the private developer, including interest income as well as other project income, are transferred to the City until the City's loan has been repaid or the TID expires. The City reflects these loans as notes receivable and deferred revenue in governmental fund financial statements based on an amount estimated to be repaid from the Authority and the Corporation.

K. Inventories

Inventories of materials and supplies are stated at moving average cost, based upon perpetual recordkeeping systems and periodic cycle counts of quantities on hand. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories in governmental funds are reserved for in fund balance, because inventories are not expendable available financial resources.

L. Prepaid Items

Cash payments benefiting future periods have been recorded as prepaid items. They will be reflected as expenditures or expenses when incurred in the subsequent year. Prepaid items in governmental funds are reserved for in fund balance, because prepaids are not expendable available financial resources.

M. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. General infrastructure assets, such as roads, bridges, curbs, gutters, streets, sidewalks, and drainage and lighting systems, acquired prior to January 1, 2002 are reported at estimated historical cost using deflated replacement cost. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction were not capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives for the City and component units are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	$ 5,000	5-50 years
Land	5,000	N/A
Land Improvements	5,000	N/A
Intangible right of ways	5,000	N/A
Site Improvements	5,000	3-50
Buildings	5,000	10-60
Building Improvements	5,000	10-45
Machinery and equipment	5,000	3-25
Works of Art, Historical Treasures	5,000	N/A
Intangible software	100,000	5-20

N. Pension Contributions

The employer's share of the annual contribution is recorded in the proprietary funds and government-wide financial statements as an expense when the liability is incurred and in the governmental funds as an expenditure when the liability is liquidated with expendable available financial resources.

O. Compensated Absences

The liability for compensated absences reported in the government-wide, proprietary, and fiduciary fund financial statements consists of unpaid, accumulated vacation, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g. social security and Medicare tax). A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City employees accrue sick leave in accordance with labor agreements or Section 350-37 of the Code of Ordinances.

P. Claims and Judgments

The liability for claims and judgments is reported in the government-wide, proprietary, and fiduciary fund financial statements when they are both probable and estimable. A liability for claims and judgments is reported in governmental funds only if they have matured (i.e. are due). The City accrues environmental remediation obligations when related liabilities are probable and reasonably estimable. These accruals generally are recognized no later than completion of a remedial feasibility study and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Q. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The City records bond premiums for governmental fund types in the General Obligation Debt Service Fund.

R. Advance Refundings of Debt

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method. Bonds payable are reported net of the applicable deferred amount.

S. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes.

T. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets 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 City's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

U. Interfund Transactions

The City has the following types of interfund transactions:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds. The noncurrent portions of long-term interfund loans receivable are reported as advances.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursement is reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return, including payments in lieu of taxes, and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

V. 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 and expenses during the reporting period. Actual results could differ from those estimates.

W. New Accounting Pronouncements

In June, 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City has implemented this Statement beginning with the year ending December 31, 2010 which resulted in the capitalization of approximately $2,683,000 Primary Government intangible assets. This statement also resulted in the Redevelopment Authority adding $231,000 of intangible assets to CIP as of January 1, 2009. This resulted in an addition of beginning net assets for component units from $307,930,000 to $308,161,000.

In June, 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City has implemented this Statement beginning with the year ending December 31, 2010. The City does not have any Derivative Instruments meeting the criteria of GASB Statement No. 53.

In February, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy primarily based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. This Statement also clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The City will implement this Statement beginning with the year ending December 31, 2011. The City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses service concession arrangements, which are a type of public-private partnership. The City will implement this Statement beginning with the year ending December 31, 2012. The City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In November 2010, the GASB issued Statement No. 61, *an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity display and disclosure requirements. The City will implement this Statement beginning with the year ending December 31, 2013. The City does not expect the implementation of the Statement to have a significant impact on its financial statements.

2. DEPOSITS AND INVESTMENTS

A. Primary Government

The description of the City's deposit and investment policy is discussed in Note 1 D and E.

As of December 31, 2010, the City's deposits and investments are as follows:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair Value	**Less than 1**	**1-5**	**6-10**	**Greater than 10**	**Credit Rating**
Governmental and Business-type activities:						
Investment type						
Pooled Deposits and Investments	$ 219,334	$ 219,334	$ -	$ -	$ -	see below
Segregated Deposits and Investments						
Interest Checking	10,167	10,167	-	-	-	not rated
Wisconsin Local Government Investment Pool	90,047	90,047	-	-	-	not rated
Municipal Bonds	12,574	-	495	10,210	1,869	see below
U.S. Treasury strips	1,680	1,116	1	563	-	AAA
Treasuries (Fiscal Agent)	8,997	8,997	-	-	-	AAA
Other	494	-	-	-	494	
	$ 343,293	$ 329,661	$ 496	$ 10,773	$ 2,363	
Fiduciary activities:						
Investment type						
Investments in the Pool	$ 260,074	$ 260,074	$ -	$ -	$ -	see below
Other Deposits	44,623	44,623	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	1,350	1,350	-	-	-	not rated
U.S. Treasury strips	2,429	420	1,627	382	-	AAA
	$ 308,476	$ 306,467	$ 1,627	$ 382	$ -	

Municipal Bonds

The Moody's ratings vary from AAA to A2 for the Municipal Bonds that were rated. The remainder of the Municipal bonds held by the City was not rated.

Pooled Deposits and Investments

The City maintains a cash and investment pool (Pool) that is available for use by all the funds, except for Debt Service Funds, Water Works Enterprise Fund, and component entities. Each fund's share of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Assets/Balance Sheet.

As of December 31, 2010, the City had the following investments and maturities in the Pool**:**

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair Value	**Less than 1**	**1-5**	**6-10**	**Greater than 10**	**Credit Rating**
Pooled Deposits and Investments						
Bank Demand Deposits	$ 19,620	$ 19,620	$ -	$ -	$ -	not rated
Other Deposits	751	751	-	-	-	not rated
Deposits and Investments						
Interest Checking	343,533	343,533	-	-	-	not rated
Wisconsin Local Government Investment Pool	99,504	99,504	-	-	-	not rated
Government Money Market	100	100	-	-	-	AAA
Certificates of Deposits	15,900	15,900	-	-	-	not rated
	$ 479,408	$ 479,408	$ -	$ -	$ -	

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. Per Common Council the City Treasurer shall require collateralization of certificates of time deposit (including interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of $650,000. As of December 31, 2010, the City's bank balances of $1,012,000 were subject to custodial credit risk as they were neither insured nor collateralized.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. The City's investment policy does not explicitly limit investment maturities. However, the City manages its exposure to interest risk based on the anticipated cash flow needs of the City and limiting the amount of pooled investments to $60,000,000 with maturities greater than one year.

Credit risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligations. Wisconsin Statutes expressly limit the City to invest in certain allowable investments as listed in Note 1. E. The City's investment policy generally does not further limit its investment choices.

B. Component Units

Deposits and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and $250,000 for noninterest bearing accounts. An additional $400,000 is covered by the State Deposit Guarantee Fund.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Component Unit investments are exposed to losses as a result of increases in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation.

The Component Units have the following investments on December 31, 2010:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair value	**Less than 1**	**1-2**	**8-10**	**10 and greater**	**Credit Rating**
Component Units:						
Local Government Investment Pool	$ 16,378	$ 16,378	-	-	-	not rated
U.S. Treasury Money Market Fund	12,527	12,527	-	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	649	4	-	645	-	Aaa
Certificates of Deposit	1,600	1,600	-	-	-	N/A
	$ 31,154	$ 30,509	$ -	$ 645	$ -	

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Component Units deposits may not be returned.

As of December 31, 2010 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
Housing Authority	$ 7,144,323	$ 1,030,669
Redevelopment Authority	13,328,705	-
Milwaukee Economic Development Corporation	12,593,350	3,745,716
Neighborhood Improvement Development Corporation	2,037,438	764,185

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2010, the Housing Authority had $648,877 of investments exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2010, the Redevelopment Authority had $10,372,106 of investments exposed to custodial credit risk as uninsured and uncollateralized.

3. PROPERTY TAXES

The City's property taxes are levied on or before December 31, on the assessed (taxable) value as of the prior January 1, for all general property located in the City. Taxes become a lien against the property upon filing the roll in the Office of the City Clerk. This generally takes place in December. The taxes are due January 31, but may be paid in ten monthly installments without interest from January through October. Foreclosure can be commenced after one year from date of delinquency.

The City purchases property taxes receivable from other taxing authorities at the unpaid amounts to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues. Also, delinquent water and sewer charges and special assessment receivables are transferred to the General Fund at the unpaid amounts.

At December 31, 2010, delinquent property taxes include delinquent sewer and water charges and special assessments by year levied, tax deeded property, and allowance for uncollectible taxes. These delinquent property taxes are reported as part of taxes receivable in the General Fund and Special Revenue Fund - Delinquent Tax and consist of the following:

	City Levy	Purchased Taxes Receivable	Total
	(Thousands of Dollars)		
2005 and prior	$ 685	$ 1,085	$ 1,770
2006	452	700	1,152
2007	1,202	1,810	3,012
2008	3,791	5,739	9,530
2009	11,783	18,455	30,238
Total delinquent property taxes receivable	$ 17,913	$ 27,789	45,702
Property taxes receivable on foreclosed property			19,562
Less: Allowance for uncollectible taxes			(17,918)
Net delinquent property taxes receivable, including tax deeded property			$ 47,346

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

Governmental activities	**Balance 01-01-10**	**Additions**	**Deletions**	**Balance 12-31-10**
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 164,250	$ 41	$ 81	$ 164,210
Construction in progress	40,839	8,308	22,634	26,513
Intangible right of ways	-	1,319	-	1,319
Total capital assets not being depreciated	205,089	9,668	22,715	192,042
Capital assets being depreciated:				
Buildings	257,076	20,365	625	276,816
Infrastructure	1,377,383	80,615	7,080	1,450,918
Improvements other than buildings	11,687	215	91	11,811
Machinery and equipment	164,265	15,885	6,362	173,788
Intangible software	-	1,364	-	1,364
Total capital assets being depreciated	1,810,411	118,444	14,158	1,914,697
Less accumulated depreciation for:				
Buildings	72,025	6,995	625	78,395
Infrastructure	911,616	30,014	7,080	934,550
Improvements other than buildings	7,731	328	87	7,972
Machinery and equipment	94,133	12,254	6,166	100,221
Intangible software	-	97	-	97
Total accumulated depreciation	1,085,505	49,688	13,958	1,121,235
Total capital assets being depreciated, net	724,906	68,756	200	793,462
Government activity capital assets, net	$ 929,995	$ 78,424	$ 22,915	$ 985,504

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 462
Public safety	8,680
Public works	39,610
Health	260
Culture and recreation	676
Total	$ 49,688

Business-type activities	Balance 01-01-10	Additions	Deletions	Balance 12-31-10
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 1,936	$ 86	$ -	$ 2,022
Construction in progress	15,635	21,916	24,834	12,717
Total capital assets not being depreciated	17,571	22,002	24,834	14,739
Capital assets being depreciated:				
Buildings	24,135	1,271	-	25,406
Infrastructure	338,510	18,162	799	355,873
Machinery and equipment	202,027	6,133	1,710	206,450
Nonutility property	5,509	-	817	4,692
Total capital assets being depreciated	570,181	25,566	3,326	592,421
Less accumulated depreciation for:				
Buildings	14,581	1,393	-	15,974
Infrastructure	80,929	3,851	802	83,978
Machinery and equipment	97,272	8,190	1,009	104,453
Nonutility property	988	-	411	577
Total accumulated depreciation	193,770	13,434	2,222	204,982
Total capital assets being depreciated, net	376,411	12,132	1,104	387,439
Water Works capital assets, net	393,982	34,134	25,938	402,178
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	16	-	16	-
Total capital assets not being depreciated	16	-	16	-
Capital assets being depreciated:				
Infrastructure	448,298	40,513	104	488,707
Machinery and equipment	4,419	144	-	4,563
Total capital assets being depreciated	452,717	40,657	104	493,270
Less accumulated depreciation for:				
Infrastructure	109,116	5,204	104	114,216
Machinery and equipment	2,299	347	-	2,646
Total accumulated depreciation	111,415	5,551	104	116,862
Total capital assets being depreciated, net	341,302	35,106	-	376,408
Sewer Maintenance capital assets, net	341,318	35,106	16	376,408

	Balance 01-01-10	Additions	Deletions	Balance 12-31-10
		(Thousands of Dollars)		
Other business-type activities:				
Capital assets not being depreciated:				
Land	16,231	-	-	16,231
Construction in progress	2,444	2,099	2,363	2,180
Total capital assets not being depreciated	18,675	2,099	2,363	18,411
Capital assets being depreciated:				
Buildings	65,272	1,120	-	66,392
Infrastructure–port	15,909	711	-	16,620
Improvements other than buildings	7,717	54	-	7,771
Machinery and equipment	8,860	1,362	41	10,181
Total capital assets being depreciated	97,758	3,247	41	100,964
Less accumulated depreciation for:				
Buildings	37,105	2,373	-	39,478
Infrastructure–port	9,076	278	-	9,354
Improvements other than buildings	5,318	301	-	5,619
Machinery and equipment	5,042	601	32	5,611
Total accumulated depreciation	56,541	3,553	32	60,062
Total capital assets being depreciated, net	41,217	(306)	9	40,902
Other business-type activities, net	59,892	1,793	2,372	59,313
Business-type activity capital assets, net	$ 795,192	$ 71,033	$ 28,326	$ 837,899

	Balance 01-01-10	Additions	Deletions	Balance 12-31-10
		(Thousands of Dollars)		
Component Units				
Capital assets not being depreciated:				
Land	$ 56,527	$ 400	$ 111	$ 56,816
Construction in Progress	3,409	23,740	10,417	16,732
Total capital assets not being depreciated	59,936	24,140	10,528	73,548
Capital assets being depreciated:				
Buildings	488,043	19,472	7,226	500,289
Infrastructure	789	-	410	379
Improvements other than buildings	1,725	-	-	1,725
Machinery and equipment	3,513	288	83	3,718
Total capital assets being depreciated	494,070	19,760	7,719	506,111
Less accumulated depreciation for:				
Buildings	241,452	12,882	6,450	247,884
Infrastructure	40	24	23	41
Improvements other than buildings	324	129	-	453
Machinery and equipment	2,616	261	81	2,796
Total accumulated depreciation	244,432	13,296	6,554	251,174
Total capital assets being depreciated, net	249,638	6,464	1,165	254,937
Component units capital assets, net	$ 309,574	$ 30,604	$ 11,693	$ 328,485

5. DEFERRED REVENUE

Deferred revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of the deferred revenue balances in the governmental funds as of December 31, 2010 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 178,988	$ 93,532	$ 4,679	$ -	$ 277,199
Delinquent property taxes	8,646	-	-	3,270	11,916
Unearned revenue	-	-	3,327	8,572	11,899
Long-term receivables	-	93,488	-	115	93,603
Unbilled special assessments	-	-	9,069	-	9,069
Total	$ 187,634	$ 187,020	$ 17,075	$ 11,957	$ 403,686

6. SHORT-TERM DEBT

During 2010, the City issued and repaid $147,000,000 of General Obligation Cash Flow Promissory Notes, Series 2010 R4 (G.O. CFNs). The G.O. CFNs were issued for the purpose of financing the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November, 2010.

As of December 31, 2009, the City had outstanding $228,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2010, the City repaid the outstanding balance and issued $225,000,000 short-term RANs for the same purpose. Of the new notes, $50,000,000 was repaid in 2010 and the remaining balance of $175,000,000 bears interest rates from 1.5% to 2% and will mature on June 27, 2011. The liability and related receivable to repay the revenue anticipation notes are recorded in the Debt Service Fund.

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2010 were as follows:

	Balance 01-01-10	Additions	Deductions	Balance 12-31-10	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 649,306	$ 366,200	$ 334,842	$ 680,664	$ 86,633
Milwaukee Public Schools	93,446	143,511	105,438	131,519	13,327
Deferred amount on refundings	(4,000)	-	(1,097)	(2,903)	-
Unamortized premiums	23,839	21,632	9,993	35,478	-
Compensated absences	38,904	3,141	3,097	38,948	4,014
Net other postemployment benefits obligation	122,944	77,666	31,570	169,040	-
Claims and judgments	23,719	2,812	7,070	19,461	3,920
Total governmental activities	$ 948,158	$ 614,962	$ 490,913	$ 1,072,207	$ 107,894
Business-type activities					
Water Works					
General obligation bonds and notes	$ 15,285	$ 675	$ 2,507	$ 13,453	$ 3,025
Deferred amount on refundings	(217)	-	(105)	(112)	-
Unamortized premiums	570	-	164	406	-
Revenue bonds	9,400	-	938	8,462	964
Compensated absences	1,248	1,598	1,517	1,329	1,329
Net other postemployment benefits obligation	2,400	2,072	1,395	3,077	-
Total Water Works	28,686	4,345	6,416	26,615	5,318
Sewer Maintenance					
General obligation bonds and notes	7,167	72,040	25,770	53,437	675
State Loans	48,002	34,783	2,061	80,724	3,514
Revenue bonds	48,115	-	2,840	45,275	2,940
Unamortized premiums	1,542	-	200	1,342	-
Net other postemployment benefits obligation	904	857	577	1,184	-
Total Sewer Maintenance	105,730	107,680	31,448	181,962	7,129
Other Enterprise Funds					
General obligation bonds and notes	14,351	2,681	1,920	15,112	2,000
Deferred amount on refundings	(141)	-	(46)	(95)	-
Unamortized premiums	193	-	55	138	-
Net other postemployment benefits obligation	826	716	483	1,059	-
Total Other Enterprise	15,229	3,397	2,412	16,214	2,000
Total business-type activities	$ 149,645	$ 115,422	$ 40,276	$ 224,791	$ 14,447

	Balance 01-01-10	New Issues	Repayments	Balance 12-31-10	Amounts Due within One Year
		(Thousands of Dollars)			
Component Units					
Revenue bonds	$ 94,393	$ -	$ 2,668	$ 91,725	$ 535
Unamortized discounts	(97)	-	(6)	(91)	-
Notes payable	41,264	9,739	290	50,713	10,664
Advance from other organizations	-	-	-	-	-
Compensated Absences	1,106	-	312	794	238
Net other postemployment benefits	1,441	893	92	2,242	-
Total component units	$ 138,107	$ 10,632	$ 3,356	$ 145,383	$ 11,437

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Sewer Maintenance, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2010, general obligation bonds totaling $57,390,000 were issued. $41,414,890 was issued to finance capital improvements, $11,020,000 for school purposes and $4,955,110 for business-type activities.

Use of Public Debt Amortization Fund for retirement of the public debt is governed by the Wisconsin Statutes. The Statutes provide that when total principal and accrued interest in the Public Debt Amortization Fund is substantially equal to the outstanding general obligation bonds and notes, the resources in the fund shall be applied to make annual interest and principal payments on that debt to maturity. The Statutes provide, in part, that "The Public Debt Commission may, however, at any time, apply the fund, not to exceed in any one year 40% of the balance in said fund on the preceding December 31, to acquire for cancellation general obligation bonds or notes prior to their maturity dates at prices not to exceed principal plus accrued interest to date of maturity, but the fund shall not be decreased below $2,000,000 as a result of such purchases and cancellations." Principal sources of revenue are one-third of all interest on general City investments and interest on Fund investments. As authorized by the Statutes, the Public Debt Amortization Fund may purchase for investment or for cancellation, notes issued by the General Fund to fund operations.

Through 2010, $154,206,284 has been borrowed and outstanding for forty-six tax incremental districts (TID). Total debt service requirements associated with these debt issues amounts to $209,448,349. Active Tax increments received through 2010 total $160,223,934. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds to finance purchases of school sites and to construct or remodel school buildings. No such bonds are currently outstanding. The $131,519,000 of Milwaukee Public School long-term debt outstanding at December 31, 2010 consists of a portion of the City's general obligation bonds and notes that has been designated for school purposes. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2010, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $992,516,000. These assets are excluded from the financial statements of the City.

C. Revenue Bonds and State Loans

The City issues revenue bonds to provide funds for water and sewer improvements. As such, they are not backed by the general credit or taxing powers of the City. During 2010, the City received loans from the State for the Clean Water Fund Program permitted under State Statutes to provide financial assistance for specific Sewer Maintenance Enterprise Fund projects for a total of $34,783,000. The loans will be repaid from revenues of the Sewer Maintenance Enterprise Fund.

D. Notes Payable

The City issues installment notes to provide funds for various public improvement projects, cash flow for the school district, and purchases of delinquent taxes. During the year ended December 31, 2010, installment loans totaling $137,565,000 were issued. $101,748,180 was issued to finance capital improvements, $5,950,220 for business-type activities and $29,866,600 to purchase 2009's delinquent taxes.

During 2010, the City continued to issue General Obligation Commercial Paper Promissory Notes totaling $205,852,000. $46,491,400 was issued to finance capital improvements, $64,491,400 for business-type activities and $95,191,000 for schools. The notes are a direct general obligation of the City payable from taxes levied without limitation as to rate or amount. Following is a summary of the General Obligation Commercial Paper Promissory Notes issued (in thousands), which is included in the totals for the general obligation bonds and notes in the long-term obligation table in footnote 7(a) above:

Balance 01-01-10	Additions	Deletions	Balance 12-31-10
90,000	205,852	217,252	78,600

In order to provide a source for payment of the principal and interest on the General Obligation Commercial Paper Promissory Notes, on January 1, 2008, the City entered into an irrevocable letter of credit and reimbursement agreement with a bank. The letter of credit and reimbursement agreement has an authorized maximum draw of $125 million, and expires on December 1, 2012. Each advance on the letter of credit is due and payable on the 60th day following the date of the draw; however, the agreement allows the bank to make a three-year term loan available upon each advance not repaid within 60 days, for which payments will begin one year after the date the term loan began. Principal payments on the term loan shall be made quarterly. Interest is required to be paid monthly, and the rate varies based on the period the advance is outstanding, as follows:

Period Outstanding	Interest Rate
30 days or less	Prime rate
31 days to 60 days	Prime rate plus 1%
Greater than 60 days (term loan)	Prime rate plus 2%

Further, under the terms of the letter of credit agreement, the City has agreed to meet various covenants, which includes maintaining an above investment grade rating on its outstanding indebtedness. As of December 31, 2010, the City had no outstanding draws on the letter of credit.

E. Qualified Schools Construction Bonds Payable

During the year ended December 31, 2010, the City issued Qualified Schools Construction Bonds totaling $37,300,000 to finance schools construction projects which is included in the totals for the general obligation bonds and notes in the long-term obligation table in footnote 7(a) above.

F. Debt Service Requirements

The maturities of the outstanding principal and related interest requirements are as follows:

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Governmental activities					
2011	$ 99,959	$ 34,174	$ -	$ -	$ 134,133
2012	82,225	30,331	-	-	112,556
2013	75,928	26,750	-	-	102,678
2014	66,590	23,307	-	-	89,897
2015	61,484	20,212	-	-	81,696
2016-2020	270,152	61,477	-	-	331,629
2021-2025	115,230	20,850	-	-	136,080
2026-2030	40,615	3,113	-	-	43,728
Total	$ 812,183	$ 220,214	$ -	$ -	$ 1,032,397
Business-type activities					
Water Works					
2011	$ 3,026	$ 674	$ 964	$ 211	$ 4,875
2012	2,551	531	989	185	4,256
2013	2,161	395	1,015	158	3,729
2014	2,346	284	1,042	131	3,803
2015	1,736	171	1,069	104	3,080
2016-2020	1,348	166	3,383	135	5,032
2021-2025	285	35	-	-	320
Total	$ 13,453	$ 2,256	$ 8,462	$ 924	$ 25,095
Sewer Maintenance					
2011	$ 675	$ 669	$ 6,454	$ 4,038	$ 11,836
2012	677	644	6,649	3,841	11,811
2013	698	616	6,862	3,603	11,779
2014	700	585	7,086	3,351	11,722
2015	703	552	7,332	3,094	11,681
2016-2020	45,430	1,852	40,708	11,152	99,142
2021-2025	4,554	528	32,848	4,191	42,121
2026-2030	-	-	18,060	833	18,893
Total	$ 53,437	$ 5,446	$ 125,999	$ 34,103	$ 218,985
Other Enterprise					
2011	$ 2,000	$ 674	$ -	$ -	$ 2,674
2012	1,802	582	-	-	2,384
2013	1,643	498	-	-	2,141
2014	1,614	420	-	-	2,034
2015	1,477	344	-	-	1,821
2016-2020	4,620	924	-	-	5,544
2021-2025	1,956	188	-	-	2,144
Total	$ 15,112	$ 3,630	$ -	$ -	$ 18,742

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Total Component Units					
2011	$ 10,664	$ 1,332	$ 535	$ 710	$ 13,241
2012	146	1,263	570	682	2,661
2013	157	1,253	990	653	3,053
2014	3,892	1,242	1,195	620	6,949
2015	880	1,218	1,425	585	4,108
2016-2020	3,619	5,805	7,275	2,303	19,002
2021-2025	1,000	5,064	36,645	1,232	43,941
2026-2030	279	4,891	26,485	541	32,196
2031-2035	2,389	4,644	16,605	70	23,708
2036-2040	224	4,139	-	-	4,363
2041-2045	4,915	3,067	-	-	7,982
2046-2050	18,995	1,302	-	-	20,297
2051-2055	-	764	-	-	764
2056-2060	3,553	298	-	-	3,851
Total	$ 50,713	$ 36,282	$ 91,725	$ 7,396	$ 186,116

G. Debt Limit

Wisconsin Statutes limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. The Statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. At December 31, 2010, the City's legal debt margin was $1,382,983,000. Of this amount, $625,327,000 was for school purposes and $757,656,000 was for City purposes.

H. Refundings

During February 2010, the City issued General Obligation Promissory Notes, Series 2010 N1 and T2 with a par amount of $73,620,000 and interest rates from 1% to 5% and Corporate Purpose Bonds, Series 2010 B5 with a par amount of $13,800,000 and interest rates from 1.5% to 5%. The current refunding of $110,000,000 General Obligation Commercial Paper Promissory Notes will provide long-term financing for temporary borrowing.

In prior years, the City defeased certain general obligation bonds by placing the proceeds from new general obligation bonds in an irrevocable trust to provide all future debt service payments on the bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2010, $75,950,000 of bonds outstanding is considered defeased, which includes debt defeased during the current year.

I. Conduit Debt

From time to time, the City has issued revenue bonds in order to provide financing to private sector entities for the purpose of acquiring, constructing, or rehabilitating housing units and for retiring the existing debt associated with housing units. These obligations are primarily secured by mortgage or revenue agreements on the associated projects and, together with the interest obligation, are payable solely by the developers from leased rentals and other funds or revenues. In addition, these obligations do not constitute indebtedness of the City, as the City has no responsibility for the debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of all revenue bonds outstanding at December 31, 2010 is approximately $46,509,000 for the City and $592,077,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

Plan Description – The City makes contributions to the Employes' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined benefit pension plan, on behalf of all eligible City employees. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The City Charter assigns the authority to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employes' Retirement System of the City of Milwaukee, 200 East Wells Street, Room 610, Milwaukee, WI 53202.

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, 7%, 7%, and 7% for general City employees, police officers, firefighters, and elected officials, respectively. New hires that are not sworn police/fire must pay 1.6% of pensionable earnings for 8 years to fund the cost of benefit escalators due to the Global Pension Settlement. The City is required to contribute the actuarially determined amount. The City Charter assigns the authority to establish and amend contribution requirements. The City's contributions to the System for the years ending December 31, 2010, 2009, and 2008, were $17,371,000, $19,294,000, and $23,532,000, respectively, equal to the required contributions on behalf of the plan members for each year.

Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its retirees for health and life insurance.

Plan Description. The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employee Retirement System (MERS). The City provides medical insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City. Aside from the Basic Plan, this includes a Health Maintenance Organization (HMO) plan currently offered to active employees. The City provides full health insurance coverage to general City employees who retire at age 55, but less than age 65, with 30 years of creditable service or at age 60, but less than age 65, with 15 years of creditable service until the age of 65. Management employees retiring beginning in 2004 at age 55, but less than 65, pay a portion of health insurance the same as active management employees. In accordance with a "percentage formula" as provided in labor agreements, the City provides between 65% and 100% of the cost of the Basic Plan coverage for firefighters and police officers who retire with 25 years of creditable service and having attained at least the age of 52 but less than 60. Upon reaching the age of 60 but prior to the age of 65, the City provides full health insurance coverage for firefighters and police officers with single enrollment status. The City contribution for firefighters and police officers between the ages of 60 and 65 with family enrollment status is the greater of 100% of the cost of single enrollment in the Basic Plan or an amount determined using the "percentage formula." The "percentage formula" used to determine the City contribution in the labor agreements is based on the amount of unused sick leave at retirement.

After attaining the age of 65 and having completed a minimum of 15 years of creditable service, all retirees are eligible to enroll in a "subsidized plan" for medical insurance. Under this plan, the City contributes 25% of the base rate toward retirees enrolled in the Basic Plan, while the retiree pays 75% of the base rate and 100% of the major medical rate. For those retirees enrolled in an HMO, the City contributes a 25% subsidy of the applicable HMO premium.

In addition to medical insurance, the City allows its employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees in accordance with Section 350-25 of the Code of Ordinances. The base amount of coverage for general City employees is equal to the employee's annual basic salary to the next higher thousand dollars. The base amount of coverage for firefighters and police officers is equal to one and one-half the employee's annual basic salary to the next higher thousand dollars.

General City employees retiring at age 55 or older with 20 years of service or at age 60 regardless of years of service and covered under the group life insurance plan at retirement are eligible to continue coverage at the level on the date prior to their date of retirement. Firefighters and police officers retiring at age 52 or older with 20 years of service or at age 57 regardless of years of service and covered under the group life insurance plan at retirement are eligible to continue coverage up to their base amount of coverage on the date prior to their date of retirement. Prior to age 65, all retirees are required to pay the full premium rates as established by the insurance carrier, less an adjustment for estimated dividends. The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching the age of 65, those retirees

still part of the group life plan have their coverage reduced in accordance with the reduction schedule in effect on their last day physically at work, with the City assuming all future premiums.
Funding Policy. The contribution of plan members and the City are established and may be amended by the City. The required contribution for medical and life insurance for retirees is based on a pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2010, the City paid approximately $32,872,000 and $1,153,000, respectively, toward medical and life insurance for retirees.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you basis), and the changes in the City's net OPEB obligation:

Funding Status and Funding Progress

ARC	$ 80,498,000
Interest on Net OPEB Obligation	5,373,000
Adjustment to ARC	(4,560,000)
Annual OPEB Cost	81,311,000
Contribution made	34,025,000
Increase in net OPEB Obligation	47,286,000
Net OPEB obligation - beginning of year	127,074,000
Net OPEB obligation - end of year	$ 174,360,000

The City annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Annual Cost and Net OPEB Liability

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	$ 73,100,000	45.0%	$ 78,400,000
12/31/2009	77,389,000	37.1%	127,074,000
12/31/2010	81,311,000	41.8%	174,360,000

Funded Status and Funding Progress. As of January 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1,007,573,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $1,007,573,000. The covered payroll (annual payroll of active employees covered by the plan) was $413,648,000 and the ratio of the UAAL to the covered payroll was 244 percent.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 9% initially, and reduced by decrements to the ultimate rate of 4.5% after 10 years. The actuarial assumption for wage inflation is 3.5%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

Terminal Leave Payments

Upon retirement, employees receive a portion of their unused sick leave as terminal leave, in accordance with labor contracts and Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive between $45 and $65 for each work shift equivalent of unused sick leave. Firefighters whose normal hours of work average 40 hours per week receive between $21 and $30 for each work shift equivalent of unused sick leave. Police officers receive payment for up to 55 days of unused sick leave at base pay. Management pay plan employees are entitled to payment of 30% of unused sick leave (maximum 960 hours) plus one-half of the sick leave days accumulated during the last twelve months of service for up to six additional days for a total maximum of 42 days at the rate of pay at retirement. Substantially all remaining City employees receive up to 30 days for unused sick leave as terminal leave, although some bargaining units receive slightly different benefits in accordance with related labor agreements. In 2010, approximately $7,925,000 was paid for sick leave from all funds. At December 31, 2010, accumulated sick leave earned but not taken totaled approximately $168,764,000 determined on the basis of current salary rates.

Terminal leave pay is funded on a pay-as-you-go basis and provided for in the salary budgets of the respective departments annually. In 2010, terminal leave payments totaled $2,400,000 to employees retiring during the year. As of December 31, 2010, the City has accrued approximately $21,490,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $38,948,000 with the remainder accrued vacation leave of $17,458,000.

9. FUND EQUITY

Reserved for Tax Stabilization and Advances to Other Funds

The Reserved for Tax Stabilization, $43,824,000 at December 31, 2010, is governed by the City's Code of Ordinances. This reserve includes an amount for advances of $9,798,000 from the general fund to the capital projects fund. The general fund has advanced this amount to fund special assessment projects. The availability of the $9,798,000 for Tax Stabilization is contingent upon future collection of the special assessments receivable. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the Reserved for Tax Stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council.

Fund deficit

The Capital Projects Fund had a deficit fund balance of $19,855,000 as of December 31, 2010, which is the result of expending funds for construction in advance of issuing general obligation bonds. The City plans to eliminate the fund deficit through the issuance of general obligation bonds in 2011.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2010:

Due To	Due From: General Fund	Nonmajor Governmental Funds	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
	(Thousands of Dollars)					
General Fund	$ -	$ 288	$ 1,444	$ -	$ -	$ 1,732
General Obligation Debt	-	-	3,700	-	-	3,700
Capital Projects	12,244	-	-	-	-	12,244
Nonmajor Governmental Funds	11,474	-	-	-	-	11,474
Water Works	22,545	-	-	762	581	23,888
Sewer Maintenance	-	-	-	-	-	-
Nonmajor Enterprise Funds	11,734	-	-	-	-	11,734
Totals	$ 57,997	$ 288	$ 5,144	$ 762	$ 581	$ 64,772

Balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) funds overdraw their share of pooled cash or when there are transactions between funds where one fund does not participate in the City's pooled cash.

Interfund transfers for the year ended December 31, 2010 were as follows:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	$ 3,006	Funding for debt payments
	Nonmajor Governmental Funds	8,850	Subsidize uncollected property taxes
	Water Works	3,000	Subsidy for operations
	Water Works	10,154	Payment in Lieu of taxes
	Sewer Maintenance	436	Pension contribution
	Nonmajor Enterprise Funds	1,297	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	22,287	Subsidy for operations
	Nonmajor Enterprise Funds	355	Pension contribution
	Nonmajor Enterprise Funds	2,326	Excess earnings of Port
	Subtotal General Fund	**51,711**	
General Obligation Debt	General	147,000	Funding for cash flow debt
	General	2,076	Funding for debt payments
	Public Debt Amortization	13,928	Subsidy for operations
	Capital Projects	2,428	Tax Incremental District closeouts
	Nonmajor Governmental Funds	23,914	Funding for debt payments
	Sewer Maintenance	8,321	Subsidy for operations
	Nonmajor Enterprise Funds	577	Subsidy for operations
	Subtotal Debt Service	**198,244**	
Public Debt Amortization	General Obligation Debt	3,457	Funding for debt payments
	Subtotal Public Debt Amortization	**3,457**	
Nonmajor Enterprise	General Fund	2	Subsidy for operations
	General Obligation Debt	574	Funding for debt payments
	Subtotal Nonmajor Proprietary	**576**	
	Total Interfund Transfers	**$ 253,988**	

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2010:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from HACM for reimbursable expenditures	$ 1,096
Due from RACM for reimbursable expenditures	93
Due from RACM for tax incremental district loans	138
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	14,871
Due from MEDC for reimbursements for expenditures	34
Due from MEDC for tax incremental district loans	1,448
Due from NIDC for home and Community Development Block grants	27
Total	$ 17,707

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to RACM for tax incremental projects	$ 136
Due to RACM for urban renewal projects	131
Due to RACM Community Development Block grants and Home grants	111
Due to NIDC for tax incremental projects	20
Due to NIDC Community Development Block grants and.. Home grants	1
Total	$ 399

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2010 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

Scheduled minimum lease payments for years ending December 31 are as follows:

Year	Amount
	(Thousands of Dollars)
2011	$ 5,770
2012	5,580
2013	5,478
2014	4,751
2015	4,701
2016-2020	17,782
2021-2025	8,357
2026-2030	7,298
2031 and beyond	11,994
Total	$ 71,711

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employee or natural disaster. With certain exceptions, it is not the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for reasonably estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. Current settlements are paid from the General Fund and recorded as expenditures when paid in the fund based statements. The liabilities are recorded in the government-wide financial statements.

Under Wisconsin Statutes, the amount recoverable by any person for any damages, injuries, or death in any action founded on fact against the City, agencies, officials, officers, or employees cannot exceed $50,000, with certain exceptions.

The City is self-insured for workers' compensation, health insurance (basic plan), uninsured motorist motor vehicle coverage for City employees, and general liability. Liabilities are reported when it is probable that a loss can be reasonable estimated. These losses include an estimate of claims that have been incurred but not reported. Liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other economic and social factors. Claims are paid from the General Fund and recorded as expenditures when paid in the fund based financial statements. The liabilities are recorded in the government-wide financial statements.

The liabilities recorded as long-term debt in the government-wide financial statements at December 31, 2010 are as follows:

General liability claims	$ 8,470,000
Workers' compensation claims	6,982,000
Unemployment claims	1,128,000
Health insurance claims	1,417,000
Pollution remediation obligation	1,464,000

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

	2009	2010
Beginning of year liability	$ 28,466,000	$ 23,719,000
Current year claims and changes in estimates	10,233,000	2,812,000
Claim payments	(14,980,000)	(7,070,000)
End of year liability	$ 23,719,000	$ 19,461,000

On October 24, 2004, a claimant attended a party in the city that was hosted by a Milwaukee police officer and a number of other police officers had been invited. At some point, a number of the off-duty officers became involved in an altercation with the claimant who alleges that he was beaten for no reason and he did suffer severe injuries. The off-duty officers claim that they became involved with the claimant only after they suspected that he had stolen a badge from one of them. They also claim that the claimant resisted their efforts to obtain physical control of him. On-duty police were also called to the scene and claimant alleges that they, too, used excessive force on him and failed to stop the use of excessive force by those off-duty officers who were striking him. In addition to issues concerning the cause of the altercation, its actual participants, and its course, there is a substantial question of whether the off-duty officers involved in the matter were acting within the scope of their employment. All proceedings had been stayed pending the outcome of criminal trials. The county prosecutor charged three of the off-duty officers with crimes, but in April 2006 two were found not guilty and the jury could not reach a final verdict as to one charge against the third. Federal authorities indicted eight officers, with civil rights violations, and those cases, proceeded to trial in July 2007. Three of the officers were found guilty and one was acquitted. The other four officers entered into plea agreements. Now that all criminal trials have concluded, the court approved a discovery period. Discovery, including expert testimony, has been extended through August 1, 2011 and dispositive motions are due November 1, 2011.

Environmental Liabilities

The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PBC pollution, and contaminated properties. The probability-weighted expected cash flow measurement technique is used in determining the amount of liability. This involves determining a range of probabilities or likelihoods that different probable outlays will be necessary and calculating a weighted average of these outlays. There is a potential for changes in the estimated pollution remediation obligation due to third-party contracts and City labor costs changes, amendments to regulatory requirements and rules, and previously unknown conditions. The estimated costs of $563,000 to address PBC pollution could increase if the Environment Protection Agency (EPA) does not approve the City's proposed cleanup methods. The EPA could require the City to do additional testing and remediation, resulting in greater costs to the City. The City qualifies for the State of Wisconsin *Municipal Liability Exemption Program* for contaminated properties. As long as the City is protective of human health environment, clean up is not required. The City generally cleans up contaminated properties based on remediation grants awarded to the City. The City does not expect to receive any non-grant revenues from insurance or other parties to reduce the City's liability for pollution remediation.

During 2010, the City spent $305,000 in pollution remediation-related activities. At December 31, 2010, the City has an outstanding liability of $1.4 million related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills that are no longer accepting waste. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City has accrued $420,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. $150,000 of these costs is meant to bring closure to the Hartung Quarry by constructing a sledding hill and additional landscaping. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.
GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost's,* establishes requirements for disclosure of closure and postclosure requirements for all municipal solid waste landfills receiving solid waste after October 9, 1991. The City's landfills have not accepted waste of this type since 1976 and are therefore not required to accrue for closure and postclosure care in accordance with GASB Statement No. 18.

Construction Commitments

The governmental activities and the Water Works Fund (enterprise) have construction commitments of $34,785,000 and $8,088,000, respectively, for various capital improvement projects at December 31, 2010.

Intergovernmental grants

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at December 31, 2010.

14. SUBSEQUENT EVENTS

On June 9, 2011, the City issued $93,625,000 of general obligation promissory notes for the purpose of financing various public improvement projects and refunding debt of the City. These bonds mature on May 15 of each year beginning 2012 until 2021. Interest is payable on May 15 and November 15 commencing November 15, 2011.

On June 9, 2011, the City issued $28,890,000 of general obligation corporate purpose bonds for the purpose of financing various public improvement projects and refunding debt of the City. These bonds mature on May 15 of each year beginning 2022 until 2028. Interest is payable on May 15 and November 15 commencing November 15, 2011.

On June 9, 2011, the City issued $33,930,000 of general obligation corporate purpose bonds for the purpose of financing various public improvement projects and refunding debt of the City. These bonds mature on May 15 of each year beginning 2013 until 2028. Interest is payable on May 15 and November 15 commencing November 15, 2011.

On June 9, 2011, the City issued $100,000,000 of general obligation cash flow promissory notes financing the City's operating budget until the receipt of State shared revenues. These notes mature on December 1, 2011 with interest.

On June 9, 2011, the City issued $52,565,000 of Sewerage System Revenue Bonds for the purpose of refunding Sewer Maintenance debt. These bonds mature on June 1 of each year beginning 2013 until 2031. Interest is payable on June 1 and December 1 commencing December 1, 2011.

On June 26, 2011, Wisconsin Act 10 was signed by the Wisconsin Governor. This legislation will reduce 2012 state aids by an estimated $14 million for the City of Milwaukee, freeze future property tax levies at the greater of zero percent or the percentage growth in net new construction, and eliminate most public employees' collective bargaining rights for pensions and health care benefits.

On July 26, 2011, the Milwaukee Common Council passed legislation that will change health care benefits for all City employees and retirees. Current general City employees, civilian personnel within the police and fire departments, and new retirees will also pay health care premium equivalent to 12% of the City's health care costs. These changes are likely to reduce the City's net expenditures on health care between 2011 and 2012 by over $20 million.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2010

(Thousands of Dollars)

(unaudited)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 176,843	$ 176,843	$ 168,031	$ (8,812)
Other taxes	4,769	4,769	5,097	328
Licenses and permits	12,754	12,754	12,948	194
Intergovernmental	270,872	270,872	270,939	67
Charges for services	92,349	93,517	97,146	3,629
Fines and forfeits	5,255	5,255	5,422	167
Other	19,256	19,256	20,323	1,067
Total Revenues	582,098	583,266	579,906	(3,360)
Expenditures:				
Current:				
General government	259,798	259,925	253,328	6,597
Public safety	256,850	265,207	264,067	1,140
Public works	88,574	95,180	94,482	698
Health	9,239	9,996	9,996	-
Culture and recreation	15,391	15,671	15,656	15
Conservation and development	3,420	3,802	3,747	55
Total Expenditures	633,272	649,781	641,276	8,505
Deficiency of Revenues over Expenditures	(51,174)	(66,515)	(61,370)	5,145
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	-	147,000	147,000
Transfers in	38,073	41,079	51,711	10,632
Transfers out	-	(2)	(149,078)	(149,076)
Contributions received	27,843	28,793	23,005	(5,788)
Contributions used	(27,794)	(30,591)	(22,998)	7,593
Use of fund balance - reserved for tax stabilization	13,070	13,070	13,070	-
Total Other Financing Sources and Uses	51,192	52,349	62,710	10,361
Net Change in Fund Balance	18	(14,166)	1,340	15,506
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	58,286	58,286	58,286	-
Fund Balance - Ending	**$ 58,304**	**$ 44,120**	**$ 59,626**	**$ 15,506**

Explanation of Differences of Budget to GAAP:

For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is $13.070 million at January 1, 2010.

Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2010
(unaudited)

Exhibit E-2

Retiree Health and Life Insurance

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	-	$ 880,700,000	$ 880,700,000	0.0%	$ 425,360,370	207.0%
1/1/2009	-	959,562,000	959,562,000	0.0%	419,811,361	228.6%
1/1/2010	-	1,007,573,100	1,007,573,100	0.0%	413,647,606	243.6%

See accompanying independent auditors' report.

Budgets and Budgetary Accounting

City departments are required to submit their annual budget requests for the ensuing year to the Mayor by the second Tuesday in May. The Department of Administration, Division of Budget and Management Analysis, acting as staff for the Mayor, reviews the request in detail with the departments during June and July. After all of the requests have been reviewed, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28. The Common Council must complete its review and adopt the budget on or before November 14. Once adopted, Common Council approval is required to amend the total appropriations by a department, the legal level of control for each budget. During the year, various amendments were made to the budget including carryovers of appropriations and encumbrances, and internal transfers.

Annual budgets are legally adopted by the Common Council for some but not all governmental funds. Annual budgets are not adopted for Special Revenue Fund - Delinquent Tax, Debt Service Fund - Public Debt Amortization and Capital Projects Funds. The Debt Service Fund - General Obligation Debt uses a non-appropriated budget. Budgets for Capital Projects Funds are prepared for the project life, rather than for the standard current fiscal year. Therefore, project appropriations for these budgets lapse at the conclusion of the project. All other appropriations lapse at the end of the current fiscal year. Governmental funds for which annual budgets have been adopted are included in the accompanying Required Supplementary Information Budgetary Comparison Schedule and in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

Schedule of Funding Progress – Actuarial Methods and Assumptions

Valuation date	January 1, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level-dollar
Amortization period	30 years (open)
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.5%
Health care inflation rate	20.4% initial HMO
	7.7% initial Basic Plan
	4.5% ultimate

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

Nonmajor funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Grant and Aid Projects – This fund is used to account for Federal and State grants whose proceeds are legally restricted to expenditures for specific purposes and which are not accounted for in other special revenue funds.

Community Development Block Grant – The Community Development Block Grant Program receives annual grants pursuant to the Federal Housing and Community Development Act of 1974. This fund also includes amounts received under the Section 108 Loan Program. The City's Department of Administration is responsible for the planning, execution and evaluation of the Program.

Delinquent Tax – This fund was established as a reserve against uncollected delinquent property taxes. Fund resources, consisting initially of bond proceeds, are used to purchase delinquent property taxes from the General Fund. Collections on these purchased receivables and related interest thereon are transferred to the General Obligation Debt Service Fund to provide for the related debt service requirements.

Economic Development Fund – This fund provides expenditure authority for owner financed economic development in commercial areas, including the Business Improvement District program.

CITY OF MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ 1,685	$ -	$ 16,658	$ 213	$ 18,556
Receivables (net):					
Taxes	-	-	17,840	-	17,840
Accounts	115	34	-	-	149
Notes and loans	15,536	3,693	-	-	19,229
Due from other funds	-	288	-	-	288
Due from component units	17	24	-	-	41
Due from other governmental agencies	15,254	3,735	-	-	18,989
Prepaid items	5	-	-	-	5
Total Assets	**$ 32,612**	**$ 7,774**	**$ 34,498**	**$ 213**	**$ 75,097**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 3,362	$ 3,631	$ -	$ -	$ 6,993
Accrued expenses	203	191	-	-	394
Due to other funds	11,474	-	-	-	11,474
Due to component units	-	112	-	-	112
Due to other governmental agencies	260	34	-	-	294
Deferred revenue	8,572	115	3,270	-	11,957
Total Liabilities	23,871	4,083	3,270	-	31,224
Fund Balances:					
Reserved for debt service	-	-	16,658	-	16,658
Reserved for delinquent taxes receivable	-	-	14,570	-	14,570
Reserved for economic development	-	-	-	213	213
Reserved for grant activities	8,741	3,691	-	-	12,432
Unreserved, undesignated	-	-	-	-	-
Total Fund Balances	8,741	3,691	31,228	213	43,873
Total Liabilities and Fund Balances	**$ 32,612**	**$ 7,774**	**$ 34,498**	**$ 213**	**$ 75,097**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	$ -	$ -	$ 6,039	$ -	$ 6,039
Intergovernmental	42,894	26,068	-	-	68,962
Other	-	-	4,104	8,339	12,443
Total Revenues	42,894	26,068	10,143	8,339	87,444
Expenditures:					
Current:					
General government	-	3,563	1,697	-	5,260
Public safety	20,493	3,255	-	-	23,748
Public works	5,529	1,670	-	-	7,199
Health	12,347	-	-	-	12,347
Culture and recreation	1,257	1,133	-	-	2,390
Conservation and development	6,319	16,447	-	8,955	31,721
Total Expenditures	45,945	26,068	1,697	8,955	82,665
Excess (deficiency) of Revenues over Expenditures	(3,051)	-	8,446	(616)	4,779
Other Financing Sources (Uses):					
General obligation bonds and notes issued	-	-	29,867	-	29,867
Loans receivable activities	(1,462)	1,169	-	-	(293)
Transfers out	-	-	(32,764)	-	(32,764)
Total Other Financing Sources and Uses	(1,462)	1,169	(2,897)	-	(3,190)
Net Change in Fund Balances	(4,513)	1,169	5,549	(616)	1,589
Fund Balances - Beginning	13,254	2,522	25,679	829	42,284
Fund Balances - Ending	**$ 8,741**	**$ 3,691**	**$ 31,228**	**$ 213**	**$ 43,873**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANT AND AID PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 47,320	$ 42,894	$ (4,426)
Expenditures:			
Current:			
Public safety	21,350	20,493	857
Public works	5,638	5,529	109
Health	12,732	12,347	385
Culture and recreation	1,258	1,257	1
Conservation and development	6,342	6,319	23
Total Expenditures	47,320	45,945	1,375
Excess of Revenues over (under) Expenditures	-	(3,051)	(3,051)
Other Financing Sources (Uses):			
Loans receivable activities	-	(1,462)	(1,462)
Transfers out	-	-	-
Net Change in Fund Balance	-	(4,513)	(4,513)
Fund Balance - Beginning	-	13,254	13,254
Fund Balance - Ending	**$ -**	**$ 8,741**	**$ 8,741**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 26,068	$ 26,068	$ -
Expenditures:			
Current:			
General government	3,563	3,563	-
Public safety	3,255	3,255	-
Public works	1,670	1,670	-
Health	-	-	-
Culture and recreation	1,133	1,133	-
Conservation and development	16,447	16,447	-
Total Expenditures	26,068	26,068	-
Excess of Revenues over (under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Loans receivable activities	1,169	1,169	-
Fund Balance - Beginning	2,522	2,522	-
Fund Balance - Ending	**$ 3,691**	**$ 3,691**	**$ -**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit F-5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Other	$ 9,478	$ 8,339	$ (1,139)
Expenditures:			
Current:			
Conservation and development	9,478	8,955	$ 523
Excess of Revenues over (under) Expenditures	-	(616)	(616)
Fund Balance - Beginning	829	829	-
Fund Balance - Ending	**$ 829**	**$ 213**	**$ (616)**

See accompanying independent auditors' report.

Nonmajor Enterprise Funds

Enterprise Funds are used to account for operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Parking – This fund accounts for revenues derived from parking meters, parking permits, rentals and leasing of parking facilities, and other revenues attributable to parking. The revenues are used to defray administrative and operational costs related to parking operations, and to acquire landscape and construct parking lots and structures.

Port of Milwaukee – All activities necessary to operate and maintain the Port of Milwaukee and other related harbor activities are accounted for in this fund.

Metropolitan Sewerage District User Charge – The Metropolitan Sewerage District User Charge Fund is used to account for sewerage treatment charges by the Milwaukee Metropolitan Sewerage District to the City on a “wholesale” user charge basis and the subsequent billing by the City to customers on a “retail” basis. The City adds administrative expense to the District’s charges and includes the sewer user charges on the quarterly water bills.

CITY OF MILWAUKEE

Exhibit G-1

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2010
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 21,004	$ -	$ -	$ 21,004
Receivables (net):				
Accounts	299	923	13,375	14,597
Unbilled accounts	-	-	3,167	3,167
Due from other funds	-	-	581	581
Due from other governmental agencies	-	-	-	-
Total Current Assets	21,303	923	17,123	39,349
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	8,440	7,791	-	16,231
Construction in progress	2,180	-	-	2,180
Capital assets being depreciated:				
Buildings	52,846	13,546	-	66,392
Infrastructures	-	16,620	-	16,620
Improvements other than buildings	5,429	2,342	-	7,771
Machinery and equipment	5,343	4,838	-	10,181
Accumulated depreciation	(37,528)	(22,534)	-	(60,062)
Total Noncurrent Assets	36,710	22,603	-	59,313
Total Assets	58,013	23,526	17,123	98,662
LIABILITIES				
Current Liabilities:				
Accounts payable	1,300	301	10,039	11,640
Accrued expenses	576	164	2	742
Accrued interest payable	189	45	-	234
Due to other funds	-	1,354	10,380	11,734
Deferred revenue	14	-	-	14
General obligation debt payable - current	1,533	467	-	2,000
Total Current Liabilities	3,612	2,331	20,421	26,364
Noncurrent Liabilities:				
General obligation debt	10,253	2,902	-	13,155
Other post employment benefits obligation	863	196	-	1,059
Total Noncurrent Liabilities	11,116	3,098	-	14,214
Total Liabilities	14,728	5,429	20,421	40,578
NET ASSETS:				
Invested in capital assets, net of related debt	24,924	19,235	-	44,159
Unrestricted	18,361	(1,138)	(3,298)	13,925
Total Net Assets (Accumulated Deficit)	**$ 43,285**	**$ 18,097**	**$ (3,298)**	**$ 58,084**

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services:				
Statutory sewer user fee	$ -	$ -	$ 46,279	$ 46,279
Rent	7,449	5,398	-	12,847
Parking meters	5,112	-	-	5,112
Parking permits	3,928	-	-	3,928
Vehicle towing	5,341	-	-	5,341
Parking forfeitures	25,646	-	-	25,646
Other	1	-	1,466	1,467
Total Operating Revenues	47,477	5,398	47,745	100,620
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	40,891	40,891
Employee services	7,877	1,737	112	9,726
Administrative and general	-	-	60	60
Depreciation	2,747	806	-	3,553
Transmission and distribution	-	-	3,342	3,342
Services, supplies and materials	14,269	1,313	-	15,582
Billing and collection	-	-	1,471	1,471
Total Operating Expenses	24,893	3,856	45,876	74,625
Operating Income	22,584	1,542	1,869	25,995
Nonoperating Revenues (Expenses):				
Interest expense	(557)	(145)	-	(702)
Other	733	(1,609)	-	(876)
Total Nonoperating Revenues (Expenses)	176	(1,754)	-	(1,578)
Income (Loss) before Contributions and Transfers	22,760	(212)	1,869	24,417
Capital contributions	173	-	-	173
Transfers in		576	-	576
Transfers out	(24,516)	(2,326)	-	(26,842)
Change in Net Assets	(1,583)	(1,962)	1,869	(1,676)
Total Net Assets (Accumulated Deficit) - Beginning	44,868	20,059	(5,167)	59,760
Total Net Assets (Accumulated Deficit) - Ending	**$ 43,285**	**$ 18,097**	**$ (3,298)**	**$ 58,084**

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit G-3

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 47,885	$ 5,430	$ 46,432	$ 99,747
Payments to suppliers	(14,090)	(1,135)	(45,090)	(60,315)
Payments to employees	(7,684)	(1,707)	(112)	(9,503)
Payments from other funds	-	1,178	493	1,671
Payments to other funds	-	-	(1,723)	(1,723)
Net Cash Provided by Operating Activities	26,111	3,766	-	29,877
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	576	-	576
Transfers to other funds	(24,516)	(2,326)	-	(26,842)
Net Cash Used for Noncapital Financing Activities	(24,516)	(1,750)	-	(26,266)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	1,629	1,052	-	2,681
Acquisition of property, plant and equipment	(1,925)	(884)	-	(2,809)
Retirement of bonds, notes and revenue bonds	(1,492)	(428)	-	(1,920)
Interest paid	(563)	(147)	-	(710)
Other	741	(1,609)	-	(868)
Net Cash Used for Capital and Related Financing Activities	(1,610)	(2,016)	-	(3,626)
Net Increase (Decrease) in Cash and Cash Equivalents	(15)	-	-	(15)
Cash and Cash Equivalents - Beginning	21,019	-	-	21,019
Cash and Cash Equivalents - Ending	**$ 21,004**	**$ -**	**$ -**	**$ 21,004**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 22,584	$ 1,542	$ 1,869	$ 25,995
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,747	806	-	3,553
Changes in assets and liabilities:				
Receivables	419	32	(1,313)	(862)
Due from other funds	-	-	493	493
Accounts payable	179	178	674	1,031
Accrued liabilities	3	30	-	33
Net other postemployment benefits obligation	190	-	-	190
Due to other funds	-	1,178	(1,723)	(545)
Deferred revenue	(11)	-	-	(11)
Net Cash Provided by Operating Activities	$ 26,111	$ 3,766	$ -	$ 29,877

Non-cash Activities: During the year, the Parking fund received donated assets in the amount of $173,000.

See accompanying independent auditors' report.

Agency Funds

These funds account for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

CITY OF MILWAUKEE

Exhibit H-1

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Balance 01-01-10	Additions	Deductions	Balance 12-31-10
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and cash equivalents	$ 228,896	$ 1,739,640	$ 1,777,574	$ 190,962
Taxes receivable	-	157,230	157,230	-
Total Assets	**$ 228,896**	**$ 1,896,870**	**$ 1,934,804**	**$ 190,962**
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	**$ 228,896**	**$ 1,739,640**	**$ 1,777,574**	**$ 190,962**
PROPERTY TAX FUND				
ASSETS				
Cash and cash equivalents	$ 106,143	$ 230,108	$ 227,044	$ 109,207
Taxes Receivable	-	117,878	117,878	-
Total Assets	**$ 106,143**	**$ 347,986**	**$ 344,922**	**$ 109,207**
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	$ 36	$ 5,424	$ 5,400	$ 60
Milwaukee County	60,662	126,888	124,364	63,186
Menomonee Falls School District	-	195	195	-
Milwaukee Area District Board of Vocational Technical & Adult Education	26,846	56,735	57,323	26,258
Milwaukee Metropolitan Sewerage District	18,599	40,827	39,723	19,703
Washington County	-	34	34	-
Waukesha County	-	6	6	-
Total Liabilities	**$ 106,143**	**$ 230,109**	**$ 227,045**	**$ 109,207**
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	**$ 191**	**$ 1,329**	**$ 1,269**	**$ 251**
LIABILITIES				
Accounts payable	**$ 191**	**$ 1,329**	**$ 1,269**	**$ 251**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit H-1 (Continued)

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

	Balance 01-01-10	Additions	Deductions	Balance 12-31-10
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and cash equivalents	**$ 384**	**$ 4,168**	**$ 3,980**	**$ 572**
LIABILITIES				
Accounts payable	$ -	$ 116	$ 116	$ -
Due to Other Governmental Agencies:				
State of Wisconsin	384	3,267	3,122	529
Milwaukee County	-	785	742	43
Total Liabilities	**$ 384**	**$ 4,168**	**$ 3,980**	**$ 572**
OTHER				
ASSETS				
Cash and cash equivalents	**$ 1,320**	**$ 16,533**	**$ 16,283**	**$ 1,570**
LIABILITIES				
Accounts payable	**$ 1,320**	**$ 16,533**	**$ 16,283**	**$ 1,570**
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 336,934	$ 1,991,778	$ 2,026,150	$ 302,562
Receivables:				
Taxes	-	275,108	275,108	-
Total Assets	**$ 336,934**	**$ 2,266,886**	**$ 2,301,258**	**$ 302,562**
LIABILITIES				
Accounts payable	$ 1,511	$ 17,978	$ 17,668	$ 1,821
Due to other governmental agencies	335,423	1,973,801	2,008,483	300,741
Total Liabilities	**$ 336,934**	**$ 1,991,779**	**$ 2,026,151**	**$ 302,562**

See accompanying independent auditors' report.

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MISCELLANEOUS FINANCIAL DATA

CITY OF MILWAUKEE

Exhibit I-1

COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE

DECEMBER 31, 2010

(Thousands of Dollars)

	Real Estate	Personal Property	Total
Year Levied			
1985 -1999	$ 141	$ 1	$ 142
2000	87	1	88
2001	114	-	114
2002	119	-	119
2003	165	-	165
2004	266	262	528
2005	346	269	615
2006	799	353	1,152
2007	2,680	332	3,012
2008	9,133	397	9,530
2009	29,442	795	30,237
Delinquent Taxes Receivable	$ 43,292	$ 2,410	45,702
Add: Property taxes receivable on foreclosed property (A)			19,562
Total Delinquent Taxes Receivable			65,264
Less: Estimated uncollectible taxes			(17,918)
Net Delinquent Taxes Receivable			**$ 47,346**

(A) Property taxes receivable on foreclosed property is valued at the cost of delinquent taxes and assessments on acquired property.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-2

COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - PRIMARY GOVERNMENT

DECEMBER 31, 2010

(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	$ 20,950	
Local Government Pooled - Investment Fund	190,901	
Institutional Money Market Fund	100	
Cash with Fiscal Agent	8,862	
Certificates of Deposit	413,644	
Total Cash and Cash Equivalents		$ 634,457
Investments:		
Treasury Notes, Bills and Agencies	4,109	
Municipal Bonds	12,574	
Other	629	
Total Investments		17,312
Total Cash and Cash Equivalents and Investments		$ 651,769

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Cash and Cash Equivalents and Investments - Fund:				
General	$ 57,002	$ 135	$ -	$ 57,137
General Obligation Debt Service	161,857	-	-	161,857
Public Debt Amortization	25,603	14,748	-	40,351
Capital Projects	11,727	-	-	11,727
Nonmajor Governmental Funds	18,556	-	-	18,556
Water Works	3,494	-	680	4,174
Sewer Maintenance	17,745	-	10,742	28,487
Nonmajor Enterprise Funds	21,004	-	-	21,004
Pension and Other Employee Benefit Trusts	403	-	-	403
Private-Purpose Trusts	3,082	2,429	-	5,511
Agency Funds	302,562	-	-	302,562
Total Cash and Cash Equivalents and Investments - Fund	**$ 623,035**	**$ 17,312**	**$ 11,422**	**$ 651,769**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-3

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2010

(Thousands of Dollars)

	Bridges		Economic Development		Finance Real and Personal Property Tax Receivables	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 2,470	$ 1,148	$ 2	$ 1	$ 25,082	$ 1,251
2012	2,373	1,040	2	-	11,277	683
2013	2,269	931	2	-	4,696	382
2014	2,136	822	1	-	3,330	219
2015	2,122	717	1	-	2,115	98
2016	1,890	612	-	-	1,075	27
2017	1,739	523	-	-	-	-
2018	3,109	436	-	-	-	-
2019	1,528	359	-	-	-	-
2020	1,341	291	-	-	-	-
2021	1,525	222	-	-	-	-
2022	1,081	161	-	-	-	-
2023	978	113	-	-	-	-
2024	978	67	-	-	-	-
2025	969	21	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Totals	**26,508**	**7,463**	**8**	**1**	**47,575**	**2,660**
Total Requirements	**$33,971**		**$9**		**$50,235**	

See accompanying independent auditors' report.

Fire		Grant and Aid Improvements - City Share		Harbor	
Principal	Interest	Principal	Interest	Principal	Interest
$ 2,520	$ 802	$ 65	$ 7	$ 467	$ 139
2,500	689	39	5	426	115
2,473	576	40	3	388	94
2,460	459	15	1	379	75
1,771	356	15	1	352	56
1,451	278	7	-	180	40
1,809	200	-	-	132	32
1,961	129	-	-	604	24
960	83	-	-	108	18
489	47	-	-	81	14
309	27	-	-	81	10
309	12	-	-	46	7
42	3	-	-	41	5
42	1	-	-	37	3
4	-	-	-	37	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19,100	**3,662**	**181**	**17**	**3,359**	**633**
$22,762		**$198**		**$3,992**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2010

(Thousands of Dollars)

	Industrial Land Bank		Library		Local Improvement Projects/ Special Assessments	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 2	$ -	$ 1,050	$ 418	$ 1,160	$ 517
2012	1	-	1,007	371	958	467
2013	1	-	1,032	323	1,137	410
2014	1	-	984	273	1,045	353
2015	1	-	757	228	676	308
2016	-	-	748	193	2,421	273
2017	-	-	689	156	2,130	173
2018	-	-	2,575	118	2,073	87
2019	-	-	462	95	23	-
2020	-	-	407	73	-	-
2021	-	-	350	55	-	-
2022	-	-	300	39	-	-
2023	-	-	242	26	-	-
2024	-	-	242	14	-	-
2025	-	-	155	4	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Totals	**6**	**-**	**11,000**	**2,386**	**11,623**	**2,588**
Total Requirements	**$6**		**$13,386**		**$14,211**	

See accompanying independent auditors' report.

Milwaukee Exposition and Convention Center and Arena		Parking		Playgrounds/ Recreational Facilities	
Principal	Interest	Principal	Interest	Principal	Interest
$ 1	$ -	$ 1,533	$ 535	$ 1,380	$ 376
1	-	1,376	467	1,139	322
1	-	1,255	404	1,226	270
-	-	1,235	345	1,181	214
-	-	1,125	288	1,000	161
-	-	959	234	862	118
-	-	737	188	693	80
-	-	664	154	2,378	47
-	-	599	124	502	22
-	-	556	96	186	5
-	-	486	71	-	-
-	-	474	48	-	-
-	-	364	28	-	-
-	-	281	12	-	-
-	-	109	3	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3	**-**	**11,753**	**2,997**	**10,547**	**1,615**
$3		**$14,750**		**$12,162**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2010

(Thousands of Dollars)

	Police		Public Buildings		Resource Recovery	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 4,952	$ 1,406	$ 19,039	$ 7,463	$ 1	$ -
2012	5,039	1,170	18,029	6,657	1	-
2013	4,393	944	17,981	5,860	-	-
2014	3,402	729	17,274	5,028	-	-
2015	3,509	572	16,461	4,224	-	-
2016	2,118	410	15,820	3,469	-	-
2017	1,948	307	13,448	2,775	-	-
2018	3,947	210	16,562	2,163	-	-
2019	962	150	12,088	1,596	-	-
2020	532	114	9,582	1,081	-	-
2021	676	84	8,039	661	-	-
2022	488	59	3,846	402	-	-
2023	427	39	3,758	240	-	-
2024	427	21	2,936	92	-	-
2025	319	5	1,187	7	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Totals	**33,139**	**6,220**	**176,050**	**41,718**	**2**	**-**
Total Requirements	**$39,359**		**$217,768**		**$2**	

See accompanying independent auditors' report.

Schools		Sewer Maintenance		Sewers	
Principal	Interest	Principal	Interest	Principal	Interest
$ 13,327	$ 5,711	$ 675	$ 669	$ 5,689	$ 1,721
12,315	5,181	677	644	5,478	1,453
11,782	4,659	698	616	4,916	1,184
7,834	4,200	700	585	4,667	942
6,512	3,844	703	552	4,096	717
8,542	3,525	706	517	3,166	510
6,228	3,128	681	484	2,102	353
5,375	2,823	42,681	328	1,620	250
4,706	2,570	681	279	1,079	183
3,837	2,359	681	244	1,022	133
497	2,169	1,077	201	851	86
497	2,148	1,077	147	704	54
497	2,125	800	100	488	31
270	2,107	800	60	368	15
12,000	2,100	800	20	368	2
-	1,958	-	-	-	-
37,300	979	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
131,519	**51,586**	**53,437**	**5,446**	**36,614**	**7,634**
$183,105		**$58,883**		**$44,248**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2010

(Thousands of Dollars)

	Streets		Tax Incremental Districts		Urban Renewal	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 10,241	$ 4,478	$ 10,291	$ 7,841	$ 2,687	$ 1,034
2012	9,936	4,031	9,637	7,344	2,493	918
2013	9,346	3,588	12,459	6,812	2,174	808
2014	8,510	3,145	11,523	6,214	2,227	708
2015	7,834	2,746	12,561	5,636	2,053	604
2016	7,059	2,370	12,304	5,007	1,585	507
2017	6,434	2,030	14,254	4,393	1,135	432
2018	20,399	1,688	14,707	3,669	8,568	360
2019	4,694	1,443	12,613	2,934	1,067	308
2020	4,436	1,221	11,789	2,321	916	260
2021	6,136	955	11,159	1,756	1,269	205
2022	5,378	709	9,365	1,251	1,195	151
2023	5,248	483	7,705	832	1,065	102
2024	5,148	257	4,865	521	1,036	56
2025	4,096	60	4,490	286	906	14
2026	-	-	1,625	131	-	-
2027	-	-	1,690	45	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Totals	**114,895**	**29,204**	**163,037**	**56,993**	**30,376**	**6,467**
Total Requirements	**$144,099**		**$220,030**		**$36,843**	

See accompanying independent auditors' report.

Water		Total Requirements	
Principal	Interest	Principal	Interest
$ 3,026	$ 674	$ 105,660	$ 36,191
2,551	531	87,255	32,088
2,161	395	80,430	28,259
2,346	284	71,250	24,596
1,736	171	65,400	21,279
1,042	81	61,935	18,171
81	27	54,240	15,281
82	23	127,305	12,509
83	19	42,155	10,183
60	16	35,915	8,275
60	13	32,515	6,515
60	10	24,820	5,198
60	7	21,715	4,134
60	4	17,490	3,230
45	1	25,485	2,524
-	-	1,625	2,089
-	-	38,990	1,024
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13,453	**2,256**	**894,185**	**231,546**
$15,709		**$1,125,731**	

CITY OF MILWAUKEE

Exhibit I-4

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER REVENUE AND DISCLOSURE OF BOND COVERAGE

(Thousands of Dollars)

Year	Principal	Interest	Total Requirements
2011	964	211	1,175
2012	989	185	1,174
2013	1,015	158	1,173
2014	1,042	131	1,173
2015	1,069	104	1,173
2016	1,098	75	1,173
2017	1,127	45	1,172
2018	1,158	15	1,173
	$ 8,462	**$ 924**	**$ 9,386**

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2010 consisted of gross revenues plus interest income in the amount of $73,488, less operating expenses (excluding depreciation but including the payment in lieu of taxes) of $66,765. As a result, the net revenue available for debt service was $6,723. Debt service requirements consisted of $1,175 for 2010. At the end of the year, bond coverage computes to 5.72.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-5

DEBT SERVICE REQUIREMENTS TO MATURITY - SEWERAGE SYSTEM REVENUE AND DISCLOSURE OF BOND COVERAGE

(Thousands of Dollars)

	Revenue Bonds		State Loans (Revenue Bonds)		Total Requirements	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2011	2,940	2,151	3,514	1,887	6,454	4,038
2012	3,050	2,015	3,599	1,826	6,649	3,841
2013	3,175	1,865	3,687	1,738	6,862	3,603
2014	3,310	1,703	3,776	1,648	7,086	3,351
2015	3,465	1,539	3,867	1,555	7,332	3,094
2016	3,625	1,361	3,961	1,460	7,586	2,821
2017	3,800	1,170	4,057	1,363	7,857	2,533
2018	3,975	975	4,155	1,264	8,130	2,239
2019	4,160	776	4,256	1,162	8,416	1,938
2020	4,360	564	4,359	1,057	8,719	1,621
2021	4,565	341	4,465	950	9,030	1,291
2022	2,375	168	4,573	841	6,948	1,009
2023	2,475	54	4,684	728	7,159	782
2024	-	-	4,797	613	4,797	613
2025	-	-	4,914	496	4,914	496
2026	-	-	5,033	375	5,033	375
2027	-	-	5,155	251	5,155	251
2028	-	-	4,356	136	4,356	136
2029	-	-	2,176	56	2,176	56
2030	-	-	1,340	15	1,340	15
	$ 45,275	**$ 14,682**	**$ 80,724**	**$ 19,421**	**$ 125,999**	**$34,103**

Note: Sewerage System Revenue Bonds coverage consisted of gross revenues plus interest income in the amount of $52,063 less operating expenses (excluding depreciation) of $16,696. As a result, the net revenue available for debt service was $35,367. Debt service requirements consisted of $5,114 for 2010. At the end of the year, bond coverage computes to 6.92.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	$3,315	$ 804	$ 151	$ 20	$ 826
Receivables (net):					
Taxes	-	77	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	143	-	-	-	15
Inventory of materials and supplies	-	-	-	-	-
Total Assets	**$3,458**	**$ 881**	**$ 151**	**$ 20**	**$ 841**
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$1,368	$ 3	$ 14	$ 195	$ 58
Accrued expenses	35	1	-	1	4
Due to other funds	-	-	-	-	-
Due to component units	-	-	-	-	-
Deferred revenue	-	135	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	1,403	139	14	196	62
Fund Balance:					
Reserved for encumbrances, prepaids, and carryovers	2,055	742	137	-	779
Reserved for inventory	-	-	-	-	-
Unreserved:					
Undesignated	-	-	-	(176)	-
Special assessment (deficit)	-	-	-	-	-
Total Fund Balance	2,055	742	137	(176)	779
Total Liabilities and Fund Balance	**$3,458**	**$ 881**	**$ 151**	**$ 20**	**$ 841**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ 688	$ 4,011	$ 770	$ 1,142	$ -	$ -	$ -	$ 11,727
24	159	-	256	-	2,147	-	2,663
-	-	154	47	897	-	-	1,098
-	-	-	-	-	-	10,556	10,556
-	-	-	-	-	138	-	138
-	250	-	-	3,511	-	-	3,919
-	-	427	-	-	-	-	427
$ 712	**$ 4,420**	**$ 1,351**	**$ 1,445**	**$ 4,408**	**$ 2,285**	**$ 10,556**	**$ 30,528**
$ 501	$ 1,177	$ 37	$ 876	$ 2,018	$ 4,331	$ 175	$ 10,753
1	44	-	4	181	(45)	-	226
-	-	-	-	6,753	5,491	-	12,244
-	-	-	131	-	156	-	287
42	280	22	450	3,305	3,772	9,069	17,075
-	-	-	-	-	-	9,798	9,798
544	1,501	59	1,461	12,257	13,705	19,042	50,383
168	2,919	865	(16)	-	-	-	7,649
-	-	427	-	-	-	-	427
-	-	-	-	(7,849)	(11,420)	-	(19,445)
-	-	-	-	-	-	(8,486)	(8,486)
168	2,919	1,292	(16)	(7,849)	(11,420)	(8,486)	(19,855)
$ 712	**$ 4,420**	**$ 1,351**	**$ 1,445**	**$ 4,408**	**$ 2,285**	**$ 10,556**	**$ 30,528**

CITY OF MILWAUKEE

Exhibit I-7

SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS BY PURPOSE

FOR THE YEAR ENDED DECEMBER 31, 2010

(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	$ -	$ 85	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	329	-	-	250	15
Other	586	-	-	-	2,678
Total Revenues	915	85	-	250	2,693
Expenditures:					
Capital outlay	5,968	36	1,162	2,580	4,119
Excess (deficiency) of Revenues over Expenditures	(5,053)	49	(1,162)	(2,330)	(1,426)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	6,230	-	1,545	3,426	2,641
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources and Uses	6,230	-	1,545	3,426	2,641
Net Change in Fund Balance	1,177	49	383	1,096	1,215
Fund Balance (Deficit) - Beginning	878	693	(246)	(1,272)	(436)
Fund Balance (Deficit) - Ending	**$ 2,055**	**$ 742**	**$ 137**	**$ (176)**	**$ 779**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Schools Financing	Total
$ 293	$ 240	$ -	$ 175	$ -	$ 3,975	$ -	$ -	$ 4,768
-	-	-	-	-	-	3,421	-	3,421
-	250	-	1,615	1,372	-	-	-	3,831
-	-	1	-	1,376	4,453	-	-	9,094
293	490	1	1,790	2,748	8,428	3,421	-	21,114
3,738	16,062	41	9,759	31,073	21,371	1,060	143,511	240,480
(3,445)	(15,572)	(40)	(7,969)	(28,325)	(12,943)	2,361	(143,511)	(219,366)
3,814	18,045	2,960	13,421	22,861	19,970	-	143,511	238,424
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(2,428)	-	-	(2,428)
3,814	18,045	2,960	13,421	22,861	17,542	-	143,511	235,996
369	2,473	2,920	5,452	(5,464)	4,599	2,361	-	16,630
(201)	446	(1,628)	(5,468)	(2,385)	(16,019)	(10,847)	-	(36,485)
$ 168	**$ 2,919**	**$ 1,292**	**$ (16)**	**$ (7,849)**	**$ (11,420)**	**$ (8,486)**	**$ -**	**$ (19,855)**

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	$ 94,999	$ 86,187	$ (8,812)
Provision for Employees' Retirement	81,844	81,844	-
Total Property Taxes	176,843	168,031	(8,812)
Other Taxes:			
Payment in lieu of taxes	1,050	1,116	66
Interest on city tax certificates and other taxes	3,719	3,981	262
Total Other Taxes	4,769	5,097	328
Licenses and Permits:			
Licenses:			
Business and occupational	4,987	5,155	168
Other	109	62	(47)
Permits:			
Building	5,985	6,159	174
Zoning	308	338	30
Other	1,365	1,234	(131)
Total Licenses and Permits	12,754	12,948	194
Intergovernmental:			
State Shares Revenues:			
State shared taxes	236,213	236,244	31
Local street aids	27,290	27,398	108
Payment for municipal services	1,975	1,914	(61)
Other	5,394	5,383	(11)
Total Intergovernmental	270,872	270,939	67
Charges for Services:			
General government	9,018	9,931	913
Public safety	16,568	16,202	(366)
Public works	65,210	68,135	2,925
Health	873	1,071	198
Culture and recreation	1,507	1,504	(3)
Conservation and development	341	303	(38)
Total Charges for Services	93,517	97,146	3,629
Fines and Forfeits:			
Court and contract forfeitures	5,255	5,418	163
Other	-	4	4
Total Fines and Forfeits	5,255	5,422	167
Other:			
Interest on temporary investments	1,250	503	(747)
Miscellaneous	18,006	19,820	1,814
Total Other	19,256	20,323	1,067
Total	**$ 583,266**	**$ 579,906**	**$ (3,360)**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-9

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2010

(Thousands of Dollars)

		2010 Actual				
	Final Budget	Salaries and Wages	Other Operating Costs	Equipment	Total	Variance - Favorable (Unfavorable)
General Government:						
Zoning Appeals	$ 256	$ 208	$ 33	$ -	$ 241	$ 15
Mayor	852	804	26	3	833	19
Common Council - City Clerk	6,523	5,124	1,261	33	6,418	105
Municipal Court	3,045	1,911	1,100	3	3,014	31
City Attorney	8,478	5,355	2,883	57	8,295	183
Administration	6,808	4,324	2,185	25	6,534	274
Employee Relations	131,066	2,917	125,406	2	128,325	2,741
Election Commission	1,690	660	1,030	-	1,690	-
Comptroller	20,673	3,280	16,426	79	19,785	888
City Treasurer	47,106	1,599	44,468	-	46,067	1,039
Assessor's Office	3,393	2,790	603	-	3,393	-
Employee's Retirement	19,127	151	18,576	-	18,727	400
Interest Expense	3,006	-	3,006	-	3,006	-
Pension Reserve Fund	7,000	-	7,000	-	7,000	-
Non-departmental - unallocated	902	-	-	-	-	902
Total General Government	259,925	29,123	224,003	202	253,328	6,597
Public Safety:						
Fire and Police Commission	826	610	159	1	770	56
Fire Department	75,736	69,813	5,082	170	75,065	671
Police Department	176,346	161,896	12,382	1,694	175,972	374
Neighborhood Services	12,299	8,402	3,805	53	12,260	39
Total Public Safety	265,207	240,721	21,428	1,918	264,067	1,140
Public Works:						
General Office	3,482	2,818	627	29	3,474	8
Infrastructure	30,177	16,662	13,354	143	30,159	18
Operations	61,521	35,750	23,675	1,424	60,849	672
Total Public Works	95,180	55,230	37,656	1,596	94,482	698
Health	9,996	7,901	2,079	16	9,996	-
Culture and Recreation:						
Public Library	15,671	11,856	2,176	1,624	15,656	15
Conservation and Development:						
Department of City Development	3,802	2,908	839	-	3,747	55
Total	**$ 649,781**	**$347,739**	**$ 288,181**	**$ 5,356**	**$ 641,276**	**$ 8,505**

See accompanying independent auditors' report.

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STATISTICAL SECTION

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CITY OF MILWAUKEE

Table 1

NET ASSETS BY COMPONENT

LAST NINE YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2002	**2003**	**2004**	**2005**	**2006**
Governmental activities					
Invested in capital assets, net of related debt	$ 392,967	$ 420,357	$ 444,873	$ 492,841	$ 500,045
Restricted	135,885	104,600	110,417	109,149	115,803
Unrestricted	(97,970)	(99,195)	(159,507)	(196,677)	(200,581)
Total governmental activities net assets	430,882	425,762	395,783	405,313	415,267
Business-type activities					
Invested in capital assets, net of related debt	506,502	518,861	529,213	560,899	554,966
Restricted	3,715	26,329	8,123	8,383	8,748
Unrestricted	67,505	58,061	89,077	63,657	82,725
Total business-type activities net assets	577,722	603,251	626,413	632,939	646,439
Primary government					
Invested in capital assets, net of related debt	899,469	939,218	974,086	1,053,740	1,055,011
Restricted	139,600	130,929	118,540	117,532	124,551
Unrestricted	(30,465)	(41,134)	(70,430)	(133,020)	(117,856)
Total primary government net assets	$ 1,008,604	$ 1,029,013	$ 1,022,196	$ 1,038,252	$ 1,061,706

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Governmental activities				
Invested in capital assets, net of related debt	$ 558,328	$ 559,343	$ 367,061	$ 360,132
Restricted	116,516	143,951	164,011	210,066
Unrestricted	(298,676)	(396,139)	(282,949)	(297,184)
Total governmental activities net assets	376,168	307,155	248,123	273,014
Business-type activities				
Invested in capital assets, net of related debt	581,594	607,122	650,478	619,758
Restricted	9,528	10,935	11,159	11,422
Unrestricted	60,566	47,065	19,392	45,625
Total business-type activities net assets	651,688	665,122	681,029	676,805
Primary government				
Invested in capital assets, net of related debt	1,139,922	1,166,465	1,017,539	979,890
Restricted	126,044	154,886	175,170	221,488
Unrestricted	(238,110)	(349,074)	(263,557)	(251,559)
Total primary government net assets	$ 1,027,856	$ 972,277	$ 929,152	$ 949,819

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in 2002.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 2

CHANGES IN NET ASSETS

LAST NINE YEARS

(*Accrual Basis of Accounting*) (*Thousands of Dollars*)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities				
General government	$ 159,681	$ 166,270	$ 177,761	$ 180,975
Public safety	229,167	257,207	241,027	263,852
Public works	132,198	137,693	150,591	155,048
Health	22,125	24,679	27,251	27,036
Culture and recreation	22,924	19,520	29,014	19,931
Conservation and development	50,828	64,197	57,967	57,245
Capital contribution to Milwaukee Public Schools	18,725	8,904	15,686	18,002
Contributions	20,378	22,499	20,582	25,465
Interest on long-term debt	29,908	26,981	24,159	22,589
Total Governmental Activities Expenses	685,934	727,950	744,038	770,143
Business-type Activities				
Water	52,821	56,554	54,030	58,230
Sewer Maintenance	24,214	26,440	24,361	26,096
Parking	21,893	21,438	22,283	22,369
Other activities	33,924	34,936	34,214	34,789
Total Business-type Activities	132,852	139,368	134,888	141,484
Total Primary Government Expenses	818,786	867,318	878,926	911,627
Program Revenues				
Governmental activities				
Charges for services				
General government	14,411	10,822	10,460	11,049
Public safety	8,081	8,348	13,153	13,888
Public works	31,652	32,777	33,305	35,382
Health	877	890	911	693
Culture and recreation	2,308	2,366	2,412	1,808
Conservation and development	420	511	584	590
Operating grants and contributions	89,217	94,646	82,664	87,718
Total Governmental Activities Program Revenues	146,966	150,360	143,489	151,128
Business-type Activities				
Charges for services				
Water	74,300	74,136	71,579	71,903
Sewer Maintenance	28,007	32,657	30,959	31,072
Parking	37,735	39,279	41,470	38,961
Other activities	33,416	34,363	33,631	36,395
Capital grants and contributions	1,108	2,053	2,236	1,850
Total Business-type Activities Program Revenues	174,566	182,488	179,875	180,181
Total Primary Government Program Revenues	321,532	332,848	323,364	331,309
Net (Expense)/Revenue				
Governmental Activities	(538,968)	(577,590)	(600,549)	(619,015)
Business-type Activities	41,714	43,120	44,987	38,697
Total primary government net expense	(497,254)	(534,470)	(555,562)	(580,318)

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Table 2 (continued)

Fiscal Year				
2006	2007	2008	2009	2010
$ 179,647	$ 204,724	$ 208,608	$ 207,504	$ 259,420
263,608	297,711	314,935	331,409	326,366
154,644	157,701	174,629	167,983	168,699
27,316	23,102	20,830	22,995	23,360
21,506	21,298	20,639	22,901	21,075
66,092	70,025	61,693	50,683	66,758
14,028	2,788	6,474	5,153	91,161
25,412	21,915	22,177	21,026	23,321
32,131	30,536	28,368	23,985	26,467
784,384	829,800	858,353	853,639	1,006,627
58,074	62,064	64,562	67,946	67,966
26,605	29,928	29,167	34,847	41,188
22,609	24,025	25,078	24,659	25,450
35,603	37,927	44,401	48,356	49,877
142,891	153,944	163,208	175,808	184,481
927,275	983,744	1,021,561	1,029,447	1,191,108
12,174	12,408	12,589	9,011	9,931
13,522	15,121	17,998	16,649	16,202
44,722	45,855	53,348	62,553	68,135
667	798	644	1,078	1,071
1,892	1,888	1,443	1,482	1,504
551	426	388	284	303
91,271	75,074	77,032	73,694	95,018
164,799	151,570	163,442	164,751	192,164
69,636	72,808	73,731	73,132	73,473
34,261	37,756	40,724	48,199	52,046
40,736	39,730	43,961	42,245	47,477
35,489	37,199	45,096	49,456	53,143
7,780	6,062	10,203	18,674	58,949
187,902	193,555	213,715	231,706	285,088
352,701	345,125	377,157	396,457	477,252
(619,585)	(678,230)	(694,911)	(688,888)	(756,724)
45,011	39,611	50,507	55,898	42,868
(574,574)	(638,619)	(644,404)	(632,990)	(713,856)

See accompanying independent auditors' report.

CITY OF MILWAUKEE

CHANGES IN NET ASSETS

LAST NINE YEARS

(*Accrual Basis of Accounting*) (*Thousands of Dollars*)

Table 2 (continued)

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes	$ 207,944	$ 213,014	$ 217,762	$ 224,918
State aids for General Fund	283,068	284,565	273,865	272,875
Miscellaneous	57,999	56,815	56,321	82,796
Special item - receipt of loans receivable	-	-	-	14,325
Transfers	11,151	18,073	22,622	33,631
Total Governmental Activities	560,162	572,467	570,570	628,545
Business-type Activities				
Miscellaneous	686	482	797	1,460
Transfers	(11,151)	(18,073)	(22,622)	(33,631)
Total Business-type Activities	(10,465)	(17,591)	(21,825)	(32,171)
Total Primary Government	549,697	554,876	548,745	596,374
Change in Net Assets				
Governmental Activities	21,194	(5,123)	(29,979)	9,530
Business-type Activities	31,249	25,529	23,162	6,526
Total Primary Government	$ 52,443	$ 20,406	$ (6,817)	$ 16,056

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Table 2 (continued)

	Fiscal Year				
	2006	2007	2008	2009	2010
	$ 236,043	$ 243,654	$ 257,210	$ 270,191	$ 283,442
	272,417	272,539	271,100	272,337	270,939
	87,510	84,042	61,949	47,217	179,057
	-	-	-	-	
	33,569	36,483	38,052	40,111	48,177
	629,539	636,718	628,311	629,856	781,615
	2,058	2,121	979	120	1,085
	(33,569)	(36,483)	(38,052)	(40,111)	(48,177)
	(31,511)	(34,362)	(37,073)	(39,991)	(47,092)
	598,028	602,356	591,238	589,865	734,523
	9,954	(41,512)	(66,600)	(59,032)	24,891
	13,500	5,249	13,434	15,907	(4,224)
	$ 23,454	$ (36,263)	$ (53,166)	$ (43,125)	$ 20,667

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE YEARS

(Modified Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Revenues:				
Property taxes	$ 183,697	$ 197,499	$ 198,938	$ 205,205
Other taxes	16,579	16,336	19,284	20,461
Special assessments	4,053	4,482	4,665	4,651
Licenses and permits	10,814	10,883	11,530	13,374
Intergovernmental	356,730	362,778	337,058	355,406
Charges for services	63,726	61,478	66,409	68,762
Fines and forfeits	5,210	6,115	5,647	5,893
Contributions received	21,107	22,499	22,236	25,187
Other	26,806	24,040	24,811	32,333
Total Revenues	688,722	706,110	690,578	731,272
Expenditures:				
Current:				
General government	183,046	189,789	203,331	209,446
Public safety	227,416	259,379	241,100	262,934
Public works	92,028	91,406	93,047	92,701
Health	22,219	24,696	27,365	26,970
Culture and recreation	20,893	19,031	19,736	19,162
Conservation and development	40,113	38,519	34,629	32,079
Capital outlay	93,515	107,829	104,842	138,839
Debt Service:				
Principal retirement	76,046	73,696	68,618	81,206
Interest	28,980	28,250	28,620	29,593
Bond issuance costs	1,104	542	411	887
Total Expenditures	785,360	833,137	821,699	893,817
Excess (deficiency) of Revenues over Expenditures	(96,638)	(127,027)	(131,121)	(162,545)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	101,838	81,901	89,331	126,828
Refunding bonds issued	138,044	16,563	-	28,112
Payment to refunded bond escrow agent	(150,999)	(17,648)	-	(30,492)
Payment - current refunding	-	-	-	-
Loans receivable activities	-	-	-	-
Issuance premium	19,313	6,589	10,467	13,692
Capital lease	-	563	-	-
Transfers in	47,776	50,318	57,312	71,699
Transfers out	(36,625)	(32,245)	(34,690)	(38,068)
Total Other Financing Sources and Uses	119,347	106,041	122,420	171,771
Special Item:				
Receipt of loans receivable	-	-	-	14,325
Net Change in Fund Balances	$ 22,709	$ (20,986)	$ (8,701)	$ 23,551
Debt service as a percentage of noncapital expenditures	14.7%	13.2%	12.6%	13.6%

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in 2002.

See accompanying independent auditors' report.

Table 3 (Continued)

Fiscal Year				
2006	2007	2008	2009	2010
$ 214,833	$ 221,082	$ 227,637	$ 238,832	$ 247,956
20,910	20,867	27,746	30,291	34,109
3,823	3,542	3,631	2,418	3,421
13,729	13,704	12,918	12,186	12,948
345,078	336,870	333,345	332,138	344,929
84,191	79,754	88,224	93,498	200,461
5,541	5,800	5,277	4,802	5,422
25,807	22,270	21,532	21,300	23,005
44,169	43,990	33,563	40,682	49,541
758,081	747,879	753,873	776,147	921,792
206,581	225,893	224,444	227,325	281,978
267,669	268,456	279,934	290,535	287,815
90,539	97,778	109,196	101,118	101,681
27,782	22,288	20,748	21,867	22,343
20,409	19,714	18,858	19,654	18,046
34,801	30,954	31,796	28,298	35,468
145,095	127,336	114,825	98,003	240,480
146,721	152,077	181,102	205,228	333,780
34,798	35,360	33,637	31,941	33,305
484	78	147	463	1,314
974,879	979,934	1,014,687	1,024,432	1,356,210
(216,798)	(232,055)	(260,814)	(248,285)	(434,418)
215,763	102,928	237,368	227,525	415,291
1,785	-	-	66,585	94,420
-	-	-	(71,800)	(106,500)
(1,819)	-	-	-	-
1,007	4,975	(518)	(250)	(293)
8,033	2,129	3,694	9,437	21,632
-	-	-	-	-
139,533	145,447	201,073	196,930	253,412
(105,964)	(108,964)	(163,021)	(156,819)	(205,235)
258,338	146,515	278,596	271,608	472,727
-	-	-	-	-
$ 41,540	$ (85,540)	$ 17,782	$ 23,323	$ 38,309
20.5%	20.7%	22.5%	24.0%	29.5%

CITY OF MILWAUKEE

Table 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE YEARS

(Modified Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2002	**2003**	**2004**	**2005**	**2006**
General Fund					
Reserved	$ 86,010	$ 89,981	$ 87,036	$ 85,227	$ 105,175
All Other Governmental Funds					
Reserved	$ 161,094	$ 135,708	$ 135,777	$ 148,440	$ 171,682
Unreserved, reported in:					
Capital projects funds	(11,897)	(11,468)	(13,116)	(15,093)	(14,400)
Nonmajor governmental funds	-	-	(4,177)	10,497	8,154
Total all other governmental funds	$ 149,197	$ 124,240	$ 118,484	$ 143,844	$ 165,436

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
General Fund				
Reserved	$ 90,853	$ 73,007	$ 71,356	$ 59,626
All Other Governmental Funds				
Reserved	$ 90,812	$ 154,448	$ 177,820	$ 232,790
Unreserved, reported in:				
Capital projects funds	(12,951)	(39,071)	(38,776)	(27,931)
Nonmajor governmental funds	16,357	14,469	15,776	-
Total all other governmental funds	$ 94,218	$ 129,846	$ 154,820	$ 204,859

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in 2002.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Thousands of Dollars)

Budget Year	Real Estate			Personal Property		
	Residential Property	Commercial Property	Manufacturing Property	Machinery Tools Patterns	Furniture Fixtures & Equipment	All Other
2001	10,292,623	5,612,522	741,472	218,677	621,414	96,287
2002	10,358,671	5,716,180	717,831	215,683	597,457	93,962
2003	12,027,395	6,176,332	765,130	205,531	593,878	97,989
2004	12,938,633	6,493,805	729,858	187,208	560,426	99,587
2005	14,301,662	6,903,490	733,600	178,275	558,290	97,103
2006	16,116,818	7,547,715	721,966	185,601	541,831	108,218
2007	18,211,504	8,498,283	740,265	212,808	577,964	114,128
2008	18,753,915	8,950,205	726,692	220,073	578,674	144,790
2009	19,173,233	9,483,547	772,960	219,741	631,263	150,908
2010	17,743,825	9,485,580	732,008	211,075	632,652	139,433

Budget Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed to Total Estimated Actual Value
2001	17,582,995	10.49	17,344,251	101.4
2002	17,699,784	10.87	19,453,830	90.9
2003	19,866,255	10.15	20,298,387	97.9
2004	21,009,517	9.73	21,730,754	96.7
2005	22,772,420	9.19	23,491,774	96.9
2006	25,222,149	8.75	26,256,714	96.1
2007	28,354,952	7.99	30,226,985	93.8
2008	29,374,373	8.00	31,887,192	92.1
2009	30,431,675	8.09	32,257,525	94.4
2010	28,944,573	8.89	31,266,329	92.6

Source: *The Assessed Values are established by the City of Milwaukee Assessor's Office and are used to calculate property taxes. The Estimated Actual (Equalized) Values are provided by the State Supervisor of Assessments. State law requires all assessments to be within 10% of the equalized value ratio at lease once every four year period.*

Note: *Beginning with the year 2002, property is reassessed each year. Prior to 2002 property was reassessed every two years.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

(Rate per $1,000 of assessed value)

	Budget Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
City Direct Rates (A)										
City of Milwaukee	$ 9.86	$ 10.22	$ 9.51	$ 9.22	$ 8.52	$ 8.08	$ 7.28	$ 7.46	$ 7.59	$ 8.42
Allocation of Debt Service incurred for Schools	0.63	0.65	0.64	0.51	0.64	0.67	0.71	0.55	0.50	0.47
Total Direct Rate	10.49	10.87	10.15	9.73	9.16	8.75	7.99	8.01	8.09	8.89
Overlapping Rates (B)										
Milwaukee School Board	8.81	9.11	8.55	8.12	8.84	8.35	7.48	7.96	8.75	9.41
Less: allocation of Debt Service in City rate	(0.63)	(0.65)	(0.64)	(0.51)	(0.64)	(0.67)	(0.71)	(0.55)	(0.50)	(0.47)
Total School Rate	8.18	8.46	7.91	7.61	8.20	7.68	6.77	7.41	8.25	8.94
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.00	2.23	2.05	2.04	2.00	1.96	1.89	1.92	1.94	2.06
County of Milwaukee	5.46	5.91	5.20	4.94	4.70	4.43	4.18	4.22	4.20	4.48
State of Wisconsin	0.20	0.22	0.20	0.21	0.21	0.20	0.19	0.19	0.18	0.18
Milwaukee Metropolitan Sewerage District	1.68	1.87	1.74	1.64	1.59	1.48	1.39	1.39	1.37	1.43
Total Tax Rate (C)	$ 28.01	$ 29.56	$ 27.25	$ 26.17	$ 25.86	$ 24.50	$ 22.41	$ 23.14	$ 24.03	$ 25.98

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

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Thousands of Dollars)

Table 7

Taxpayer	Type of Business	2010 Assessed Valuation	2010 Percentage of Total Assessed Valuation	2001 Assessed Valuation	2001 Percentage of Total Assessed Valuation
U. S. Bank	Banking	$ 241,691	.86	$ 197,383	1.12
Northwestern Mutual Life Insurance Company	Insurance	192,568	.69	166,879	.94
Metropolitan Associates	Real Estate	96,398	.34	63,592	.36
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	95,478	.34	75,214	.43
NNN 411 East Wisconsin LLC	Real Estate	90,149	.32	-	-
Towne Realty	Real Estate	84,913	.30	82,697	.47
100 E. Wisconsin Ave Joint Venture	Real Estate Investment	65,612	.23	55,166	.31
Riverbend Place	Real Estate	58,924	.21	-	-
Flanders Westborough	Real Estate Investment	56,969	.20	-	-
Geneva Exchange Fund	Real Estate	56,024	.20	-	-
Teachers Insurance & Annuity Association of America	Real Estate	-	-	103,316	.58
Great Lakes, REIT LP	Real Estate	-	-	68,095	.38
Miller Brewing	Brewery	-	-	65,832	.37
Allen Bradley Company	Electric Motors, Electronic Components, Control Div	-	-	56,649	.32
		$ 1,038,726	3.69	$ 934,823	5.28

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

CITY OF MILWAUKEE

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Thousands of Dollars)

Table 8

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Year (B) Current Tax Collections	Collected for the Levy Year (B) Percent Original Levy Collected	Collections Purchased Delinquents Original Levy Year (C)	Collections Total Adjusted Levy in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percentage of Adjusted Levy
2001	$ 211,311	$ 21,254	$ 232,565	$ 206,173	97.57%	$ 13,621	$ 12,684	$ 232,478	99.96%
2002	222,708	19,585	242,293	217,242	97.55	13,599	11,339	242,180	99.95
2003	234,485	20,342	254,827	228,345	97.38	12,918	13,445	254,708	99.95
2004	240,643	21,993	262,636	235,013	97.66	15,497	11,961	262,471	99.94
2005	248,267	22,666	270,933	242,587	97.71	14,992	12,710	270,289	99.76
2006	261,685	24,192	285,877	255,823	97.76	15,664	13,663	285,151	99.75
2007	265,319	30,130	295,449	257,350	97.00	18,581	18,205	294,136	99.56
2008	286,180	38,100	324,280	277,119	96.83	23,952	20,056	321,126	99.03
2009	276,186	27,702	303,888	265,691	96.20	18,018	10,191	294,200	96.81
2010	291,943	36,108	328,051	281,099	96.29	16,715	-	297,814	90.78

(A) This column includes adjustments. The City purchases delinquent taxes from the other units (Milwaukee County, Metropolitan Sewerage District, State, Milwaukee Area Technical College and Milwaukee Public Schools).

(B) Tax collections begin in December for the succeeding Budget Year

(C) Collections of (A) in the year purchased.

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Dollars in Thousands, except per capita)

	Governmental Activities					
Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Fund	Total	Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
2001	$ 566,429	$ 42,137	$ 524,292	$ 17,344,251	3.02%	$ 880.41
2002	591,155	40,466	550,689	19,453,830	2.83%	924.04
2003	598,275	35,365	562,910	20,298,387	2.77%	945.68
2004	618,988	43,807	575,181	21,730,754	2.65%	968.45
2005	664,285	44,207	620,078	23,491,774	2.64%	1,046.08
2006	733,327	52,284	681,043	26,256,714	2.59%	1,153.59
2007	669,404	56,778	612,626	30,226,985	2.03%	1,038.01
2008	725,670	59,849	665,821	31,887,192	2.09%	1,126.85
2009	742,752	68,241	674,511	32,257,525	2.09%	1,154.98
2010	812,183	63,116	749,067	31,266,329	2.40%	1,259.29

	Business-Type Activities					
Year	General Obligation Bonds and Notes	Revenue Bonds	State Loans (Revenue Bonds)	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2001	$ 76,954	$ 45,124	$ -	$ 646,370	2.30%	$ 1,085.41
2002	68,394	44,426	-	663,509	2.31%	1,113.35
2003	61,807	76,528	-	701,245	2.41%	1,178.08
2004	53,943	74,690	-	703,814	2.36%	1,185.03
2005	46,125	71,476	-	737,679	2.39%	1,244.47
2006	74,135	68,150	-	823,328	2.53%	1,394.60
2007	58,936	64,711	14,369	750,642	2.20%	1,271.86
2008	34,970	61,170	49,653	811,614	2.31%	1,373.59
2009	36,803	57,515	48,002	816,831	2.30%	1,398.68
2010	82,002	53,737	80,724	965,530	not available	1,622.74

Note: *Details regarding the city's outstanding debt can be found in the notes to the financial statements and in the Miscellaneous Financial Data Section.*

(A) *See Table 13 for personal income and population data*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 10

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

	Fiscal Year				
	2001	**2002**	**2003**	**2004**	**2005**
Debt limit	$ 1,361,768	$ 1,420,887	$ 1,521,153	$ 1,644,424	$ 1,837,970
Total net debt applicable to limit	601,246	619,083	624,717	629,124	666,203
Legal debt margin	$ 760,522	$ 801,804	$ 896,436	$ 1,015,300	$ 1,171,767
Total net debt applicable to the limit as a percentage of debt limit	44.15%	43.57%	41.07%	38.26%	36.25%

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Debt limit	$ 1,837,970	$ 2,115,889	$ 2,232,103	$ 2,258,027	$ 2,188,643
Total net debt applicable to limit	755,178	671,562	689,401	698,775	805,660
Legal debt margin	$ 1,082,792	$ 1,444,327	$ 1,542,702	$ 1,559,252	$ 1,382,983
Total net debt applicable to the limit as a percentage of debt limit	41.09%	31.74%	30.89%	30.95%	36.81%

CITY OF MILWAUKEE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

Table 10 (continued)

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value			$ 39,944,573
Equalized Value			31,266,329
Debt Limit 7% of Equalized Value			2,188,643
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	$ 449,174		
General Obligation notes	392,208		
Parking bonds and notes	11,754		
Harbor bonds and notes	3,359		
Water Works bonds	13,453		
Sewer Maintenance bonds and notes	53,437		
Water Works revenue bonds	8,461		
Sewer revenue bonds	45,275		
Total Debt		$ 977,121	
Deduct:			
Assets in Debt Service Funds	117,725		
Water Works revenue bonds (A)	8,461		
Sewer revenue bonds	45,275		
Total Deductions		171,461	
Total Amount of Debt Applicable to Debt Limit			805,660
Legal Debt Margin			$ 1,382,983

(A) *The Water Revenue Bonds and Sewer Revenue Bonds are payable only from the income and revenues derived from the operations of the water system and sewer system, respectively. These bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision.*

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. However, it may be reduced in any year by the amount of any surplus money in the debt service fund. The statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. The legal debt margin as of December 31, 2010 was $625,327 for school purposes and $757,656 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2010

(Thousands of Dollars)

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee (C)	City of Milwaukee's Share of Debt
Debt Repaid with property taxes			
Direct Debt:			
City of Milwaukee (A)	$ 805,660	100%	$ 805,660
Overlapping Debt:			
Milwaukee Area Technical College District	101,275	38.30	38,788
County of Milwaukee	747,590	46.85	350,246
Milwaukee Metropolitan Sewerage Area (B)	983,785	47.95	471,725
Total Direct and Overlapping Debt			**$ 1,666,419**

Sources: *Estimated Actual (Equalized) Values used to estimate applicable percentages provided by the State Supervisor of Assessments. Debt outstanding data provided by each governmental unit.*

Note: *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Milwaukee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

(A) *Excludes $46,509 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction.*

(B) *Includes $662,150 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.*

(C) *The percentage of overlapping debt applicable is estimated using estimated actual (equalized) property values. Applicable percentages were estimated by determining the portion of the City's equalized value.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 12

PLEDGED-REVENUE COVERAGE

LAST TEN YEARS

(Thousands of Dollars)

Water Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2001	$ 62,328	$ 41,824	$ 20,504	$ 744	$ 433	$ 1,177	17.42
2002	74,245	37,948	36,297	763	414	1,177	30.84
2003	74,161	42,072	32,089	782	394	1,176	27.29
2004	71,546	47,884	23,662	803	373	1,176	20.12
2005	72,661	51,953	20,708	824	352	1,176	17.61
2006	71,149	51,365	19,784	846	330	1,176	16.82
2007	74,211	55,514	18,697	868	307	1,175	15.91
2008	74,207	58,960	15,247	891	284	1,175	12.98
2009	73,157	63,019	10,138	915	260	1,175	8.63
2010	73,488	66,765	6,723	915	260	1,175	5.72

Sewer Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2002	$ 28,307	$ 15,283	$ 13,024	$ -	$ 1,357	$ 1,357	9.60
2003	32,792	14,722	18,070	1,000	1,340	2,340	7.72
2004	31,279	13,557	17,722	1,035	2,827	3,862	4.59
2005	31,390	15,022	16,368	2,390	2,762	5,152	3.18
2006	34,630	14,834	19,796	2,480	2,667	5,147	3.85
2007	38,170	17,747	20,423	2,570	2,575	5,145	3.97
2008	41,033	16,334	24,699	2,650	2,487	5,137	4.81
2009	48,231	16,438	31,793	2,740	2,386	5,126	6.20
2010	52,063	16,696	35,367	2,840	2,274	5,114	6.92

Note: Water Revenue Bonds issued in 1998. Sewer Revenue bonds issued in 2001 and 2003. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include nonoperating interest income. Operating expenses do not include interest, depreciation, or amortization expenses, but does include the transfer for Payment in Lieu of Taxes.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS

Table 13

		County of Milwaukee				
Year	Population (A)	Personal Income *(Thousands of Dollars* (B)	Per Capita Income (C)	Median Age (D)	School Enrollment (E)	Unemployment Rate (F)
2001	595,508	28,575,875	30,266	30.6	103,397	7.4
2002	595,958	29,331,494	30,929	30.6	103,464	8.9
2003	595,245	29,889,120	31,427	30.6	103,769	7.9
2004	593,920	30,600,767	32,134	30.6	102,309	6.8
2005	592,765	31,393,023	33,001	30.6	100,262	6.5
2006	590,370	33,341,608	35,009	30.6	97,509	6.5
2007	590,190	34,198,399	35,916	30.6	87,360	6.5
2008	590,870	35,409,518	37,118	30.6	85,369	7.9
2009	584,000	35,586,784	37,088	30.6	82,444	11.0
2010	594,833	Not available	Not available	30.3	81,372	11.5

(A) *The December 31, 2001 through 2007 populations are estimated from the Wisconsin Department of Revenue used in the distribution of State Shared Taxes. 2008 and 2009 is from the Wisconsin Department of Administration estimates. (The population data differs from the Census Bureau.)*
2010 is from the Census Bureau.

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

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

(D) *Median age of the population is determined only during a census. These figures represent the data collected by the 2000 and 2010 Regular Census.*

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

(F) *Unemployment Rate is the annual average from the State of Wisconsin,*
Department of Workforce Development.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Table 14

	2010 Estimates (1)			2001		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Aurora Health Care	21,570	1	5.15%	10,924	2	2.42%
U.S. Government (Excludes Zablocki V.A. Medical Center)	10,800	2	2.58%	7,542	4	1.67%
Milwaukee Public Schools	9,958	3	2.38%	11,704	1	2.60%
Wheaton Franciscan Healthcare	8,377	4	2.00%			
Wal-Mart Stores	7,360	5	1.76%			
City of Milwaukee	7,297	6	1.74%	7,650	3	1.70%
Roundy's Supermarkets	6,800	7	1.62%			
Kohl's Corp.	6,384	8	1.52%			
Froedtert Memorial Lutheran Hospital and Community Health	6,090	9	1.45%			
Quad Graphics	5,600	10	1.34%			
Milwaukee County				6,897	5	1.53%
Covenant Health Care				5,689	6	1.26%
M&I Marshall & Ilsley				5,101	7	1.13%
Northwestern Mutual Life				4,144	8	0.92%
University of Wisconsin-Milwaukee				4,104	9	0.91%
Allen-Bradley (now Rockwell)				3,740	10	0.83%
	90,236		21.54%	67,495		14.98%

(1) Reflects full-time equivalent employees.

Note: Data includes all of Milwaukee County.

Source: The 2011 Business Journal Book of Lists. City from internal records.

The 2001 data was from the Department of Administration January 2002 survey. Wisconsin Department of Workforce Development quarterly report of "Employment and Wages".
Total employment data (2001 = 450,598) (2010 = 418,977) from the State of Wisconsin Workforce Development.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 15

CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS - ADOPTED BUDGET POSITIONS

LAST TEN YEARS

	Adopted budgeted positions for the year									
Functions/Programs	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
General Government	748	747	727	685	678	673	692	696	694	694
Temporary - Election Commission	1,338	103	65	103	63	103	29	104	11	11
Public Safety										
Fire										
Fire Fighting Force	1,077	1,075	1,079	1,039	1,033	1,007	1,077	1,001	985	985
Civilians	66	66	67	64	74	75	75	75	79	79
Police										
Law Enforcement	2,135	2,130	2,134	2,149	2,155	2,159	2,156	2,156	2,144	2,144
Civilian	546	582	576	563	564	567	613	606	616	616
School Crossing Guards	241	241	241	241	241	241	241	241	241	241
Neighborhood Services	280	288	216	223	227	224	228	229	229	229
Public Works										
Administrative Services	73	71	69	64	65	65	64	63	63	63
Infrastructure Services	786	783	783	728	711	703	698	696	707	707
Operations	1,824	1,814	1,755	1,619	1,606	1,588	1,577	1,530	1,557	1,557
Sanitation emergency	500	500	500	250	-	-	-	-	-	-
Winter relief	262	262	237	159	74	66	66	66	66	66
Health	368	377	367	359	345	326	337	312	306	306
Culture and recreation	447	449	445	409	409	402	398	396	377	377
Conservation and development	287	271	325	252	238	236	232	220	193	193
Youth initiative positions	-	-	-	-	-	25	25	25	25	25
Water	400	388	382	363	363	355	346	346	348	348
Sewer Maintenance	191	193	209	198	198	199	189	179	172	172
Parking	125	128	128	128	128	129	128	129	129	129
Port of Milwaukee	35	35	34	33	29	30	31	35	35	35
Subtotal	11,729	10,503	10,339	9,629	9,201	9,173	9,202	9,105	8,977	8,977
Less: General Government Temporary - Election Commission	(1,338)	(103)	(65)	(103)	(63)	(103)	(29)	(104)	(11)	(11)
Total Budgeted Positions	**10,391**	**10,400**	**10,274**	**9,526**	**9,138**	**9,070**	**9,173**	**9,001**	**8,966**	**8,966**

Source: Budget Office. Firefighters and Law Enforcement from Departmental reports.

Note: Beginning in 2004 Fire auxiliary positions were unfunded and therefore excluded. After 2001 temporary poll workers are no longer considered City employees.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

OPERATING INDICATORS BY FUNCTIONS/PROGRAMS

LAST TEN YEARS

Table 16

Functions/Programs	Fiscal Year 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Investment portfolio return	4.12%	1.70%	1.20%	1.50%	3.00%	4.78%	5.09%	2.74%	0.75%	0.32%
Courtroom cases		114,978	131,117	137,432	116,388	114,949	110,130	102,721	112,765	119,779
Public safety										
Police										
Dispatched assignments					292,927	297,286	286,535	266,577	254,044	246,365
Traffic citations	132,732	141,464	146,210	108,346	98,044	93,369	95,327	120,618	114,447	104,001
Homicide clearance rates	83.46%	78.70%	79.44%	80.68%	71.31%	71.84%	83.80%	92.96%	83.00%	75.00%
Fire										
Number of medical emergency assists					51,091	51,862	52,735	53,898	53,047	53,629
Number of fires extinguished					2,662	2,527	2,438	2,073	1,930	2,201
Civilian fire deaths					12	16	14	6	7	3
Building Inspection										
Complaints reported	33,985	30,096	31,479	31,284	34,078	34,431	33,576	34,161	35,940	37,146
Orders issued	42,144	41,762	44,042	44,564	55,443	54,976	52,729	51,760	66,559	67,043
Public Works										
Major streets paving (miles)	11.31	4.63	6.72	3.32	5.94	7.81	4.01	13.01	5.40	11.28
Asphalt patching/pot holes (tons)	10,360	10,500	10,459	10,236	10,014	10,344	10,560	14,900	10,700	10,500
Refuse tonnage	323,577	314,795	322,613	335,033	317,122	312,451	292,775	310,517	298,780	274,651
Recycling tonnage	28,544	27,270	26,101	25,802	25,483	25,300	23,716	22,937	21,862	21,389
Health										
Food inspections	4,920	4,622	4,420	4,113	4,889	5,153	4,972	4,721	5,005	5,208
Immunizations	26,912	23,490	18,941	15,302	22,794	27,444	26,700	30,449	46,838	27,994
Culture and Recreation										
Library hours of operation	36,229	36,229	35,842	36,552	33,339	33,218	34,302	34,372	32,608	25,996
Collections size	3,017,395	3,022,382	3,062,142	3,104,911	3,030,281	3,018,232	2,828,429	2,848,244	2,756,141	2,577,805
Public computers	454	454	474	488	481	495	490	505	505	480
Conservation and Development										
Jobs created	545	514	1,193	2,037	2,466	3,494	2,354	1,073	366	498
Jobs retained	2,203	1,925	1,321	14,108	2,775	9,182	2,092	2,103	888	1,644
New housing units					1,538	982	1,037	196	527	810
Water										
Millions gallons sold	40,813	39,970	36,473	37,237	38,439	35,486	35,049	34,085	33,341	32,500
Population served	831,850	831,979	830,719	833,112	852,857	849,981	858,920	857,816	867,599	861,000
Sewer Maintenance										
Sewer service backups	46	58	59	32	43	40	42	47	28	33
Street flooding complaints	4,428	2,728	2,500	1,724	4,143	4,810	3,366	7,238	3,690	2,770
Parking										
Citations issued	1,217,168	1,075,501	1,002,923	1,113,620	929,714	932,346	906,423	880,859	885,802	874,690
Vehicle tows	31,646	31,541	29,728	29,333	26,799	31,659	36,273	34,898	31,516	28,295
Port										
Metric tonnage total	2,927,447	2,724,231	2,654,876	2,923,364	3,424,827	3,481,541	3,568,929	2,931,125	2,910,515	2,324,566

Sources: Various city departments

Ten years of data was not available for all operating indicators, but will be accumulated as it becomes available.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS

LAST TEN YEARS

Functions/Programs	Fiscal Year 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police										
Stations	7	7	7	7	7	7	7	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	514	495	498	503	482	485	478	521	533	536
Patrol motorcycles	57	57	57	59	59	57	57	57	57	57
Fire Stations	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets - paved	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,272
Streets - unpaved	14	14	14	14	15	15	15	15	15	15
Alleys	416	416	416	416	415	415	415	415	415	415
Street lights	66,419	66,861	67,065	67,294	67,427	67,742	67,447	67,709	67,798	67,949
Alley lights	8,790	8,787	8,792	8,803	8,803	8,917	8,790	8,925	8,931	8,616
Garbage/snow trucks	205	198	195	199	188	173	172	187	188	182
Health										
Health centers	5	5	5	5	5	5	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	277	277	277	277	277	277	277	277	276	276
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,953	1,954	1,956	1,960	1,961	1,964	1,966	1,967	1,955	1,956
Hydrants	19,623	19,730	19,734	19,758	19,754	19,780	19,632	19,824	19,811	19,847
Million gallons pumped	44,997	46,253	46,102	44,309	44,560	41,862	41,873	40,848	39,617	37,443
Million gallons consumed	40,813	39,915	39,435	37,289	38,401	35,486	35,050	34,085	33,341	32,452
Miles of Sewers										
Storm	953	955	956	955	956	956	958	959	960	961
Sanitary	934	935	934	935	935	935	938	939	940	941
Combined	546	547	548	547	548	547	547	547	547	547
Parking										
Parking lots	51	52	51	51	48	46	45	45	45	45
Parking structures	6	4	4	4	4	4	5	5	5	5
Port										
Cargo terminals	6	6	6	6	6	6	6	6	6	6
Rental warehouses and buildings	4	4	4	5	5	5	5	5	5	5
Ferry terminal				1	1	1	1	1	1	1
Cranes and forklifts	13	13	11	11	11	10	10	10	10	10
Vessel berths	13	13	13	13	13	13	13	13	13	14

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.

See accompanying independent auditors' report.