Comprehensive Annual Financial Report

City of Milwaukee, Wisconsin

for the Year Ended December 31, 2013

Office of the Comptroller

Martin Matson
Comptroller

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Exhibit or Table Number	Page Number
INTRODUCTORY SECTION		
Comptroller's Letter of Transmittal		5
Organization Chart		11
Names of Principal Officials		12
FINANCIAL SECTION		
Report of Independent Auditors		15
Management's Discussion and Analysis		18
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Position	1	32
Statement of Activities	2	34
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-1	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-2	41
Statement of Revenues, Expenditures, and Changes in Net Position - Governmental Funds	A-3	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Position of Governmental Funds to the Statement of Activities	A-4	45
Statement of Net Position - Enterprise Funds	B-1	46
Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Funds	B-2	49
Statement of Cash Flows - Enterprise Funds	B-3	50
Statement of Fiduciary Net Position - Fiduciary Funds	C-1	52
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	C-2	53
Combining Statement of Net Position - Component Units	D-1	54
Combining Statement of Activities - Component Units	D-2	56
Notes to the financial statements		60
Required supplementary information:		
Budgetary Comparison Schedule - General Fund	E-1	95
Schedule of Funding Progress	E-2	96
Notes to required supplementary information		97

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Exhibit or Table Number	Page Number
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:		
Combining Balance Sheet - Nonmajor Governmental Funds	F-1	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	F-2	102
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grant and Aid Projects	F-3	103
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Development Block Grant	F-4	104
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Economic Development	F-5	105
Combining Statement of Net Position - Nonmajor Enterprise Funds	G-1	107
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position - Nonmajor Enterprise Funds	G-2	110
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	G-3	111
Combining Schedule of Changes in Assets and Liabilities - Agency Funds	H-1	113
MISCELLANEOUS FINANCIAL DATA:		
Combined Schedule of Delinquent Taxes Receivable	I-1	117
Combined Schedule of Cash and Cash Equivalents and Investments -Primary Government	I-2	118
Debt Service Requirements to Maturity - General Obligation Bonds and Notes	I-3	119
Debt Service Requirements to Maturity - Water Revenue and Disclosure of Bond Coverage	I-4	127
Debt Service Requirements to Maturity - Sewerage System Revenue and Disclosure of Bond Coverage	I-5	128
Schedule of Account Balances - Capital Projects by Purpose	I-6	129
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects by Purpose	I-7	131
General Fund - Schedule of Revenues - Budget and Actual	I-8	133
General Fund - Schedule of Expenditures - Budget and Actual	I-9	134
STATISTICAL SECTION		
Net Position by Component	1	138
Changes in Net Position	2	139
Changes in Fund Balances, Governmental Funds	3	143
Fund Balances, Governmental Funds	4	145
Assessed and Estimated Actual Value of Taxable Property	5	146
Direct and Overlapping Property Tax Rates	6	147
Principal Property Taxpayers	7	148
Property Tax Levies and Collections	8	149
Ratios of Outstanding Debt by Type	9	150
Legal Debt Margin Information	10	151
Computation of Direct and Overlapping Debt	11	153
Pledged Revenue Coverage	12	154
Demographic and Economic Statistics	13	155
Principal Employers	14	156
City Government Employees by Function/Program - Adopted Budget Positions	15	157
Operating indicators by Function/Program	16	158
Capital Asset Statistics by Function/Program	17	159

INTRODUCTORY SECTION

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Martin Matson
Comptroller

John M. Egan, CPA
Deputy Comptroller

Glenn Steinbrecher, CPA
Special Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Office of the Comptroller

July 30, 2014

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, 2013. 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 the cost of a control should not exceed the benefits likely to be derived and 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, CliftonLarsonAllen 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, 2013, 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, 2013, 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 CAFR 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.

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

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www.milwaukee.gov/comptroller

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 2012. 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 for fiscal year 2013: Century City Redevelopment Corporation, City of Milwaukee Redevelopment Authority and the 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 Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28th. The Common Council must complete its review and adopt the budget on or before November 14th. The component units' respective Boards approve their budgets. Once adopted, Common Council approval is required to amend the appropriations in a City 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, WI. It is the 31st largest city in the United States with a 2013 U.S. Census estimated population of 599,164. 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 about 2 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 area is not dominated by any large employers. Less than two percent of Milwaukee area's manufacturers have employment levels greater than 500. Less than one percent of the employers in finance, insurance, and services have more than 500 employees.

Milwaukee is the economic hub of the southeast region and entire state of Wisconsin. It is a premiere center for advanced manufacturing, fresh water research and development, clean and green technology, health care, biomedical technology and financial services. These core industries spur innovation, a strong and growing entrepreneurial

climate, and a boost in Milwaukee's national and global competitiveness. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth and economic development.

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 the past few decades, major additions to the City include the Milwaukee Riverwalk, the Wisconsin Center, Miller Park, the Calatrava, an internationally renowned addition the Milwaukee Art Museum and Pier Wisconsin, as well as major renovations to the U.S. Cellular Arena. Thousands of new condos, lofts, and apartments have been constructed in neighborhoods on and near the lakefront and riverbanks.

Milwaukee is a major commercial shipping hub, importance to both the local and state economies. 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. 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 established its 48th Business Improvement District and Tax Incremental District (TID) #79. In addition, the City manages various Development Fund Projects to promote urban renewal throughout the City. The Corridor encompasses an 880-acre area within the City and includes a range of distinct neighborhoods. A recent federal designation of the City as one of 12 "Manufacturing Communities" will provide a competitive advantage when seeking grants for major projects.

Some of the City's noteworthy revitalization efforts include the following: Northwestern Mutual is building a new 32 stories office building in downtown Milwaukee at a cost of over $400 million. Construction continued in 2013 on the $150 million Potawatomi Casino's hotel with over 380 guest rooms located in the Menomonee Valley. The Reed Street Yards was transformed into a water research and technology park, adjacent to the Milwaukee Water Council Accelerator Building. The City of Milwaukee is in the midst of an ambitious effort to transform the 30th Street Industrial Corridor known as Century City into a major modern employment center and economic hub. North End project's construction for Phase II was completed in 2013 with two five-story buildings containing 155 residential units and 2,280 square feet of retail space. The total cost of Phase II was estimated at $36 million. Phases III through V of the North End project will involve adding another 300 to 400 apartments and retail space. Additionally, the Milwaukee School of Engineering construction of sport facilities, a 780-car parking garage, and a park was completed in 2013.

Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract millions of 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 ethnic 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.

ECONOMIC OUTLOOK

For the year 2013, the City's unemployment rate averaged approximately 10.0%; compared to the State of Wisconsin average of 6.7% and the United States average of 7.4% (from U.S. Department of Labor, Bureau of Labor Statistics). Milwaukee's rate decreased slightly from the 10.1% during 2012.

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 "Aa3" from Moody's and "AA" from Standard & Poor's on the City's most recent 2014 General Obligation Bonds and Notes. The rating from Moody's declined from "Aa2" received in 2013, primarily because of Moody's new rating methodology. By definition, the bond ratings are a measure of the quality and safety of a bond based on the issuers' financial condition. Rating services, such as Moody's and Standard and Poor's, perform evaluations on each debt issue to indicate the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, "Aaa" or "AAA" is the highest (best) rating with D being the lowest (worst). 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 the City being the economic driver for the State of Wisconsin, sizable tax base, strong financial management, improved General Fund position, liquidity available in the Public Debt Amortization Fund, high debt levels offset by rapid debt amortization, and the weak economy. 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 2013 property tax rate for 2014 purposes is $10.58 compared to $10.25 per $1,000 of assessed value. The 2014 budgetary City property tax levy of approximately $253.8 million represents a $3.4 million increase compared to the $250.4 million in 2013. The estimated assessed value used for 2014 budget purposes decreased about 1% to $25 billion. Property taxes revenue funding as a portion of total General Fund budgetary expenditures for 2013 was 28.6% compared to 28.8% for 2012 as depicted in Exhibit E-1.

Property tax increases have been limited by state legislation and the 2014 anticipated state aids increased only $0.3 million. The 2014 budget estimates intergovernmental revenues of $260 million, of which three specific state aids comprise 97% of this amount. The largest amount of state aids comes in the form of State Shared Revenue. It is expected to be $218.7 million in 2014. The state transportation aids (the second largest category) total $25.1 million for 2014. Another large state aid is the Expenditure Restraint Payment. The intent of this program is to reward communities who control their General Fund expenditures and is estimated at about $8.5 million for 2014. Due to stagnant or declining State aids in recent years, revenue diversification and enhancement are essentials to retaining existing service levels. However, State restrictions on the type of charges for service that are available to municipalities erode the ability to diversify revenue. The largest 2014 revenue in the Charges for Services category is the solid waste fee of $35.1 million and street sweeping. Total Charges for Services are estimated to increase $5.2 million to $117.4 million in 2014.

The City remains in good financial condition, as is depicted in Note 8 of the Notes to the Financial Statements. The General Fund maintains a Reserve for Tax Stabilization (a fund balance account) that accumulates the net of revenues and other financing sources less expenditures and other financing uses, and, less other fund reserves. For 2013, this reserve was decreased by $4.1 million to a year-end balance of $70.6 million compared to $74.7 million for 2012. The 2014 budget includes a withdrawal of $20.0 million, leaving that portion of the Reserve for Tax Stabilization available for future years at $50.6 million.

MAJOR CAPITAL PROJECTS

The 2014 capital budget includes funds for various infrastructure and building projects. For 2014, the City capital improvements budget, not including enterprise funds and grants and aid funding, totals $123.4 million, an increase of 18.4% or $19.2 million from the 2013 budget of $104.2 million. Funding of $23.5 million for various tax incremental district's and development projects comprises 19% of the total capital budget for 2014. The Department of Public Works budget for bridges ($10.1 million), street/paving construction ($39.1 million), various building, equipment and forestry projects ($18.2 million) total $67.6 million or approximately 55% of the total 2014 capital budget. Police projects ($9.2 million), Fire projects ($4.4 million) and Library projects ($3.4 million) in the aggregate total $17 million or 14% of the total capital budget.

The annual plan for capital projects budget includes a separate listing of large-scale projects for the ensuing year. These major projects identify all funding sources including City capital budgets and grantor share funds whose

components total at least $2 million. The major projects planned for 2014 total $19.6 million. These projects include two bridge projects of $6.2 million, two major street projects of $9 million, and, one state trunk highway of $4 million.

The City has a Capital Improvements Committee, created 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 that 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, and repurchase agreements (all of which are permissible under State Statutes). The average interest earnings rate for City funds on short-term investments by the City Treasurer was approximately 0.216% in 2013 as compared to 0.221% in 2012. 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. The investable balance generates interest earnings for the City, which is used to offset the property tax levy. The City's long-term pooled cash investment program is in accordance with State Statue 66.0603, and earned an annualized net investment rate of return of 0.052% on about $76 million in investments.

During 2013, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting ongoing cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled $355 million, compared to $369 million in 2012. The financing was accomplished through separate offerings of $100 million General Obligation Cash Flow Promissory Notes in May 2013 for City purposes, $130 million School Revenue Anticipation Notes in October 2013 for school purposes, and the use of short-term commercial paper that provided additional funds as needed. The October borrowing (not a general obligation of the City) represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization.

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. Ten million dollars of Clean Water Fund loans were obtained during 2013 compared to under $1 million in 2012. The City was also able to use the State's Safe Drinking Water (SDW) program to finance over $5 million of the Water Department's capital projects. The Clean Water Fund and Safe Drinking Water program provide below market interest loans to communities to finance storm-water control projects and drinking water projects

In June, 2013, the City borrowed $62 million in order to pay earlier the annual supplemental contribution due to the retirement system. The 5-year borrowing will allow the City to pay on a current basis the amount that has historically been paid in arrears. The cost of borrowing was 2.1%, well below the 8% interest charge on the arrears payment.

For temporary borrowing purposes, the City has $200 million available under an Extendable Municipal Commercial Paper (EMCP) program, and $50 million under a bank line of credit. As of December 31, 2013, there was $92 million of EMCP outstanding, with $2 million outstanding balance for the line of credit.

RISK MANAGEMENT

The City is self-insured for workers' compensation, employee health 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

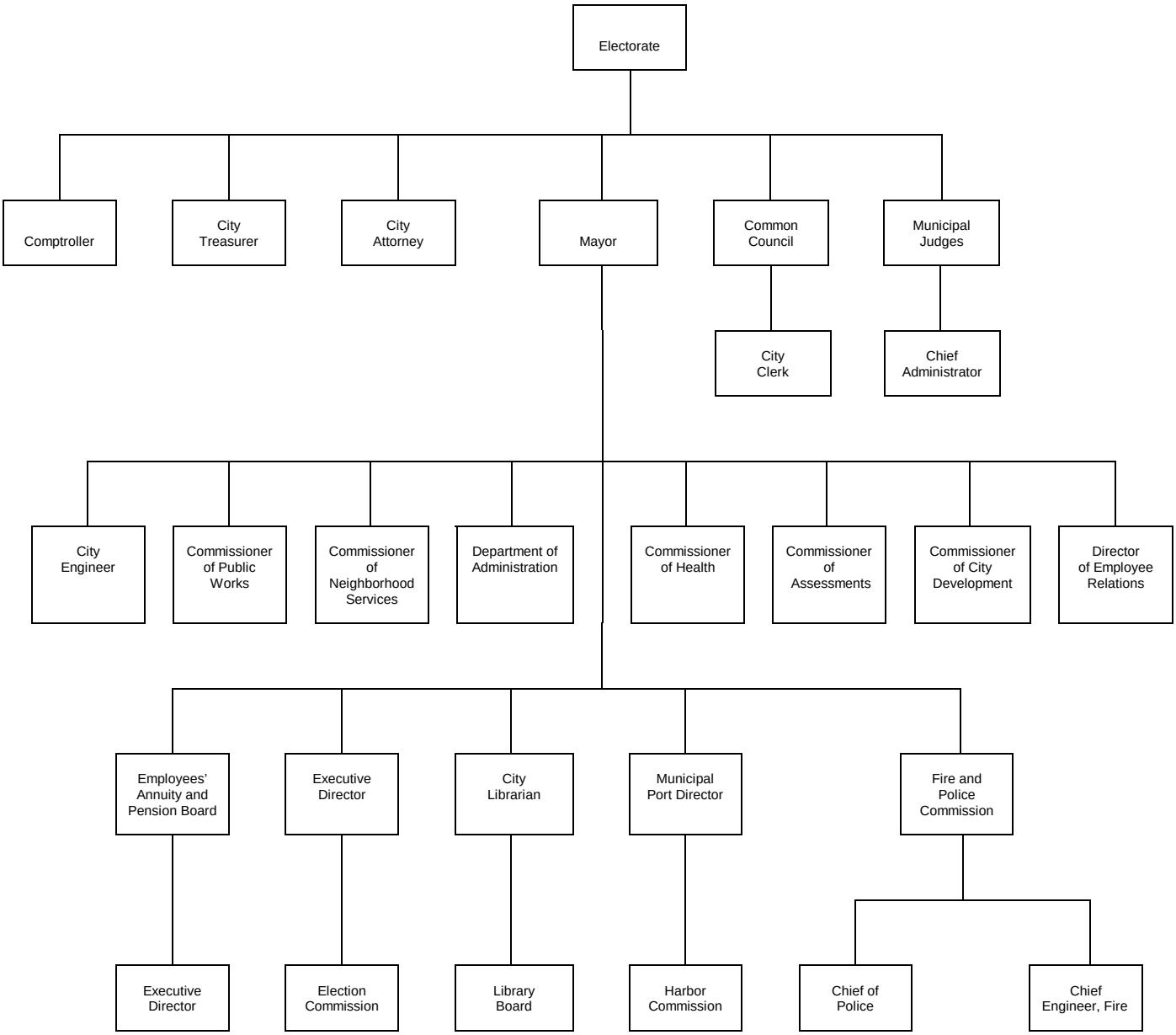
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment, and effort of each member of its General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation, dedication, and extensive involvement of the entire staff of the Office of the Comptroller and the able assistance of our independent auditors, CliftonLarsonAllen 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 CAFR. 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.

Sincerely,

Martin Matson

Martin Matson
Comptroller

CITYOF MILWAUKEE
ORGANIZATION CHART
DECEMBER 31, 2013



CITY OF MILWAUKEE
NAMES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2013

ELECTED

Mayor	Thomas M. Barrett
Comptroller	Martin Matson
City Treasurer	Spencer Coggs
City Attorney	Grant F. Langley
Municipal Judge	Phillip M. Chavez
Municipal Judge	Valarie A. Hill
Municipal Judge	Derek C. Mosley

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	Jose G. Perez
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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Members
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements
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, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Redevelopment Authority of the City of Milwaukee, the Neighborhood Improvement Development Corporation, and the Century City Redevelopment 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 solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

NEXIA INTERNATIONAL
An independent member of Nexia International

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

Opinions

In our opinion, based on our audit and the report 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 as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress on pages 18 - 30, 96 and 97, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukee, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the miscellaneous financial data have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of City of Milwaukee, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Milwaukee, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 30, 2014

Within this section of the City of Milwaukee Comprehensive Annual Financial Report, the City of Milwaukee's (City's) management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. 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 the MD&A. 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 2013 by $923 million (net position); $199 million in governmental activities and $724 million in business-type activities. Governmental activities' unrestricted assets reflect a deficit of $724 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 position decreased 7% compared to the previous year of $993 million.

- The vast majority of the City's net position are capital assets, most of which do not generate revenues by their use or sale. Total net position comprise the following:
  - Capital assets, including property and equipment, net of related debt and accumulated depreciation – $1.3 billion.
  - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – $217 million.
  - Unrestricted net deficit – $(649) million.

- The City's total 2013 year-end other post-employment benefits (OPEB) obligation is $287 million; an increase of 13% from the 2012 obligation of $254 million. The obligation is based on an actuarial valuation as of January 1, 2013, which indicates the 2013 actuarial accrued liability for benefits was $889 million over a 30-year amortization period.

- Total liabilities of the City decreased by $175 million to $1.8 billion. The long-term portion of total liabilities ($1.6 billion) consists of $287 million for OPEB, $1.1 billion for outstanding debt and $73 million for compensated absences, claims, and judgments.

- City governmental expenses exceeded combined program revenues by $743 million. General revenues and transfers of $660 million resulted in a $83 million decrease of net position for the year. Business-type activities produced an increase of net position of 2% over 2012, generating a net change of $13 million in 2013.

- For governmental activities, program revenue supported 20% of the total expenses for 2013. Property taxes and other taxes financed 30% of the primary government's governmental activities' expenses, state aids for the General Fund funded 28%, and miscellaneous revenues and transfers supported 13% of the expenses. Expenses were greater than total revenues and transfers by 9% in 2013.

- For business-type activities, program revenue supported 129% of the expenses for 2013; and, in total exceeded the expenses by $53 million. Miscellaneous revenue and transfers reduced this excess by $40 million to result in a $13 million increase for the year.

- The City's total governmental funds reported total ending fund balances of $346 million this year. Compared to the prior year ending fund balance of $339 million, an increase of $7 million resulted by year end 2013; a 2% increase.

- The General Fund balance at year-end 2013 totaled $104 million – a $2 million decrease compared to 2012. This ending Fund Balance is about 12% of combined General Fund expenditures and transfers disbursed for the year.

- The operating expenditures of the General Fund were $10 million less than budgeted. The change in 2012 to self-insured health care for City employees, that included a higher cost to employees with a combination of deductible and coinsurance components, has resulted in budgetary savings of $6 million in 2013. In addition, departmental salary accounts realized a positive budget variance of $1 million. Unrealized contingencies' budget variance for 2013 resulted in an additional savings in the General Fund of $1 million. These most significant items, that total $8 million, account for 80% of the total positive budget variance for the year 2013.

- Outstanding General Obligation bonds and notes payable increased by $32 million during the current fiscal year from $829 million to $861 million. This increase results from early retirement of General Obligation debt of $228 million and issuance of $260 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. In addition, revenue bonds of $99 million, extendable municipal commercial paper of $92 million and state loans of $83 million were outstanding at year end for a total of $1.1 billion.

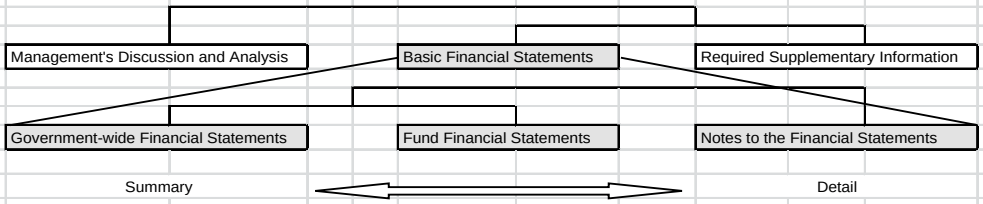
- The City issued General Obligation Cash-flow Promissory Notes for $100 million in advance of receipt of the State Shared Revenues. With the receipt of these revenues, an amount equal to the debt was transferred to the Debt Service Fund.

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 MD&A 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 position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
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 position 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 position and how they have changed. Net position—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 position 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 three other entities in its report: Redevelopment Authority of the City of Milwaukee, Neighborhood Improvement Development Corporation, and Century City Redevelopment 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 Position 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 Position and Changes in Fiduciary Net Position 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 Exhibit 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 position may be observed and used to discuss the changing financial position of the City as a whole. The net position and net expenses of governmental and business-type activities of the City are presented separately below. Table 1 focuses on the net position and Table 2 focuses on the changes in net position.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Current and other assets	$ 942,426	$ 962,360	$ 122,647	$ 118,382	$ 1,065,073	$ 1,080,742
Capital assets	1,002,919	1,018,488	885,951	921,280	1,888,870	1,939,768
Total assets	1,945,345	1,980,848	1,008,598	1,039,662	2,953,943	3,020,510
Loss on refunding	-	-	-	726	-	726
Long-term obligations	1,176,287	1,279,301	270,528	283,290	1,446,815	1,562,591
Other liabilities	487,237	215,172	26,726	32,970	513,963	248,142
Total liabilities	1,663,524	1,494,473	297,254	316,260	1,960,778	1,810,733
Subsequent years property taxes	-	287,666	-	-	-	287,666
Net position:						
Net investment in capital assets	686,492	706,111	623,909	648,594	1,310,401	1,354,705
Restricted	211,440	216,314	-	770	211,440	217,084
Unrestricted	(616,111)	(723,716)	87,435	74,764	(528,676)	(648,952)
Total net position	$ 281,821	$ 198,709	$ 711,344	$ 724,128	$ 993,165	$ 922,837

Net position of the City's governmental activities decreased 29% to $199 million for 2013. The portion of net position restricted as to use totaled $216 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled $706 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 position deficit of $724 million at the end of 2013 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 position of business-type activities increased 2% to $724 million in 2013. The City generally can only use net position to finance the continuing operations of its specific enterprise activities.

Long-term obligations for governmental activities increased 9% and for business-type activities increased 5% from 2012 due primarily to the issuance and retirement of long-term debt and the recording of OPEB.

Total assets including capital assets increased $67 million or 3% from 2012. Capital assets of the primary government increased 2% from the previous year due to several completed major street projects by the State of Wisconsin. For 2013, capital assets of the Water Works and the Sewer Maintenance Funds comprise 94% 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 (45%) consist primarily of water mains and related water facilities and plants; and, the Sewer Maintenance Fund (49%) includes local sewer mains and connections.

Changes in net position. Total annual City revenues less expenses yield the change in net position. The City's program and general revenues totaled $807 million for governmental activities. Forty-two percent of governmental purpose revenues are intergovernmental revenues (State aids, Federal and State grants) while 34% is derived from property and other taxes. Charges for services represent 14% of total revenues, and the remaining 10% generated by licenses, permits, fines and forfeits and other miscellaneous sources.

The City's governmental activity expenses cover a range of services, with $320 million (34%) related to public safety (fire and police, neighborhood services). General government expenditures total $306 million (33%) while public works expenditures total $169 million (18%). Program specific revenues (charges for services) generated only about one-eighth of the revenue

needed to support the cost of governmental activities. General revenues (taxes, State aids, and miscellaneous) provide the remaining funds.

Total governmental activities expenditures exceeded revenues and transfers by $83 million. For business-type activities revenues exceeded its expenditures and transfers by $13 million however, prior to the transfer of $42 million from business type funds to governmental funds, business type funds showed a $53 million excess of revenues over expenses while governmental activities showed a $125 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 Position
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues:						
Charges for services	$ 108,190	$ 111,881	$ 240,096	$ 234,480	$ 348,286	$ 346,361
Operating grants and contributions	100,060	75,747	-	-	100,060	75,747
Capital grants and contributions	18,809	1,536	5,133	3,852	23,942	5,388
General revenues:						
Property taxes and other taxes	279,588	276,193	-	-	279,588	276,193
State aids for General Fund	260,141	259,735	-	-	260,141	259,735
Miscellaneous	81,153	82,059	750	1,443	81,903	83,502
Total revenues	847,941	807,151	245,979	239,775	1,093,920	1,046,926
Expenses						
General government	221,740	305,744	-	-	221,740	305,744
Public safety	328,677	320,317	-	-	328,677	320,317
Public Works	158,527	169,250	-	-	158,527	169,250
Health	22,020	19,743	-	-	22,020	19,743
Culture and recreation	20,512	20,348	-	-	20,512	20,348
Conservation and development	56,872	45,605	-	-	56,872	45,605
Capital contribution to Milwaukee Public Schools	4,853	278	-	-	4,853	278
Contributions	22,803	22,331	-	-	22,803	22,331
Interest on long-term debt	31,105	28,275	-	-	31,105	28,275
Water	-	-	66,571	68,728	66,571	68,728
Sewer Maintenance	-	-	41,430	44,795	41,430	44,795
Parking	-	-	26,101	24,248	26,101	24,248
Port of Milwaukee	-	-	3,940	3,855	3,940	3,855
Metropolitan Sewerage District User Charges.	-	-	43,804	43,737	43,804	43,737
Total expenses	867,109	931,891	181,846	185,363	1,048,955	1,117,254
Increase in net position before transfers	(19,168)	(124,740)	64,133	54,412	44,965	(70,328)
Transfers	44,643	41,628	(44,643)	(41,628)	-	-
Increase in net position	25,475	(83,112)	19,490	12,784	44,965	(70,328)
Net position – Beginning (Restated)	256,346	281,821	691,854	711,344	948,200	993,165
Net position – Ending	$ 281,821	$ 198,709	$ 711,344	$ 724,128	$ 993,165	$ 922,837

Governmental Activities

Revenues for the City's governmental activities totaled $807 million, while total expenses totaled $932 million for 2013. Total revenues, excluding transfers, supported 87% of total expenses; 91% with transfers. Comparable data for 2012 indicates 98% of all revenues, excluding transfers supported the 2012 expenses and, 103% including transfers.

Property taxes represent 33% of the total revenues for 2013 and 2012. The total actual property tax revenues decreased 1% over the previous year. The City of Milwaukee's share of the Tax Rate increased one dollar from $9.25 in 2012 to $10.25 in 2013 (per $1,000 of Assessed Value), due mainly to a decrease in assessed property value. State aids for the General Fund was $260 million both in 2012 and 2013. The combined property taxes and State aids comprised approximately 64% of the total revenues for governmental funds in 2013 compared to 65% in 2012. Charges for services equaled 13% of the total revenues in 2013, the same as 2012. Operating grants, capital grants, and contributions decreased $42 million, to a total $77 million or 10% of total revenues in 2013 compared to 13% in 2012. During 2012 and 2013, non-cash capital grants were recorded to represent the State contribution of completed major street projects on behalf of the City of $2 million.

The total 2013 governmental activity expenditures increased by $65 million (7%) over 2012. A $62 million total employer contribution to Employes' Retirement System (ERS) in 2013 was the major reason for the $65 million growth in governmental activity expenses. The City borrowed $62 million in order to pay earlier the employer required contribution due to the retirement system in 2014. The 5-year borrowing will allow the City to pay on a current basis the amount that has historically been paid one year in arrears. The cost of borrowing was 2.1%, well below the 8% interest charge by ERS on the arrears payment. The City worked with the ERS' actuary to develop a stable employer contribution policy with the objectives of funding obligations responsibly while decreasing year-to-year contribution volatility.

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 burden 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	
	2012	**2013**	**2012**	**2013**
General government	$ 221,740	$ 305,744	$ 208,546	$ 293,204
Public safety	328,677	320,317	282,005	279,908
Public works	158,527	169,250	61,980	88,996
Health	22,020	19,743	8,612	9,192
Culture and recreation	20,512	20,348	16,620	16,551
Conservation and development	56,872	45,605	25,352	25,863
Contributions	27,656	22,609	5,830	738
Interest on long-term debt	31,105	28,275	31,105	28,275
Total Governmental Activities	$ 867,109	$ 931,891	$ 640,050	$ 742,727

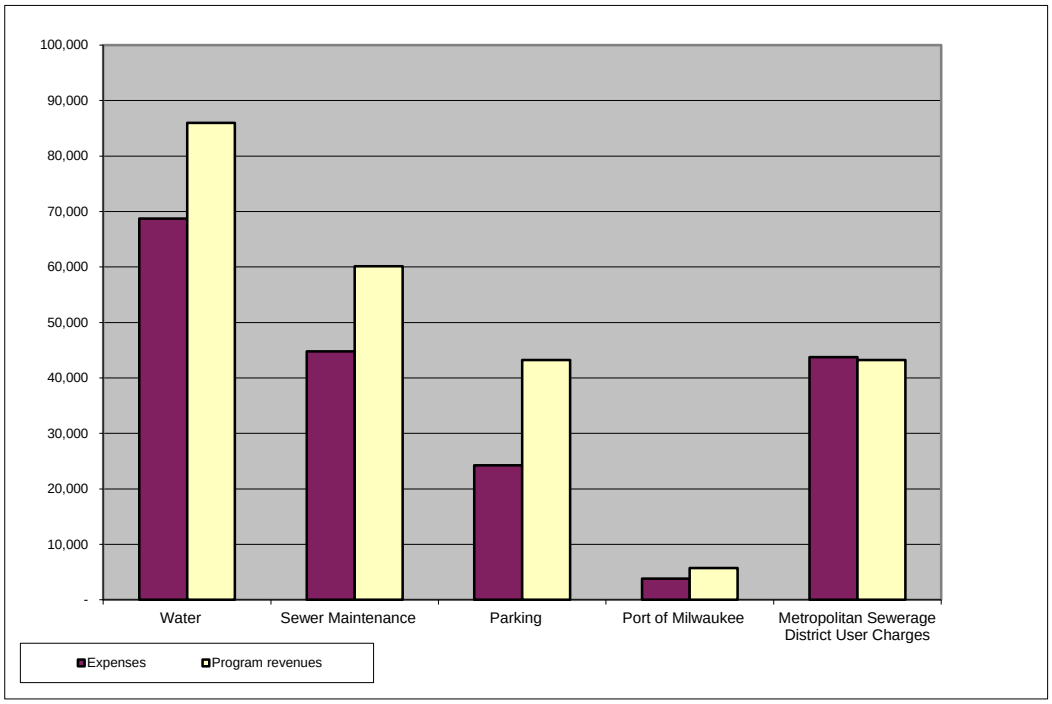
The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities increased in 2013 to $743 million from $640 million in 2012 or 16% change. Because such a small portion of total costs are supported by program revenue, the remainder of the total 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 $68 million and net operating income of $17 million. The Sewer Maintenance produced a net operating income of $35 million after incurring expenses of $22 million.

Business-type revenues on Table 2 decreased by $6 million in 2013 compared to 2012, or 2%. Total expenses and transfers of all enterprise funds of the City remained the same in 2013 compared to 2012. Overall, 2013 year-end Total Net Position increased by $13 million to $724 million, or 2%.

Chart 1
2013 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 governmental 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. 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 2013, its Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $345 million, an increase of $7 million or 2% over 2012. The Capital Projects Fund balance increased to $5 million. 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 Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled $83 million in 2013 compared to $68 million in 2012. The General Obligation Debt Service Fund incurred a positive net change in fund balance of $8 million due to a combination of revenues and other financing sources greater than debt service expenditures and other financing uses, with the major emphasis on the net overall increase in the refinancing of debt during the year compared to the prior year. The General Fund decreased by $2 million to $104 million.

Chart 2 and 3 illustrate spending by function and revenues by source for all governmental funds.

Chart 2
2013 City Spending by Function - Governmental Funds

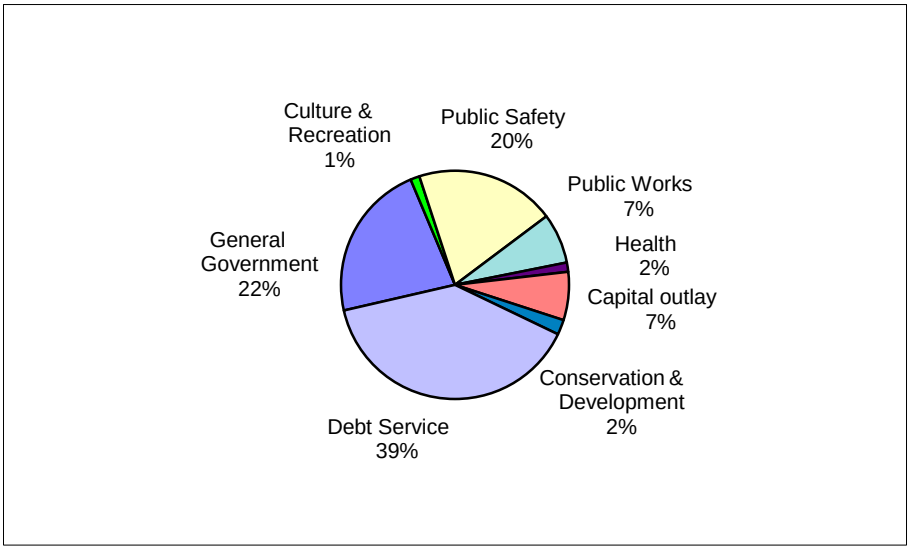
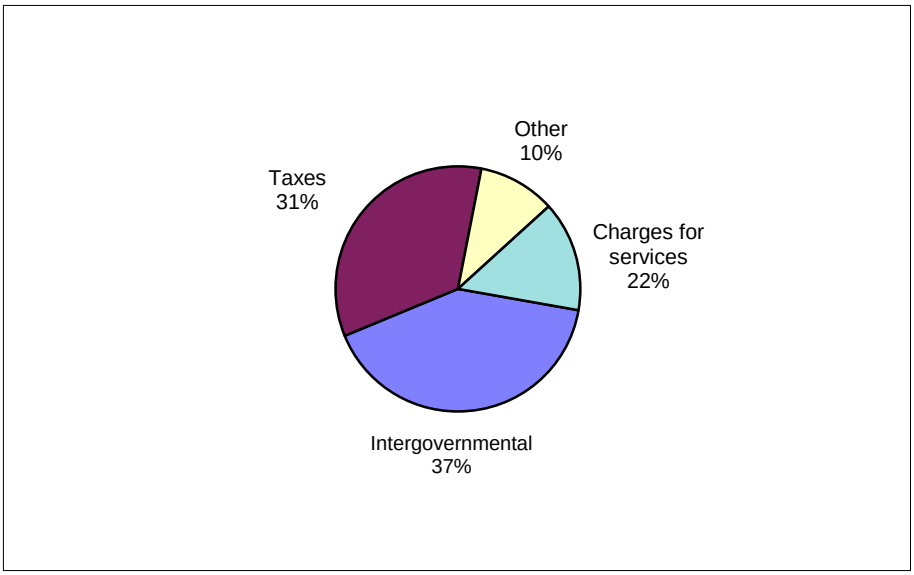


Chart 3
2013 Revenues by Source - Governmental Funds



Revenues for governmental functions overall totaled $805 million in the fiscal year ended December 31, 2013. Expenditures for governmental funds totaled $1.4 billion. Expenditures exceeded revenues by $643 million. Other financing sources closed the gap, leaving a total net increase in governmental fund balances of $7 million for the year compared to an increase of $38 million in 2012. 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 $2 million or 2%. Revenues and other financing sources totaled approximately $841 million and expenditures and other financing uses totaled approximately $843 million - detailed in Table 4 below. Revenues increased by $2 million over 2012 and expenditures increased by $98 million over 2012, with expenditures exceeding revenues by 18%. 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 $108 million. This excludes the budgeted use of funds from the fund balance. Nearly $15 million was budgeted from the fund balance to fund the 2013 General Fund budget. This was a decrease of $1 million from 2012.

Total General Fund revenues for 2013 totaled $606 million. The largest revenue category is intergovernmental at $260 million with 41% of the total revenue. The second largest revenue source is Property Taxes with $173 million or 28%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 18% or $112 million. These three categories combined comprise 87% of the total revenues for 2013.

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:	**2012**	**2013**	**% Change**
Property taxes	$ 167,927	$ 172,594	2.8%
Other taxes	3,363	3,544	5.4%
Licenses and permits	14,410	15,030	4.3%
Intergovernmental	260,141	259,735	-0.2%
Charges for services	108,190	111,881	3.4%
Fines and forfeits	5,042	4,492	-10.9%
Contributions received	21,826	21,871	0.2%
Other	23,483	16,978	-27.7%
Total Revenues	604,382	606,125	0.3%
Other Financing Sources			
Debt proceeds	102,000	188,860	85.2%
Transfers in	48,282	46,247	-4.2%
Total Revenues and Other Financing Sources	754,664	841,232	11.5%
Excess of Revenues over Expenditures	(14,359)	(110,244)	-667.8%
Net Change in Fund Balance	$ 33,804	$ (2,256)	-106.7%

Expenditures and Other Financing Uses

Expenditures:	**2012**	**2013**	% Change
General government	$ 230,532	$ 317,356	37.7%
Public safety	265,900	270,680	1.8%
Public works	93,421	99,907	6.9%
Health	8,656	9,147	5.7%
Culture and recreation	15,912	15,900	-0.1%
Conservation and development	4,320	3,379	-21.8%
	-	-	
Total Expenditures	618,741	716,369	15.8%
Other Financing Uses			
Transfers out	102,119	127,119	24.5%
Total Expenditures and other Financing Uses	$ 720,860	$ 843,488	17.0%

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 2013, $100 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 by $8 million to $142 million or 6%. Revenues combined with *Other Financing Sources* totaled $582 million; expenditures combined with *Other Financing Uses* totaled $574 million; resulting in a *net increase in Fund Balance* for year end 2013 of $8 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, 2013 showed a fund balance of $5 million (an increase in the fund balance of $10 million compared to a fund balance deficit of $5 million in 2012). In 2013, total debt proceeds amounted to $83 million as compared to $68 million in 2012, a 22% increase. Total revenues increased by $13 million from 2012; expenditures increased from $87 million to $98 million or 13%. The issuance of bonds and notes during 2013 for capital purposes combined with revenues and transfers were sufficient to cover the current year's expenditures and, as a result, increased the year-end fund balance by $10 million.

Proprietary Funds

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

At the end of the fiscal year, the total unrestricted net position for all enterprise funds was $75 million. This was a decrease from $88 million at December 31, 2012. This net decrease consists of $7 million in Water Works, and $6 million decrease in the Sewer Maintenance fund.

In 2013, operating revenues of the enterprise funds totaled $234 million (2% decrease); total operating expenses increased $1 million to $161 million. The Water Works is the largest enterprise activity for the City, comprising approximately 36% of the total operating revenues. The Sewer Maintenance Fund comprises 24% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2013, Water Works operating revenues decreased 3% while Sewer Maintenance operating revenues increased 5%; all other enterprise funds combined decreased about 5% compared to 2012. Water Works non-operating revenues for 2013 are mainly composed of interest income and other miscellaneous revenues.

The Water Works incurred total expenses of $68 million for 2013 compared to $65 million for 2012. Excluding depreciation expense, operating expenses decreased over the previous year by $2 million. The non-operating interest expense of the Water Works decreased by $195,000 due to the scheduled principal maturing on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds decreased 1% over 2012.

General Fund Budgetary Highlights

For the fiscal year ended December 31, 2013, the General Fund budgetary basis revenues were lower than budgeted revenues by $5 million. Revenue categories for property taxes, other taxes, and fines/forfeitures had an unfavorable variance compared to budget of $9 million; however, all other categories of licenses/permits, intergovernmental, charges for services and other exceed the final budgeted amounts by $4 million. Actual 2013 revenues increased from that of the prior year by $20 million. Intergovernmental revenues remained constant at $260 million. This category includes financing from the State for shared taxes, local street aids, and payment for municipal services. The operating expenditures were $10 million less than budgeted. This favorable variance is a result of savings from general government departments of $9 million, and a combined savings of $1 million in other classifications.

The original budget for expenditures includes the adopted budget plus the encumbrances carried over from 2012 less the encumbrances carried over to 2014. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2012 by the Common Council less those appropriations authorized for carryover to 2014. 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 2013 General Fund expenditure budget of $656 million and the final budget of $723 million. This is a 17% increase over the final 2012 budget of $618 million. The original revenue budget totaled $607 million with the final budget remaining approximately same. This is a 6% increase over the final 2012 revenue budget of $575 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 $106 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 Fund Balance of $15 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2013 total $1.9 billion (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 $50 million or 2%. Governmental activities' capital assets increased $15 million or a 1% increase from 2012. Business-type activities' capital assets increased $35 million or 4% at the end of 2013. A schedule comparing the assets by type for 2012 and 2013 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 $26 million and deletions were $11 million for 2013 for governmental activities. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund. The Sewer Maintenance Fund had a net change in capital assets that resulted in a net increase of $28 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 66% of its total net assets with 28% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of $8 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Capital assets not being depreciated:						
Land	$ 164,628	$ 164,660	$ 19,049	$ 19,096	$ 183,677	$ 183,756
Construction in progress	41,898	44,241	13,229	12,096	55,127	56,337
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:						
Buildings	285,421	291,942	94,018	95,805	379,439	387,747
Infrastructure	1,503,036	1,540,926	925,263	967,395	2,428,299	2,508,321
Improvements other than buildings	11,891	11,909	8,025	8,025	19,916	19,934
Machinery and equipment	185,968	193,770	231,357	242,638	417,325	436,408
Intangible software	2,605	2,605	-	-	2,605	2,605
Nonutility property	-	-	3,654	3,654	3,654	3,654
Accumulated depreciation	(1,193,870)	(1,232,907)	(408,644)	(427,429)	(1,602,514)	(1,660,336)
Total	$ 1,002,919	$1,018,488	$ 885,951	$ 921,280	$ 1,888,870	$ 1,939,768

Debt

At year-end, the City had $861 million in general obligation bonds and notes, $83 million in State loans, $99 million in revenue bonds, and $92 million in extendable municipal commercial paper outstanding as itemized in Table 6.

New debt issued for general obligation bonds and notes totaled $259 million, of which $2 million related to Port and Parking Enterprises.

The City continues to maintain high investment grade ratings from the two major rating agencies. A rating of "AA" from Standard and Poor's Corporation, and "Aa3" from Moody's Investors Service, Inc, were received on the City's general obligation bonds.

The City's gross general obligation debt per capita, excluding enterprise fund debt, was $1,207 at the end of 2012 and $1,275 at the end of 2013; a 6% increase from the prior year. As of December 31, 2013, the City's outstanding net general obligation debt for governmental activities was 2.87% 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 50% of this limit. The City issues

general obligation notes to purchase a portion of General Fund delinquent taxes. During 2013, notes were issued in the amount of approximately $34.1 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

Table 6
Outstanding Debt
General Obligation, Revenue Bonds and Extendable Municipal Commercial Paper
(Thousand of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
General obligation bonds and notes (backed by the City)	$ 785,867	$ 822,046	$ 43,318	$ 39,334	$ 829,185	$ 861,380
Extendable Municipal Commercial Paper	20,536	46,400	72,464	45,600	93,000	92,000
State loans	-	-	77,083	82,736	77,083	82,736
Revenue bonds (backed by specific fee revenues)	-	-	65,579	98,871	65,579	98,871
Total	$ 806,403	$ 868,446	$ 258,444	$ 266,541	$ 1,064,847	$ 1,134,987

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2013 is 8.7%, compared to 10.1% for 2012. The City of Milwaukee per capita income for the most recent fiscal year available (2012) was $40,628, compared to $39,390 for 2011. Table 13 contains demographic and economic statistics for the last ten calendar years.

The 2014 adopted City Budget is about $1.44 billion with a General Fund budget of $718 million. The General Fund budget increased nearly 1.4% over the 2013 budget of $708 million. In 2014, the City should expend $110 million for health insurance and related costs compared to $119 million budgeted for 2013, a decrease of 8%. Estimated Full-time Equivalent (FTE) employment for all General Fund departments increased by 100 FTE with Police increasing 32, Public Works increasing 48 and all other departments with a net aggregate increase of 20 FTE. The City will maintain mandatory furlough days of three for 2014.

Total property taxes levied for all funds of the City in 2013 for 2014 purposes increased $.33 per thousand dollars of assessed valuation to a rate of $10.58 (3.2%). The 2012 for 2013 rate increased $1.00 (from $9.25 to $10.25 or 10.8%).

The total City property tax levy increased to $254 million from $250 million in 2012. While the rate for 2013 increased, the assessed valuation decreased 1.1%; thus providing roughly the same amount in total property tax revenue in all funds. The property tax levy will provide $95.7 million for general City purposes in 2014. This represents a decrease of $1.1 million from 2013 or 1%. Property Tax Levy for Employee Retirement Purposes will increase $6.3 million for 2014. The 2014 General City Purpose budget includes $117 million in estimated revenue for City charges for services rendered, an increase of $5 million. A City Solid Waste Fee is the largest revenue source in this category and is expected to generate $37 million for 2014. This fee represents 31% of the total charges for services in the 2014 budget. The Street Sweeping-Leaf Collection and Tree Pruning Fee is expected to generate $15 million for 2014, a $.5 million increase over 2013. This Fee comprises 12% of the total charges for services in both 2014 and 2013.

Estimated General City Purposes intergovernmental revenues, primarily from the State of Wisconsin, are projected to total $259.9 million; an increase of $0.3 million from 2013.

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, City Hall, 200 East Wells Street Room 404, Milwaukee, WI 53202.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MILWAUKEE

Exhibit 1

STATEMENT OF NET POSITION

December 31, 2013

(Thousands of Dollars)

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
ASSETS				
Cash and investments	$ 374,711	$ 52,561	$ 427,272	$ 27,726
Receivables (net):				
Taxes	252,753	-	252,753	-
Accounts	36,677	44,242	80,919	306
Unbilled accounts	156	17,729	17,885	-
Special assessments	7,447	-	7,447	-
Notes and loans	108,001	-	108,001	40,200
Accrued interest	370	39	409	931
Due from component units	25,317	-	25,317	-
Due from primary government	-	-	-	159
Due from other governmental agencies	148,127	263	148,390	944
Inventory of materials and supplies	7,919	2,809	10,728	-
Inventory of property for resale	26	-	26	6,709
Prepaid items	856	731	1,587	390
Other assets	-	8	8	-
Total Noncapital Assets	962,360	118,382	1,080,742	77,365
Capital assets:				
Capital assets not being depreciated:				
Land	164,660	19,096	183,756	12,013
Construction in progress	44,241	12,096	56,337	-
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	291,942	95,805	387,747	85,310
Infrastructure	1,540,926	967,395	2,508,321	333
Improvements other than buildings	11,909	8,025	19,934	4,092
Machinery and equipment	193,770	242,638	436,408	159
Intangible software	2,605	-	2,605	565
Nonutility property	-	3,654	3,654	-
Accumulated depreciation	(1,232,907)	(427,429)	(1,660,336)	(14,330)
Total Capital Assets	1,018,488	921,280	1,939,768	88,142
Total Assets	1,980,848	1,039,662	3,020,510	165,507
Deferred Outflows of Resources:				
Loss on refunding	-	726	726	-

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2013
(Thousands of Dollars)

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	$ 44,328	$ 19,337	$ 63,665	$ 2,515
Accrued expenses	35,542	2,202	37,744	2,552
Accrued interest payable	9,762	1,182	10,944	-
Internal balances	(9,984)	9,984	-	-
Due to component units	159	-	159	-
Due to other governmental agencies	1,578	-	1,578	2,896
Unearned revenues	3,787	265	4,052	
Revenue anticipation notes payable	130,000	-	130,000	-
Other liabilities	-	-	-	3,108
Due to primary government:				
Due within one year	-	-	-	3,897
Due in more than one year	-	-	-	21,420
Long-term obligations:				
Due within one year	164,158	63,106	227,264	565
Due in more than one year	1,115,073	220,184	1,335,257	81,519
Total Liabilities	1,494,403	316,260	1,810,663	118,472
Deferred Inflows of Resources:				
Gain on refunding	70	-	70	-
Subsequent years property taxes	287,666	-	287,666	877
Total Deferred Inflows of Resources	287,736	-	287,736	877
NET POSITION				
Net investment in capital assets	706,111	648,594	1,354,705	23,622
Restricted for:				
Debt service	205,078	770	205,848	-
Other purposes	11,236	-	11,236	9,086
Unrestricted	(723,716)	74,764	(648,952)	13,450
Total Net Position	**$ 198,709**	**$ 724,128**	**$ 922,837**	**$ 46,158**

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

CITY OF MILWAUKEE

Exhibit 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Thousands of Dollars)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental Activities:				
General government	$ 305,744	$ 10,131	$ 2,409	$ -
Public safety	320,317	23,759	16,650	-
Public works	169,250	75,968	2,750	1,536
Health	19,743	877	9,674	-
Culture and recreation	20,348	1,137	2,660	-
Conservation and development	45,605	9	19,733	-
Capital contribution to Milwaukee Public Schools	278	-	-	-
Contributions	22,331	-	21,871	-
Interest on long-term debt	28,275	-	-	-
Total Governmental Activities	931,891	111,881	75,747	1,536
Business-type Activities:				
Water	68,728	85,034	-	958
Sewer Maintenance	44,795	57,270	-	2,849
Parking	24,248	43,256	-	-
Port of Milwaukee	3,855	5,686	-	45
Metropolitan Sewerage District User Charges	43,737	43,234	-	-
Total Business-type Activities	185,363	234,480	-	3,852
Total Primary Government	$ 1,117,254	$ 346,361	$ 75,747	$ 5,388
Component units:				
Redevelopment Authority	$ 21,760	$ 7,189	$ 4,750	$ 1,307
Neighborhood Improvement Development Corporation	994	199	361	84
Century City Redevelopment Corporation	762	393	-	-
Total Component Units	$ 23,516	$ 7,781	$ 5,111	$ 1,391

General revenues:

Property taxes and other taxes .....

State aids for General Fund .....

Miscellaneous .....

Transfers .....

Total General Revenues and Transfers .....

Change in Net Position .....

Net Position - Beginning, as restated (note 14) .....

Net Position - 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
$ (293,204)		$ (293,204)	
(279,908)		(279,908)	
(88,996)		(88,996)	
(9,192)		(9,192)	
(16,551)		(16,551)	
(25,863)		(25,863)	
(278)		(278)	
(460)		(460)	
(28,275)		(28,275)	
(742,727)		(742,727)	
-	$ 17,264	17,264	
-	15,324	15,324	
-	19,008	19,008	
-	1,876	1,876	
-	(503)	(503)	
-	52,969	52,969	
(742,727)	52,969	(689,758)	
			$ (8,514)
			(350)
			(369)
			(9,233)
276,193	-	276,193	-
259,735	-	259,735	-
82,059	1,443	83,502	738
41,628	(41,628)	-	-
659,615	(40,185)	619,430	738
(83,112)	12,784	(70,328)	(8,495)
281,821	711,344	993,165	54,653
$ 198,709	**$ 724,128**	**$ 922,837**	**$ 46,158**

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FUND FINANCIAL STATEMENTS

CITY OF MILWAUKEE

Exhibit A-1

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013
(Thousands of Dollars)

	General
ASSETS	
Assets:	
Cash and investments	$ 131,796
Receivables (net):	
Taxes	146,261
Accounts	46,601
Unbilled accounts	156
Special assessments	-
Notes and loans	10
Accrued interest	231
Due from other funds	26,099
Due from component units	-
Due from other governmental agencies	565
Advances to other funds	6,715
Inventory of materials and supplies	7,919
Inventory of property for resale	26
Prepaid items	602
Total Assets	**$ 366,981**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 29,573
Accrued expenses	34,714
Due to other funds	2,512
Due to component units	49
Due to other governmental agencies	6
Unearned revenue	1,001
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	67,855
Deferred Inflows of Resources:	195,592
Fund Balances:	
Nonspendable	15,389
Restricted	-
Committed	1,741
Assigned	43,172
Unassigned	43,232
Total Fund Balances	103,534
Total Liabilities, Deferred Inflows and Fund Balances	**$ 366,981**

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
$ 182,253	$ 35,806	$ 22,698	$ 2,158	$ 374,711
56,166	-	5,264	33,217	240,908
-	-	1,420	24	48,045
-	-	-	-	156
-	-	7,447	-	7,447
67,585	27,010	-	13,396	108,001
15	124	-	-	370
-	-	-	-	26,099
22,661	-	2,634	22	25,317
130,477	-	9,432	8,130	148,604
-	-	-	-	6,715
-	-	-	-	7,919
-	-	-	-	26
-	-	254	-	856
$ 459,157	**$ 62,940**	**$ 49,149**	**$ 56,947**	**$ 995,174**
$ 105	$ -	$ 11,084	$ 3,566	$ 44,328
-	-	397	431	35,542
3,890	-	1,405	8,308	16,115
-	-	-	110	159
-	-	-	1,572	1,578
-	-	1,523	1,263	3,787
130,000	-	-	-	130,000
-	-	6,715	-	6,715
133,995	-	21,124	15,250	238,224
183,024	-	23,637	9,212	411,465
-	-	254	-	15,643
142,138	62,940	14,328	11,236	230,642
-	-	-	21,249	22,990
-	-	-	-	43,172
-	-	(10,194)	-	33,038
142,138	62,940	4,388	32,485	345,485
$ 459,157	**$ 62,940**	**$ 49,149**	**$ 56,947**	**$ 995,174**

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CITY OF MILWAUKEE

Exhibit A-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013
(Thousands of Dollars)

Fund balances - total governmental funds (Exhibit A-1)		$ 345,485
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	$ 164,660	
Buildings, net of $97,385 accumulated depreciation	194,557	
Infrastructure, net of $1,003,794 accumulated depreciation	537,132	
Improvements other than buildings, net of $8,894 accumulated depreciation	3,015	
Machinery and equipment, net of $121,637 accumulated depreciation	72,133	
Intangible assets net of $1,197 accumulated depreciation	2,750	
Construction in progress	44,241	
		1,018,488
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected	15,908	
Grant revenues to be collected	7,925	
Special assessments to be collected	6,607	
Notes and loans receivable to repay long-term bonds and notes	93,359	
		123,799
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.		
Accrued interest payable	(9,762)	
Bonds and notes payable	(868,446)	
Gain on refunding	(70)	
Unamortized premiums	(55,150)	
Compensated absences	(50,461)	
Net other postemployment benefits obligation	(279,370)	
Claims and judgments	(25,804)	
		(1,289,063)
Total net position of governmental activities (Exhibit 1)		**$ 198,709**

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, 2013
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 172,594
Other taxes	3,544
Special assessments	-
Licenses and permits	15,030
Intergovernmental	259,735
Charges for services	111,881
Fines and forfeits	4,492
Contributions received	21,871
Other	16,978
Total Revenues	606,125
Expenditures:	
Current:	
General government	317,356
Public safety	270,680
Public works	99,907
Health	9,147
Culture and recreation	15,900
Conservation and development	3,379
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	716,369
Excess (Deficiency) of Revenues over Expenditures	(110,244)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	188,860
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	46,247
Transfers out	(127,119)
Total Other Financing Sources and Uses	107,988
Net Change in Fund Balances	(2,256)
Fund Balances - Beginning	105,790
Fund Balances - Ending	**$ 103,534**

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
$ 67,772	$ -	$ 4,888	$ -	$ 245,254
24,542	3,070	-	-	31,156
-	-	1,986	-	1,986
-	-	-	-	15,030
907	-	14,572	54,678	329,892
4,932	-	-	-	116,813
-	-	-	-	4,492
-	-	-	-	21,871
1,182	1,692	7,631	11,094	38,577
99,335	4,762	29,077	65,772	805,071
627	-	-	4,448	322,431
-	-	-	16,650	287,330
-	-	-	2,750	102,657
-	-	-	9,674	18,821
-	-	-	2,660	18,560
-	-	-	27,237	30,616
-	-	98,913	-	98,913
531,243	-	-	-	531,243
36,887	-	-	-	36,887
755	-	-	-	755
569,512	-	98,913	63,419	1,448,213
(470,177)	4,762	(69,836)	2,353	(643,142)
104,845	-	83,095	34,145	410,945
182,341	-	-	-	182,341
-	-	-	635	635
14,345	-	-	-	14,345
181,751	2,454	-	-	230,452
(4,663)	(12,247)	(4,270)	(40,525)	(188,824)
478,619	(9,793)	78,825	(5,745)	649,894
8,442	(5,031)	8,989	(3,392)	6,752
133,696	67,971	(4,601)	35,877	338,733
$142,138	**$ 62,940**	**$ 4,388**	**$ 32,485**	**$ 345,485**

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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, 2013

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		6,752
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 ($78,454) less additions from Construction-in-Progress ($10,773) exceeded depreciation expense ($51,701) in the current period less loss on disposals ($411)		15,569
Notes and loans receivable to repay long-term bonds and notes		3,090
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.		
Taxes accrued in prior years	$ (217)	
Capital grants and contributions	(5,276)	
Special assessments beginning of the year $6,849 less $6,607 at year end	(242)	
		(5,735)
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(593,286)	
Issuance premiums	(14,345)	
Gain on refunding	(117)	
Repayments:		
Principal retirement	531,243	
Amortization:		
Premiums	11,167	
Gain/Loss on refunding	(402)	
		(65,740)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	(2,056)	
Net other postemployment benefits obligation	(33,198)	
Claims and judgments	(2,020)	
Accrued interest on bonds and notes	226	
		(37,048)
Changes in net position of governmental activities (Exhibit 2)		**$ (83,112)**

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

CITY OF MILWAUKEE

Exhibit B-1

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2013
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 8,293	$ 16,435	$ 18,170	$ 42,898
Restricted cash and cash equivalents	770	8,893	-	9,663
Receivables (net):				
Accounts	16,408	15,692	12,142	44,242
Unbilled accounts	12,402	2,517	2,810	17,729
Accrued interest	-	39	-	39
Due from other funds	6,402	1,118	877	8,397
Due from other governmental agencies	-	263	-	263
Advances to other fund	218	-	-	218
Inventory of materials and supplies	2,650	159	-	2,809
Prepaid items	712	1	18	731
Other assets	8	-	-	8
Total Current Assets	47,863	45,117	34,017	126,997
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	2,065	-	17,031	19,096
Construction in progress	7,747	-	4,349	12,096
Capital assets being depreciated:				
Buildings	29,055	-	66,750	95,805
Infrastructure	366,897	582,865	17,633	967,395
Improvements other than buildings	-	-	8,025	8,025
Machinery and equipment	225,138	4,880	12,620	242,638
Nonutility property	3,654	-	-	3,654
Accumulated depreciation	(222,261)	(135,262)	(69,906)	(427,429)
Net Capital Assets	412,295	452,483	56,502	921,280
Total Noncurrent Assets	412,295	452,483	56,502	921,280
Total Assets	460,158	497,600	90,519	1,048,277
Deferred Outflows of Resources:				
Loss on refunding	-	712	14	726

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2013

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 6,120	$ 2,330	$ 10,887	$ 19,337
Accrued expenses	1,397	372	433	2,202
Accrued interest payable	179	149	174	502
Compensated absences	1,251	221	315	1,787
Advances from other funds	-	-	218	218
Due to other funds	16,685	-	1,696	18,381
Unearned revenue	-	263	2	265
Extendable Municipal Commercial Paper	-	44,000	1,600	45,600
General obligation debt payable - current	3,121	701	2,030	5,852
Total Current Liabilities	28,753	48,036	17,355	94,144
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	1,264	8,603	-	9,867
Accrued interest payable	-	680	-	680
Total Current Liabilities Payable from Restricted Assets	1,264	9,283	-	10,547
Noncurrent Liabilities:				
General obligation debt payable	12,761	8,687	12,158	33,606
Revenue bonds & State loans payable	9,572	168,916	-	178,488
Other post employment benefits obligation	4,659	1,809	1,622	8,090
Total Noncurrent Liabilities	26,992	179,412	13,780	220,184
Total Liabilities	57,009	236,731	31,135	324,875
NET POSITION:				
Net investment in capital assets	385,577	221,576	40,728	647,881
Restricted for Debt Service	770	-	-	770
Unrestricted	16,802	40,005	18,670	75,477
Total Net Position	**$ 403,149**	**$ 261,581**	**$ 59,398**	**$ 724,128**

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 NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	$ 70,257	$ -	$ -	$ 70,257
Statutory sewer user fee	-	-	41,936	41,936
Sewer maintenance fee	-	57,270	-	57,270
Rent	-	-	12,948	12,948
Fire protection service	7,256	-	-	7,256
Parking meters	-	-	4,982	4,982
Parking permits	-	-	4,282	4,282
Vehicle towing	-	-	5,386	5,386
Parking forfeitures	-	-	21,344	21,344
Other	7,521	-	1,298	8,819
Total Operating Revenues	85,034	57,270	92,176	234,480
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges	-	-	39,208	39,208
Employee services	-	6,971	8,396	15,367
Administrative and general	8,898	-	-	8,898
Depreciation	14,482	6,600	3,360	24,442
Transmission and distribution	19,068	-	-	19,068
Services, supplies, and materials	-	8,902	20,188	29,090
Water treatment	14,721	-	-	14,721
Water pumping	7,899	-	-	7,899
Billing and collection	2,680	-	-	2,680
Total Operating Expenses	67,748	22,473	71,152	161,373
Operating Income	17,286	34,797	21,024	73,107
Nonoperating Revenues (Expenses):				
Investment income	8	30	-	38
Grant revenue	-	2,818	45	2,863
Interest expense	(980)	(5,092)	(688)	(6,760)
Other	290	(17,230)	1,115	(15,825)
Total Nonoperating Revenues (Expenses)	(682)	(19,474)	472	(19,684)
Income before Contributions and Transfers	16,604	15,323	21,496	53,423
Capital contributions	958	31	-	989
Transfers in	-	-	849	849
Transfers out	(12,395)	(6,228)	(23,854)	(42,477)
Change in Net Position	5,167	9,126	(1,509)	12,784
Total Net Position - Beginning, as restated (note 14)	397,982	252,455	60,907	711,344
Total Net Position - Ending	**$ 403,149**	**$ 261,581**	**$ 59,398**	**$ 724,128**

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

CITY OF MILWAUKEE

Exhibit B-3

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 80,857	$ 56,863	$ 93,961	$ 231,681
Receipts from interfund services provided	4,944	-	-	4,944
Payments to suppliers	(22,882)	(9,021)	(59,338)	(91,241)
Payments to employees	(20,842)	(6,731)	(8,044)	(35,617)
Payments from other funds	-	-	(1,272)	(1,272)
Payments to other funds	(1,068)	-	382	(686)
Net Cash Provided by Operating Activities	41,009	41,111	25,689	107,809
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	290	2,994	45	3,329
Other nonoperating expenses	-	(17,309)	-	(17,309)
Transfers to other funds	(12,395)	(6,228)	(23,044)	(41,667)
Net Cash (Used) Provided by Noncapital Financing Activities	(12,105)	(20,543)	(22,999)	(55,647)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	5,342	71,350	3,099	79,791
Acquisition of property, plant, and equipment	(21,984)	(35,189)	(1,611)	(58,784)
Retirement of bonds, notes, and revenue bonds	(7,951)	(60,429)	(3,314)	(71,694)
Interest paid	(1,084)	(2,335)	(713)	(4,132)
Other	-	-	819	819
Net Cash Used for Capital and Related Financing Activities	(25,677)	(26,603)	(1,720)	(54,000)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income (loss)	10	13	-	23
Net Increase (Decrease) in Cash and Cash Equivalents	3,237	(6,022)	970	(1,815)
Cash and Cash Equivalents - Beginning	5,826	31,350	17,200	54,376
Cash and Cash Equivalents - Ending	**$ 9,063**	**$ 25,328**	**$ 18,170**	**$ 52,561**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	$ 8,293	$ 16,435	$ 18,170	$ 42,898
Restricted Cash	770	8,893	-	9,663
	$ 9,063	$ 25,328	$ 18,170	$ 52,561
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 17,286	$ 34,797	$ 21,024	$ 73,107
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	14,482	6,600	3,360	24,442
Changes in assets and liabilities:				
Receivables	464	(173)	1,833	2,124
Due from other funds	6,812	(234)	124	6,702
Inventories	(42)	184	-	142
Prepaid items	(156)	-	-	(156)
Other assets	4	-	-	4
Accounts payable	1,474	(303)	165	1,336
Accrued liabilities	260	77	124	461
Net other postemployment benefits obligation	425	163	120	708
Due to other funds	-	-	(1,013)	(1,013)
Unearned revenue	-	-	(48)	(48)
Net Cash Provided by Operating Activities	$ 41,009	$ 41,111	$ 25,689	$ 107,809

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $958,268.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $172,873 with a net value of $0, and received donated assets in the amount of $30,961.

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

CITY OF MILWAUKEE

Exhibit C-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013
(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	$ 891	$ 3,003	$ 282,784
Total Assets	891	3,003	282,784
LIABILITIES			
Liabilities:			
Accounts payable	$ 51	$ 150	$ 1,515
Due to other governmental agencies	-	-	281,269
Total Liabilities	51	150	282,784
Net Position			
Employees' pension benefits and other purposes	**$ 840**	**$ 2,853**	**$ -**

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 POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 3,079	$ -
Private donations	-	645
Total Contributions	3,079	645
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	6
Total Additions	3,079	651
Deductions		
Benefits	2,910	-
Fees remitted from Trust	-	806
Other	-	1,015
Total Deductions	2,910	1,821
Change in Net Position	169	(1,170)
Net Position - Beginning	671	4,023
Net Position - Ending	**$ 840**	**$ 2,853**

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

CITY OF MILWAUKEE

Exhibit D-1

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2013
(Thousands of Dollars)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
ASSETS				
Current Assets:				
Cash and investments	$ 13,141	$ 1,331	$ 178	$ 14,650
Restricted cash and investments	11,123	1,953	-	13,076
Receivables (net):				
Accounts	101	51	154	306
Notes and loans	39,793	407	-	40,200
Accrued interest	775	156	-	931
Due from primary government	149	10	-	159
Due from other governmental agencies	944	-	-	944
Inventory of property for resale	5,497	1,212	-	6,709
Prepaid items	372	-	18	390
Total Noncapital Assets	71,895	5,120	350	77,365
Capital assets:				
Capital assets not being depreciated:				
Land and land improvements	10,904	-	1,109	12,013
Capital assets being depreciated:				
Buildings	75,222	-	10,088	85,310
Infrastructure	333	-	-	333
Improvements other than buildings	4,092	-	-	4,092
Machinery and equipment	6	-	153	159
Intangible assets	565	-	-	565
Accumulated depreciation	(13,554)	-	(776)	(14,330)
Total Capital Assets, Net of Depreciation	77,568	-	10,574	88,142
Total Assets	149,463	5,120	10,924	165,507

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2013
(Thousands of Dollars)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Accounts payable	$ 2,473	$ 17	$ 24	$ 2,514
Accrued expenses	2,520	15	17	2,552
Due to other governmental agencies	2,687	-	209	2,896
Other liabilities	2,444	664	-	3,108
Total Current Liabilities	10,124	696	250	11,070
Due to primary government:				
Due within one year	3,875	22	-	3,897
Due in more than one year	21,421	-	-	21,421
Total Due to Primary Government	25,296	22	-	25,318
Long-term obligations:				
Due within one year	565	-	-	565
Due in more than one year	61,139	1,530	18,850	81,519
Total Noncurrent Liabilities	61,704	1,530	18,850	82,084
Total Liabilities	97,124	2,248	19,100	118,472
Deferred Inflows of Resources:				
Unavailable revenue	630	247	-	877
Total Deferred Inflows of Resources	630	247	-	877
Total Liabilities, Deferred Inflows of Resources	97,754	2,495	19,100	118,472
NET POSITION:				
Net investment in capital assets	24,398	-	(776)	23,622
Restricted	8,292	794	-	9,086
Unrestricted	19,019	1,831	(7,400)	13,450
Total Net Position	**$ 51,709**	**$ 2,625**	**$ (8,176)**	**$ 46,158**

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

CITY OF MILWAUKEE

Exhibit D-2

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Redevelopment Authority				
Prevention and elimination of blight	$ 21,760	$ 7,189	$ 4,750	$ 1,307
Neighborhood Improvement Development Corp.				
Housing improvements	994	199	361	84
Century City Redevelopment Corporation				
Rental income	762	393	-	-
Total Component Units	$ 23,516	$ 7,781	$ 5,111	$ 1,391

General revenues:
Miscellaneous .....

Total General Revenues .....

Change in Net Position .....

Net Position (Deficit) - Beginning, as restated (note 14).....

Net Position (Deficit) - Ending .....

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

Net (Expense) Revenue and Changes in Net Position			
Redevelopment Authority	**Neighborhood Improvement Development Corporation**	**Century City Redevelopment Corporation**	**Total**
$ (8,514)	$ -	$ -	$ (8,514)
-	(350)	-	(350)
-	-	(369)	(369)
(8,514)	(350)	(369)	(9,233)
502	86	150	738
502	86	150	738
(8,012)	(264)	(219)	(8,495)
59,721	2,889	(7,957)	54,653
$ 51,709	**$ 2,625**	**$ (8,176)**	**$ 46,158**

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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:

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.

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.

Century City Redevelopment Corporation - The Century City Redevelopment Corporation (CCRC) is a nonprofit organization created to perform redevelopment activities within the City. CCRC is managed by a Board of Directors made up of members from City government and employee services are provided by the Redevelopment Authority through a cooperation agreement.

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

The basic financial statements exclude the accounts of the Housing Authority of the City of Milwaukee (HACM), Milwaukee Economic Development Corporation (MEDC), 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 do not meet the criteria established by 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

Housing Authority of the City of Milwaukee

The Housing Authority of the City of Milwaukee (HACM) is responsible for the construction and management of safe, affordable, and quality housing with services that enhance residents' self-sufficiency.

The Housing Authority is governed by a seven member Board of Commissioners who are appointed by the Mayor and confirmed by the Common Council. The City is not legally obligated for any of HACM obligations or debt.

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 MAWIB.

B. Basis of Presentation

***Government-wide Statements*.** The government-wide statement of net position 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 2013 that will be collected in 2014 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources 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.

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.

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 Position/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, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace 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 inflows 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 inflows. 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, 2013 is approximately $1,966,000.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Non-major enterprise fund allowances as of December 31, 2013 were approximately $783,000, $545,000, and $1,219,000 respectively.

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 collectibility 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 $27,154,000 as of December 31, 2013.

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 inflows 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 therefore inventories are classified as non-spendable in fund balance.

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 and are classified as non-spendable in fund balance.

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. Debt Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Long-term debt payable are reported net of the applicable debt premium or discount. Debt issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt 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 premiums for governmental fund types in the General Obligation Debt Service Fund.

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.

R. Fund Balance-Governmental Funds

The fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City's Common Council. The Common Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Common Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is the policy of the City that the City Comptroller will have the authority to assign funds intended for a specific purpose but have not received formal approval by the Common Council. The Comptroller will record funds as assigned fund balance based on intentions for use of the funds and can redeploy assigned resources to an alternative fund balance category based on intended use of the funds.

Unassigned – All other spendable amounts.

When expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first followed by committed, assigned and then unassigned fund balance unless the order of fund balance usage is dictated by legal, borrowing or other requirements.

S. Net Position

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

Net Investment in Capital Assets – 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 "Net investment in capital assets."

T. 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 position.

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.

U. 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.

V. New Accounting Pronouncements

During 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources, or current period outflows and inflows. The implementation of this standard resulted in a retrospective expense to debt issuance cost resulting in a restatement of beginning net position. See note 14 for additional information.

In July 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* The objective of this statement is to enhance note disclosures and RSI for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The City will implement this Statement beginning with the year ending December 31, 2015. The City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In July 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures.* This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and RSI. The City will implement this Statement beginning with the year ending December 31, 2014. The City has not analyzed the potential impact of the Statement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* The objective of this Statement is to provide guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The City implemented this Statement for the year ending December 31, 2013. The implementation of the Statement did not have a significant impact on its financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this statement is to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. The City will implement this Statement beginning with the year ending December 31, 2014. The City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No 68.* The objective of this statement is to address an issue regarding the application of the transition provisions of Statement No. 68. The issue relates to contributions to a defined benefit plan after the measurement date of the government's beginning net pension liability. This Statement will eliminate the source of a potential significant understatement of restated net position and expense in the first year on implementation of Statement 68. The City will implement this Statement simultaneously with Statement 68 beginning with the year ending December 31, 2015. 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, 2013, 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	$ 298,061	$ 298,061	$ -	$ -	$ -	see next page
Other Deposits	117	117	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	6,006	6,006	-	-	-	not rated
Wisconsin Local Government Investment Pool	88,553	88,553	-	-	-	not rated
Municipal Bonds	11,782	-	8,573	2,329	880	see below
U.S. Agencies	7,878	-	-	183	7,695	Aaa
U.S. Treasury	637	-	637	-	-	Aaa
Money Market funds	12,814	12,814	-	-	-	not rated
Certificates of Deposits	1,424	1,424	-	-	-	not rated
	$ 427,272	$ 406,975	$ 9,210	$ 2,512	$ 8,575	
Fiduciary activities:						
Investment type						
Investments in the Pool	$ 285,220	$ 285,220	$ -	$ -	$ -	see next page
Other Deposits	170	170	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government Investment Pool	8	8	-	-	-	not rated
U.S. Treasury strips	1,280	425	855	-	-	AA+
	$ 286,678	$ 285,823	$ 855	$ -	$ -	

Security Ratings

The Governmental and Business-type municipal bond holdings of $11,782,000 were rated by Moody's as follows: Aaa (8.8%), Aa1 (25.5%), Aa2 (27.6%), Aa3 (7.4%), A1 (8.3%), with the remaining holdings unrated (22.4%).

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 Position/Balance Sheet.

As of December 31, 2013, 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	$ 72,991	$ 72,991	$ -	$ -	$ -	not rated
Other Deposits	3,352	3,352	-	-	-	not rated
Deposits and Investments						
Interest Checking	232,449	232,449	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	183,375	183,375	-	-	-	not rated
Investment Portfolio						
Money Market Funds	4,022	4,022	-	-	-	not rated
U.S. Agencies	12,468	1,504	7,920	-	3,044	Aaa
U.S. Treasuries	26,283	5,757	20,526	-	-	Aaa
Corporate Bonds	22,242	1,351	17,649	880	2,362	see below
Foreign Corporate Bonds	6,933	-	6,933	-	-	see below
Municipal Bonds	3,604	325	3,279	-	-	see below
Certificates of Deposits	15,562	15,562	-	-	-	not rated
	$ 583,281	$ 520,688	$ 56,307	$ 880	$ 5,406	

Investment Portfolio Ratings

Corporate bond holdings of $22,242,000 were rated by Moody's as follows: Aaa (37.4%), Aa1 (7.4%), Aa2 (4.4%), Aa3 (17.1%), A1 (11.6%), A2 (4.0%), Baa1 (3.2%) with the remaining holdings unrated (14.9%).

Foreign corporate bond holdings of $6,933,000 were rated by Moody's as follows: Aaa (12.5%), Aa1 (21.7%), Aa2 (45.3%), and Aa3 (20.5%). These holdings are not exposed to foreign currency risk.

Municipal bond holdings of $3,604,000 were rated by Moody's as follows: Aa2 (46.5%), Aa3 (16.0%), A1 (6.2%), with the remaining holdings unrated (31.3%).

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, 2013, $231,000 of the City's bank balances 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.

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 area bank are insured by the Federal Deposit Insurance Corporation (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 deposits and investments on December 31, 2013:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair value	**Less than 1**	**1-5**	**6-10**	**10 and greater**	**Moody's Credit Rating**
Component Units:						
Bank Demand Deposits	$ 8,764	$ 8,764	$ -	$ -	$ -	not rated
Local Government Investment Pool	580	580	-	-	-	not rated
U.S. Treasury Money Market Fund	8,116	8,116	-	-	-	Aaa
U.S. Treasury Notes	1,023	26	997	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	952	287	665	-	-	Aaa
Municipal Bonds	1,010	132	878	-	-	Aa
Corporate Bonds	1,572	466	1,106	-	-	Aa
Certificates of Deposit	3,957	3,957	-	-	-	Aa
Money Market	1,752	1,752	-	-	-	N/A
	$ 27,726	$ 24,080	$ 3,646	$ -	$ -	

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, 2013 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
Redevelopment Authority	$ 10,629,104	$ 5,671,619
Neighborhood Improvement Development Corporation	3,009,140	2,178,224

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, 2013, the Neighborhood Improvement Development Corporation had $50,000 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, 2013, 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)		
2008 and prior	$ 977	$ 1,526	$ 2,503
2009	1,048	1,820	2,868
2010	2,398	4,249	6,647
2011	5,680	9,788	15,468
2012	11,211	19,506	30,717
Total delinquent property taxes receivable	$ 21,314	$ 36,889	58,203
Property taxes receivable on foreclosed property			35,372
Less: Allowance for uncollectible taxes			(30,091)
Net delinquent property taxes receivable, including tax deeded property			$ 63,484

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental activities	**Balance 01-01-13**	**Additions**	**Transfers**	**Deletions**	**Balance 12-31-13**
			(Thousands of Dollars)		
Capital assets not being depreciated:					
Land	$ 164,628	$ 79	$ (47)	$ -	$ 164,660
Construction in progress	41,898	13,116	-	10,773	44,241
Intangible right of ways	1,342	-	-	-	1,342
Total capital assets not being depreciated	207,868	13,195	(47)	10,773	210,243
Capital assets being depreciated:					
Buildings	285,421	7,598	(350)	727	291,942
Infrastructure	1,503,036	42,701	-	4,811	1,540,926
Improvements other than buildings	11,891	18	-	-	11,909
Machinery and equipment	185,968	14,942	-	7,140	193,770
Intangible software	2,605	-	-	-	2,605
Total capital assets being depreciated	1,988,921	65,259	(350)	12,678	2,041,152
Less accumulated depreciation for:					
Buildings	90,849	7,430	(233)	661	97,385
Infrastructure	978,760	29,846	-	4,812	1,003,794
Improvements other than buildings	8,587	307	-	-	8,894
Machinery and equipment	114,914	13,681	-	6,958	121,637
Intangible software	760	437	-	-	1,197
Total accumulated depreciation	1,193,870	51,701	(233)	12,431	1,232,907
Total capital assets being depreciated, net	795,051	13,558	(117)	247	808,245
Government activity capital assets, net	$ 1,002,919	$ 26,753	$ (164)	$ 11,020	$ 1,018,488

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

General government	$ 649
Public safety	9,411
Public works	40,779
Health	241
Culture and recreation	621
Total	$ 51,701

Business-type activities	Balance 01-01-13	Additions	Transfers	Deletions	Balance 12-31-13
			(Thousands of Dollars)		
Water Works					
Capital assets not being depreciated:					
Land	$ 2,018	$ -	$ 47	$ -	$ 2,065
Construction in progress	9,416	22,565	-	24,234	7,747
Total capital assets not being depreciated	11,434	22,565	47	24,234	9,812
Capital assets being depreciated:					
Buildings	27,268	1,815	350	378	29,055
Infrastructure	359,862	7,637	-	602	366,897
Machinery and equipment	214,764	14,781	-	4,407	225,138
Nonutility property	3,654	-	-	-	3,654
Total capital assets being depreciated	605,548	24,233	350	5,387	624,744
Less accumulated depreciation for:					
Buildings	17,152	885	233	520	17,750
Infrastructure	90,742	4,864	-	616	94,990
Machinery and equipment	104,891	8,734	-	4,604	109,021
Nonutility property	362	138	-	-	500
Total accumulated depreciation	213,147	14,621	233	5,740	222,261
Total capital assets being depreciated, net	392,401	9,612	117	(353)	402,483
Water Works capital assets, net	403,835	32,177	164	23,881	412,295
Sewer Maintenance					
Capital assets not being depreciated:					
Construction in progress	181	-	-	181	-
Total capital assets not being depreciated	181	-	-	181	-
Capital assets being depreciated:					
Infrastructure	547,875	35,164	-	174	582,865
Machinery and equipment	4,643	237	-	-	4,880
Total capital assets being depreciated	552,518	35,401	-	174	587,745
Less accumulated depreciation for:					
Infrastructure	126,060	6,535	-	174	132,421
Machinery and equipment	2,776	65	-	-	2,841
Total accumulated depreciation	128,836	6,600	-	174	135,262
Total capital assets being depreciated, net	423,682	28,801	-	-	452,483
Sewer Maintenance capital assets, net	423,863	28,801	-	181	452,483

	Balance 01-01-13	Additions	Transfers	Deletions	Balance 12-31-13
			(Thousands of Dollars)		
Other business-type activities:					
Capital assets not being depreciated:					
Land	17,031	-	-	-	17,031
Construction in progress	3,632	717	-	-	4,349
Total capital assets not being depreciated	20,663	717	-	-	21,380
Capital assets being depreciated:					
Buildings	66,750	-	-	-	66,750
Infrastructure–port	17,526	107	-	-	17,633
Improvements other than buildings	8,025	-	-	-	8,025
Machinery and equipment	11,950	787	-	117	12,620
Total capital assets being depreciated	104,251	894	-	117	105,028
Less accumulated depreciation for:					
Buildings	43,700	1,996	-	-	45,696
Infrastructure–port	9,949	318	-	-	10,267
Improvements other than buildings	6,230	309	-	-	6,539
Machinery and equipment	6,782	737	-	115	7,404
Total accumulated depreciation	66,661	3,360	-	115	69,906
Total capital assets being depreciated, net	37,590	(2,466)	-	2	35,122
Other business-type activities, net	58,253	(1,749)	-	2	56,502
Business-type activity capital assets, net	$ 885,951	$ 59,229	$ 164	$ 24,064	$ 921,280

Depreciation expense for business-type activities was charged to functions as follows:

Water Utility	
Depreciation	$ 14,482
Depreciation charged to Sanitary Sewer	139
	14,621
Sewer Maintenance	6,600
Other business type activities	3,360
Total	$ 24,581

5. DEFERRED INFLOWS OF RESOURCES

Unavailable 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 inflows of resources in the governmental funds as of December 31, 2013 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 186,711	$ 92,300	$ 8,655	$ -	$ 287,666
Delinquent property taxes	8,881	-	-	7,027	15,908
Unavailable grant revenue	-	-	5,740	2,185	7,925
Long-term receivables	-	90,724	2,635	-	93,359
Unbilled special assessments	-	-	6,607	-	6,607
Total	$ 195,592	$ 183,024	$ 23,637	$ 9,212	$ 411,465

6. SHORT-TERM DEBT

During 2013, the City issued and repaid $100,000,000 of General Obligation Cash Flow Promissory Notes, Series 2013 R1 (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 2013.

As of December 31, 2012, the City had outstanding $120,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2013, the City repaid the outstanding balance and issued $130,000,000 short-term RANs for the same purpose. The new notes of $130,000,000 bear an interest rate of 2.0% and will mature on June 30, 2014. 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, 2013 were as follows:

	Balance 01-01-13	Additions	Deductions	Balance 12-31-13	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 679,991	$ 254,038	$ 210,946	$ 723,083	$ 102,246
Milwaukee Public Schools	105,876	4,848	11,761	98,963	8,657
Unamortized premiums	51,972	14,345	11,167	55,150	-
Extendable Municipal Commercial Paper					
City	20,536	234,400	208,536	46,400	46,400
Milwaukee Public Schools	-	100,000	100,000	-	-
Compensated absences	48,405	3,773	1,717	50,461	2,398
Net other postemployment benefits obligation	246,172	68,686	35,488	279,370	-
Claims and judgments	23,784	5,118	3,098	25,804	4,457
Total governmental activities	$ 1,176,287	$ 685,208	$ 582,713	$ 1,279,231	$ 164,158
Business-type activities					
Water Works					
General obligation bonds and notes	$ 18,727	$ -	$ 2,936	$ 15,791	$ 3,121
Unamortized premiums	166	-	75	91	-
Extendable Municipal Commercial Paper	4,000	-	4,000	-	-
Revenue bonds	6,509	5,342	1,015	10,836	1,264
Compensated absences	1,135	587	471	1,251	1,251
Net other postemployment benefits obligation	4,234	1,614	1,189	4,659	-
Total Water Works	34,760	7,543	9,686	32,628	5,636
Sewer Maintenance					
General obligation bonds and notes	10,085	-	697	9,388	701
State Loans	77,083	9,500	3,847	82,736	4,308
Revenue bonds	59,070	37,000	8,035	88,035	4,295
Unamortized premiums	4,469	3,256	977	6,748	-
Extendable Municipal Commercial Paper	67,000	24,850	47,850	44,000	44,000
Compensated absences	169	260	208	221	221
Net other postemployment benefits obligation	1,646	617	454	1,809	-
Total Sewer Maintenance	218,300	75,483	62,068	232,937	53,525
Other Enterprise Funds					
General obligation bonds and notes	14,506	1,808	2,159	14,155	2,030
Unamortized premiums	59	-	26	33	-
Extendable Municipal Commercial Paper	1,464	1,600	1,464	1,600	1,600
Compensated absences	284	383	352	315	315
Net other postemployment benefits obligation	1,471	572	421	1,622	-
Total Other Enterprise	17,468	4,363	4,422	17,725	3,945
Total business-type activities	$ 270,528	$ 87,389	$ 76,176	$ 283,290	$ 63,106

	Balance 01-01-13	New Issues	Repayments	Balance 12-31-13	Amounts Due within One Year
		(Thousands of Dollars)			
Component Units					
Notes payable	$ 20,380	$ -	$ -	$ 20,380	$ -
Revenue bonds	74,615	-	13,330	61,285	565
Unamortized discounts	(78)	-	(78)	-	-
Net other postemployment benefits	366	83	30	419	-
Total component units	$ 95,283	$ 83	$ 13,282	$ 82,084	$ 565

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.

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.

As of December 31, 2013, $179,474,700 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is $234,432,047. 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, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2013, there was $14,774,150 of debt outstanding. There is $98,963,000 of debt for school purposes issued under the City's 5% debt limit. 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, 2013, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately $1,052,908,000. 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. The revenue bonds do not have a General Obligation pledge of the City. During 2013, the City issued $37,000,000 of Sewer Revenue Bonds, $4,850,000 of which were to refund long-term sewer revenue bonds. During 2013, the City also received loans from the State's Safe Drinking Water Loan Program for Water Works Fund projects for a total of $5,342,796, and from the State's Clean Water Fund Program for Sewer Maintenance Enterprise Fund projects for a total of $10,000,000 with $500,000 of the loan immediately forgiven. The revenue bonds and State loans will be repaid from revenues of the Water Works and Sewer Maintenance Enterprise Funds.

D. Letter of Credit

On April 25, 2013, the City entered into a taxable line of credit (the "Line") with PNC Bank, National Association (the "Bank") in the amount of $50,000,000. The Line is secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. The Line has an initial maturity date of April 25, 2016, and may be extended by mutual consent until April 25, 2023. Interest on the line is based upon the Daily LIBOR rate. The Line may be terminated at any time by the City for any reason, and by the Bank for certain events, including downgrade of the City below "BBB+".

During 2013, $7,188,672 was drawn on the Line of which $3,776,672 were for fiscal purposes, and $3,412,000 was issued to finance capital expenditures. Following is a summary of the Line draws (in thousands), which are in the totals in the long-term obligation table in footnote 7(A) above:

Line of Credit

Balance 01-01-13	Additions	Deletions	Balance 12-31-13
$ -	$ 7,189	$ 5,129	$ 2,060

Of the $2,060,000 outstanding on December 31, 2013, all of it is anticipated to be repaid in the next year from cash on hand.

E. Extendable Municipal Commercial Paper

During 2013, the City continued to issue Extendable Municipal Commercial Paper Promissory Notes (the "EMCP"), which are not general obligations of the City. The EMCP are limited obligations of the City payable from proceeds of the sale refunding notes or bonds issued to refinance the EMCP. The EMCP do not represent or constitute a debt of the City within the meaning of any constitutional or statutory limitation. During 2013, $360,850,000 of EMCP were issued of which $125,000,000 were for cash flow needs of the City, $48,000,000 was issued to finance capital expenditures, $63,000,000 for fiscal purposes, $24,850,000 for Sewer purposes pending borrowing with sewer revenue bonds, and $100,000,000 for cash flow needs of the schools. Following is a summary of the EMCP issued (in thousands), which are in the totals in the long-term obligation table in footnote 7(a) above:

Extendable Municipal Commercial Paper

Balance 01-01-13	Additions	Deletions	Balance 12-31-13
$ 93,000	$ 360,850	$ 361,850	$ 92,000

The principal amount outstanding at any one time may not exceed $200,000,000 with the maturity of each note ranging from 1 to 90 days and may be extended up to 180 days from the original maturity date not to exceed the final maturity date of May 22, 2017. Of the $92,000,000 outstanding on December 31, 2013, $44,000,000 is planned to be financed on a long term basis with revenue bonds, and $48,000,000 with long-term general obligation debt.

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					
2014	$ 110,903	$ 33,847	$ -	$ -	$ 144,750
2015	84,004	29,217	-	-	113,221
2016	75,781	25,257	-	-	101,038
2017	68,056	21,684	-	-	89,740
2018	122,794	17,875	-	-	140,669
2019-2023	205,025	50,025	-	-	255,050
2024-2028	123,028	14,674	-	-	137,702
2029-2033	32,455	477	-	-	32,932
Total	$ 822,046	$ 193,056	$ -	$ -	$ 1,015,102
Business-type activities					
Water Works					
2014	$ 3,121	$ 769	$ 1,264	$ 216	$ 5,370
2015	2,512	617	1,295	200	4,624
2016	1,817	487	1,328	167	3,799
2017	856	395	1,362	133	2,746
2018	857	353	1,396	98	2,704
2019-2023	4,198	1,129	1,266	344	6,937
2024-2028	2,430	180	1,393	216	4,219
2029-2033	-	-	1,532	74	1,606
Total	$ 15,791	$ 3,930	$ 10,836	$ 1,448	$ 32,005
Sewer Maintenance					
2014	$ 701	$ 448	$ 8,603	$ 5,726	$ 15,478
2015	703	414	8,834	5,537	15,488
2016	706	380	9,072	5,299	15,457
2017	681	346	9,328	5,029	15,384
2018	681	313	9,642	4,709	15,345
2019-2023	4,316	971	52,947	17,777	76,011
2024-2028	1,600	80	46,985	8,805	57,470
2029-2033	-	-	25,360	2,010	27,370
Total	$ 9,388	$ 2,952	$ 170,771	$ 54,892	$ 238,003
Other Enterprise					
2014	$ 2,030	$ 649	$ -	$ -	$ 2,679
2015	1,821	556	-	-	2,377
2016	1,496	469	-	-	1,965
2017	1,227	396	-	-	1,623
2018	1,133	339	-	-	1,472
2019-2023	4,621	958	-	-	5,579
2024-2028	1,827	143	-	-	1,970
Total	$ 14,155	$ 3,510	$ -	$ -	$ 17,665

	General Obligation Debt		Revenue Bonds Payable		Total Debt
	Principal	Interest	Principal	Interest	Service
	(Thousands of Dollars)				
Total Component Units					
2014	$ -	$ 248	$ 565	$ 37	$ 850
2015	1,500	249	755	36	2,540
2016	-	211	965	36	1,212
2017	-	210	1,190	35	1,435
2018	-	193	1,435	34	1,662
2019-2023	3,697	960	11,600	155	16,412
2024-2028	3,909	749	21,425	107	26,190
2029-2033	4,133	525	23,350	29	28,037
2034-2038	4,369	288	-	-	4,657
2039-2043	2,742	54	-	-	2,796
Total	$ 20,350	$ 3,687	$ 61,285	$ 469	$ 85,791

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, 2013, the City's legal debt limit was $1,849,535,000. Of this amount, $1,321,096,000 was for City purposes and $528,439,000 was for school purposes.

H. Refundings

In May 2013, the City issued General Obligation Promissory Notes, Series 2013 N2 with a par amount of $76,285,000 and Corporate Purpose Bonds, Series 2013 B3 with a par amount of $15,320,000. A portion of these issues were for refunding purposes to provide long-term financing for interim debt, and to reduce the interest cost of long-term debt. The City used $7,271,529 of the proceeds to refund $7,150,000 par value of long-term bonds. The result of the refundings will reduce interest costs by decreasing future debt service payments by $340,150, and result in a present value economic benefit of $337,250.

In June, 2013, the City issued Sewerage System Revenue Bonds, Series 2013 S5 with a par amount of $37,000,000. A portion of the issue was for refunding purposes to provide long-term financing for interim debt, and to reduce the interest cost of long-term debt. The City used $4,850,000 of the proceeds to refund $4,850,000 par value of long-term bonds. The result of the refundings will reduce interest costs by decreasing future debt service payments by $955,033, and result in a present value economic benefit of $755,831.

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, 2013, $36,685,000 of City bonds are considered defeased.

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, 2013 is approximately $17,866,000 for the City and $550,000,000 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, 789 North Water Street, Suite 300, Milwaukee, WI 53202, or may be found by visiting ERS' website www.cmers.com, by clicking on "Library" and then "Reports".

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%, for general City employees enrolled prior to January 1, 2014, 4% for general City employees enrolled on or after January 1, 2014, 7%, police officers, firefighters, 7% for elected officials enrolled prior to January 1, 2014, and 4% for elected officials enrolled on or after January 1, 2014. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute a percentage of their earnable compensation for pension benefits as described above. A general City employee who enrolls as a member in the Employes' Retirement System on or after January 1, 2014 has the following: a minimum service retirement age of 65 and a service retirement allowance equal to 1.6% of the members final average salary times the total number of years of all creditable service; eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service. Additionally, they are eligible for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator. All new city employees enrolled on or after January 1, 2014, are required to contribute 4% of their earnable compensation to the retirement system. The City's employer contributions to the System for the plan year 2013 was $70,607,000, equal to the required contributions on behalf of the plan members for the year. This amount consisted of $45,970,000 from the employer and $24,637,000 from employees. Total contributions for the years ended December 31, 2012 and 2011 were $80,324,000 and $30,446,000, respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a "stable contribution" policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers' share of the normal cost, and to amortize any unfunded past service liability.

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 and COBRA dental 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. 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.

In addition to medical insurance, before 2014 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 covered under the City's Life Insurance plan until December 31, 2013 was 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 after 2013 must have purchased before retirement at least 50% of their annual base salary in voluntary life insurance coverage to be able to continue their enrollment in the City's General Life Insurance program. Premiums are paid at age banded rates that are in effect at that time. Employees maintaining a minimum of 50% of their annual base salary at the time of retirement in voluntary coverage until age 65, upon attaining age 65, have $10,000 of coverage paid for by the City.

General City employees retiring at age 55 or older with 30 years of service or at age 60 regardless of years of service and covered under the group life insurance plan at retirement are eligible prior to 2014 continue coverage at the level on the date prior to their date of retirement. Firefighters retiring at age 49 with 22 years of service, or at age 57 regardless of service, and police officers retiring with 25 years of service regardless of age, or at age 57 regardless of service and who have coverage under the group life insurance plan at the time of 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 2013, the City paid approximately $36,191,000 and $1,361,000, 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	$ 70,422,000
Interest on Net OPEB Obligation	11,408,000
Adjustment to ARC	(10,341,000)
Annual OPEB Cost	71,489,000
Contribution made	37,552,000
Increase in net OPEB Obligation	33,937,000
Net OPEB Obligation - Beginning of year	253,523,000
Net OPEB Obligation - End of year	$ 287,460,000

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
12/31/2011	$ 73,071,000	47.30%	$ 212,886,000
12/31/2012	76,156,000	46.60%	253,523,000
12/31/2013	71,489,000	52.53%	287,460,000

Funded Status and Funding Progress. Actuarial liabilities decreased from $916.4 million as of January 1, 2011, to $888.9 million as of January 1, 2013. Factors contributing to the decrease in actuarial liabilities were favorable healthcare claims experience, favorable demographic experience and changes in plan provisions including increasing the portion of premium paid by certain retirees. As of January 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $888,982,700, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $888,982,700. The covered payroll (annual payroll of active employees covered by the plan) was $382,794,900 and the ratio of the UAAL to the covered payroll was 218 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 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years.

The actuarial assumption for wage inflation is 3%. 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 2013, approximately $7,187,761 was paid for sick leave from all funds. At December 31, 2013, accumulated sick leave earned but not taken totaled approximately $161,979,166 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 2013, terminal leave payments totaled $1,717,000 to employees retiring during the year. As of December 31, 2013, the City has accrued approximately $32,774,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $50,461,000 with the remainder accrued vacation leave of $17,687,000.

9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2013 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
			(Thousands of Dollars)			
Nonspendable						
Loans receivable	$ 10	$ -	$ -	$ -	$ -	$ 10
Advances	6,715	-	-	-	-	6,715
Inventory	7,919	-	-	-	-	7,919
Inventory of property for resale	26	-	-	-	-	26
Prepaid items	602	-	-	254	-	856
Investment-Targeted Mortgage	117	-	-	-	-	117
Spendable						
Restricted for:						
Future debt payments	-	142,138	62,940	-	-	205,078
Capital projects	-	-	-	14,328	-	14,328
Grants	-	-	-	-	4,821	4,821
Economic Development	-	-	-	-	6,415	6,415
Committed to:						
Contributions	1,741	-	-	-	-	1,741
Debt	-	-	-	-	-	-
Delinquent taxes	-	-	-	-	21,249	21,249
Assigned to:						
Conservation and development	213	-	-	-	-	213
General government	19,831	-	-	-	-	19,831
Health	182	-	-	-	-	182
Library	230	-	-	-	-	230
Public safety	1,378	-	-	-	-	1,378
Public works	1,035	-	-	-	-	1,035
2014 budgetary financing	20,000	-	-	-	-	20,000
Environmental remediation	303	-	-	-	-	303
Unassigned	43,232	-	-	(10,194)	-	33,038
Total Fund Balance	$ 103,534	$ 142,138	$ 62,940	$ 4,388	$ 32,485	$ 345,485

Tax Stabilization and Advances to Other Funds

A tax stabilization arrangement is incorporated into the City's adopted *Reserve for Tax Stabilization Fund Balance Policy* and is governed by the City's Code of Ordinances. At December 31, 2013, the tax stabilization reserve was $69,947,000. Of this amount, $20,000,000 has been committed to the funding of the 2014 General Fund budget and $49,947,000 is unassigned for 2015 and subsequent years' budgets. This Reserve includes an amount for advances of $6,715,000 from the General Fund to the Capital Projects Fund. 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 budgeted, 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 prior to budget adoption.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2013 were as follows:

		Due From				
		General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
		(Thousands of Dollars)				
Due To	General Fund	$ -	$ 2,512	$ -	$ -	$ 2,512
	General Obligation Debt	-	3,890	-	-	3,890
	Capital Projects	1,405	-	-	-	1,405
	Nonmajor Governmental Funds	8,308	-	-	-	8,308
	Water Works	14,690	-	1,118	877	16,685
	Nonmajor Enterprise Funds	1,696	-	-	-	1,696
	Totals	$ 26,099	$ 6,402	$ 1,118	$ 877	$ 34,496

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.

The City of Milwaukee General Fund advances funds to the Special Assessments Capital Projects fund periodically to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2013 the outstanding balance was $6,715,000.

The City of Milwaukee Water Fund advanced $272,286 to the Parking Enterprise Fund in 2012. This advance is non-interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2013 the outstanding balance was $218,000

Interfund transfers for the year ended December 31, 2013 were as follows:

Funds Transferred To	Fund Transferred From	Amount
General Fund	General Obligation Debt	$ 1,360
	Nonmajor Governmental Funds	9,013
	Capital Projects	260
	Water Works	12,395
	Nonmajor Enterprise Funds	23,219
	Subtotal General Fund	**46,247**
General Obligation Debt	General	127,119
	Public Debt Amortization	12,247
	Capital Projects	4,010
	Nonmajor Governmental Funds	31,512
	Sewer Maintenance	6,228
	Nonmajor Enterprise Funds	635
	Subtotal Debt Service	**181,751**
Public Debt Amortization	General Obligation Debt	2,454
	Subtotal Public Debt Amortization	**2,454**
Nonmajor Enterprise	General Obligation Debt	849
	Subtotal Nonmajor Proprietary	**849**
	Total Interfund Transfers	**$ 231,301**

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, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) for payment in lieu of taxes from enterprise funds and (5) certain non-major funds are required by statute to transfer funds to the General Fund.

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2013 were as follows:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from RACM for reimbursable expenditures	$ 2,634
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	22,661
Due from NIDC for home and Community Development Block grants	22
Total	$ 25,317

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to NIDC for reimbursable expenditures	$ 10
Due to RACM for reimbursable expenditures	39
Due to RACM for home and Community Development Block grants	110
Total	$ 159

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2014 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)
2014	$ 5,081
2015	5,283
2016	4,249
2017	3,891
2018	3,693
2019-2023	18,266
2024-2028	18,556
2029-2033	20,212
2034 and beyond	2,235
Total	$ 81,466

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, 2013 were as follows:

General liability claims	$ 8,233,000
Workers' compensation claims	12,985,000
Unemployment claims	617,000
Health insurance claims	2,616,000
Pollution remediation obligation	1,353,000

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

	2012	2013
Beginning of year liability	$ 23,879,000	$ 23,784,000
Current year claims and changes in estimates	4,702,000	5,118,000
Claim payments	(4,797,000)	(3,098,000)
End of year liability	$ 23,784,000	$ 25,804,000

Beginning in 2013 the City is also self insured for active retiree health insurance, which is recorded in accounts payable within the General Fund. Changes in the balance of this claim liability during the past year is as follows:

	2013
Beginning of year liability	$ -
Current year claims and changes in estimates	62,530,000
Claim payments	(55,432,000)
End of year liability	$ 7,098,000

Several plaintiffs have brought a series of approximately a dozen similar lawsuits against the City for the refund of allegedly excessive property taxes on various commercial properties such as apartment buildings and pharmacies. The Circuit Court branches have begun to schedule trials in the last half of 2014.

A plaintiff has challenged the assessment of its billboards in a section 74.37 action. The Wisconsin Supreme Court decided in 2006 that the economic scarcity value of the city-issue billboard permit has value that can be assessed as real property. The Joint Finance Committee of the Wisconsin Legislature recently approved a new property tax exemption for these permits that would end this assessment as of January 1, 2014, if adopted by the full Legislature and signed by the Governor. This would effectively reverse the Supreme Court decision, leaving the taxes the City collected in 2009, 2010, 2011 and 2012 still at issue in the court. The circuit court branches have begun to scheduling trials in the last half of 2014.

Several Plaintiffs are contesting the property tax assessments of their contiguous oil terminals. They allege that the City's inclusion of the value of certain through-put contracts is contrary to law and that a tax refund is warranted. The City asserts that the inclusion of the value of these contracts in the assessment is consistent with the law because they run with the property. The four separate cases have been consolidated in court for a trail in early 2015.

The Circuit Court issued the warrant, and the plaintiff was shot by a police officer who was part of the team of officers who executed that warrant. Plaintiff also claimed that the officer who shot him violated his civil rights by using excessive force against him. On November 22, 2013, the Court entered judgment against police officer and awarded to the plaintiff $750,000 in compensatory damages and $250,000 in punitive damages. Post-verdict motions, including a motion for a new trial, are pending. There are several other plaintiff claims against police officers that are pending.

In 2009, negligence action in state court, approximately 181 city residents claim that their homes and personal property were damaged in a sewer backup that occurred during a large rainstorms in June 2008. The case was tried to a jury in September 2013 and the jury returned a verdict assigning part of the blame to the City, part to the Sewage Commission, and part to Veolia, the Commission's private operator. Settlement damages paid by the City in July 2014 are $935,000.

Environmental Liabilities

The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PCB 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 $700,000 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, cleanup 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 2013, the City spent $231,000 in pollution remediation-related activities. At December 31, 2013, the City has an outstanding liability of $1,353,000 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 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 $233,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. The City spent $117,000 in post-closure care of solid waste landfills during 2013. Actual future costs may be higher due to inflation, changes in technology, or changes in regulations.

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, 2013.

Commitments

The following is a list of encumbrances by function at December 31, 2013:

	General Fund	Capital Projects	Water Works	Total
		(Thousands of Dollars)		
General government	$ 13,831	$ 13	$ -	$ 13,844
Conservation and development	213	7,040	-	7,253
Health	182	-	-	182
Library	230	3,219	-	3,449
Public safety	1,378	1,537	-	2,915
Public works	1,035	-	-	1,035
Infrastructures	-	35,281	9,086	44,367
Total	$ 16,869	$ 47,090	$ 9,086	$ 73,045

14. RESTATEMENT

The City of Milwaukee adopted GASB Statement No. 65 Items Previously Recognized as Assets and Liabilities as of January 1, 2013. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The standard eliminates the provision for capitalizing and amortizing debt issue costs. Debt issue costs are considered expense at the time the debt is issued. The beginning net position has been restated.

Additionally the City has restated beginning net position to reflect revenues for prior year long-term receivables of $19,770,000 and unavailable grant funds of $12,807,000 that were previously reported as deferred revenue.

The impact of the restatements described above is as follows:

	Governmental Activities	Business Type Activities	Component Units	Sewer Maintenance Fund
		(Thousands of Dollars)		
Net Position December 31, 2012, as previously reported	$ 251,707	$ 711,646	$ 55,617	$ 252,757
Adjustment for debt issuance costs	(2,463)	(302)	(964)	(302)
Adjustment for deferred revenue recognized as revenues	32,577	-	-	-
Net position December 31, 2012 as restated	$ 281,821	$ 711,344	$ 54,653	$ 252,455

15. Subsequent Events

On January 8, 2014, the City was advanced $14,207,264 on the 2013 Clean Water Fund loan from the State for sewer purposes. The maturity date is May 1, 2013.

On March 12, 2014, the City was advanced $15,000 on the 2013 Clean Water Fund loan from the State for sewer purposes. The maturity date is May 1, 20133.

On May 5, 2014, the City issued $37,000,000 of Extendable Municipal Commercial Paper for City cash flow purposes, capital projects, and fiscal purposes. $12,000,000 of the issuance was paid off on May 16, 2014. The final maturity date is May 22, 2017. The remainder of the issuance is anticipated to be repaid by December 31, 2014 from the receipt of State shared revenues.

On May 16, 2014, the City issued $110,000,000 of general obligation cash flow promissory notes for cash flow purposes. The maturity date is December 23, 2014, and is anticipated to be repaid from the receipt of State shared revenues.

On May 16, 2014, the City issued $83,645,000 of general obligation promissory notes for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2015 through 2024.

On May 16, 2014, the City issued $21,500,000 of general obligation corporate purpose bonds for capital projects and refunding purposes. The bonds mature in each of the years 2025 through 2029.

On July 24, 2014, the City issued $7,800,000 of Extendable Municipal Commercial Paper for City capital projects and tax incremental district purposes. The final maturity date is May 22, 2017. The issuance is anticipated to be repaid by October 24, 2014 from cash on hand and reimbursements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	**Final Budget**		
Revenues:				
Property taxes	$ 181,569	$ 181,569	$ 172,594	$ (8,975)
Other taxes	3,870	3,870	3,544	(326)
Licenses and permits	13,799	13,800	15,030	1,230
Intergovernmental	259,576	259,576	259,735	159
Charges for services	109,088	109,550	111,881	2,331
Fines and forfeits	5,129	5,137	4,492	(645)
Other	33,913	33,914	35,378	1,464
Total Revenues	606,944	607,416	602,654	(4,762)
Expenditures:				
Current:				
General government	267,522	323,015	313,667	9,348
Public safety	267,267	270,798	270,680	118
Public works	92,804	99,943	99,907	36
Health	9,174	9,455	9,147	308
Culture and recreation	15,914	16,085	15,900	185
Conservation and development	3,060	3,396	3,379	17
Total Expenditures	655,741	722,692	712,680	10,012
Deficiency of Revenues over Expenditures	(48,797)	(115,276)	(110,026)	5,250
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	61,860	188,860	127,000
Transfers in	33,436	34,795	46,247	11,452
Transfers out	-	-	(127,119)	(127,119)
Contributions received	28,400	28,400	21,871	(6,529)
Contributions used	(28,341)	(28,616)	(22,089)	6,527
Use of fund balance - reserved for tax stabilization	14,900	14,900	14,900	-
Total Other Financing Sources and Uses	48,395	111,339	122,670	11,331
Net Change in Fund Balance	(402)	(3,937)	12,644	16,581
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	90,890	90,890	90,890	-
Fund Balance - Ending	**$ 90,488**	**$ 86,953**	**$ 103,534**	**$ 16,581**

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 $14.9 million at January 1, 2013.
Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.
The City budgets for pension contributions to paid from the Employees' Retirement System reserve fund as revenues and expenditures which are netted for GAAP basis fund presentation. In 2013, this amount was $18.4 million.

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit E-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2013
(unaudited)

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
1/1/2011	-	916,383,400	916,383,400	0.0%	407,839,733	224.70%
1/1/2012	-	946,857,500	946,857,500	0.0%	409,571,707	231.20%
1/1/2013	-	888,982,700	888,982,700	0.0%	382,794,900	232.23%

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, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	30 years (open)
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.0%
Health care inflation rate	8.0% per year graded down to 4.5% per year ultimate trend in 0.5% increments.

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

Exhibit F-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	$ 969	$ 1,099	$ -	$ 90	$ 2,158
Receivables (net):					
Taxes	-	-	33,217	-	33,217
Accounts	-	24	-	-	24
Notes and loans	7,024	6,372	-	-	13,396
Due from other funds	-	-	-	-	-
Due from component units	21	1	-	-	22
Due from other governmental agencies	5,858	2,272	-	-	8,130
Prepaid items	-	-	-	-	-
Total Assets	**$ 13,872**	**$ 9,768**	**$ 33,217**	**$ 90**	**$ 56,947**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,899	$ 1,667	$ -	$ -	$ 3,566
Accrued expenses	250	181	-	-	431
Due to other funds	3,298	69	4,941	-	8,308
Due to component units	-	110	-	-	110
Due to other governmental agencies	449	1,123	-	-	1,572
Unearned revenue	970	293	-	-	1,263
Total Liabilities	6,866	3,443	4,941	-	15,250
Deferred Inflows of Resources:					
Unavailable revenue	2,185	-	7,027	-	9,212
Fund Balances:					
Restricted	4,821	6,325	-	90	11,236
Committed	-	-	21,249	-	21,249
Total Fund Balances	4,821	6,325	21,249	90	32,485
Total Liabilities, Deferred Inflows and Fund Balances	**$ 13,872**	**$ 9,768**	**$ 33,217**	**$ 90**	**$ 56,947**

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, 2013
(Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Economic Development	Total Nonmajor Governmental Funds
Revenues:					
Intergovernmental	$ 33,805	$ 20,873	$ -	$ -	$ 54,678
Other	-	-	3,565	7,529	11,094
Total Revenues	33,805	20,873	3,565	7,529	65,772
Expenditures:					
Current:					
General government	-	2,409	2,039	-	4,448
Public safety	13,332	3,318	-	-	16,650
Public works	2,750	-	-	-	2,750
Health	9,627	47	-	-	9,674
Culture and recreation	1,448	1,212	-	-	2,660
Conservation and development	5,804	13,929	-	7,504	27,237
Total Expenditures	32,961	20,915	2,039	7,504	63,419
Excess (deficiency) of Revenues over Expenditures	844	(42)	1,526	25	2,353
Other Financing Sources (Uses):					
General obligation bonds and notes issued	-	-	34,145	-	34,145
Loans receivable activities	92	543	-	-	635
Transfers out	-	-	(40,525)	-	(40,525)
Total Other Financing Sources (Uses)	92	543	(6,380)	-	(5,745)
Net Change in Fund Balances	936	501	(4,854)	25	(3,392)
Fund Balances - Beginning	3,885	5,824	26,103	65	35,877
Fund Balances - Ending	**$ 4,821**	**$ 6,325**	**$ 21,249**	**$ 90**	**$ 32,485**

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, 2013
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 34,534	$ 33,805	$ (729)
Expenditures:			
Current:			
Public safety	13,801	13,332	469
Public works	2,797	2,750	47
Health	10,254	9,627	627
Culture and recreation	1,861	1,448	413
Conservation and development	5,821	5,804	17
Total Expenditures	34,534	32,961	1,573
Excess of Revenues over Expenditures	-	844	844
Other Financing Sources (Uses):			
Loans receivable activities	-	92	92
Transfers out	-	-	-
Net Change in Fund Balance	-	936	936
Fund Balance - Beginning	-	3,885	3,885
Fund Balance - Ending	**$ -**	**$ 4,821**	**$ 4,821**

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, 2013
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 20,873	$ 20,873	$ -
Expenditures:			
Current:			
General government	2,409	2,409	-
Public safety	3,318	3,318	-
Public works	-	-	-
Health	47	47	-
Culture and recreation	1,212	1,212	-
Conservation and development	13,929	13,929	-
Total Expenditures	20,915	20,915	-
Deficiency of Revenues under Expenditures	(42)	(42)	-
Other Financing Sources:			
Loans receivable activities	543	543	-
Fund Balance - Beginning	5,824	5,824	-
Fund Balance - Ending	**$ 6,325**	**$ 6,325**	**$ -**

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, 2013
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Other	$ 7,912	$ 7,529	$ (383)
Expenditures:			
Current:			
Conservation and development	7,912	7,504	$ 408
Excess of Revenues over Expenditures	-	25	25
Fund Balance - Beginning	65	65	-
Fund Balance - Ending	**$ 65**	**$ 90**	**$ 25**

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 POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 18,095	$ 75	$ -	$ 18,170
Receivables (net):				
Accounts	330	706	11,106	12,142
Unbilled accounts	-	-	2,810	2,810
Due from other funds	-	-	877	877
Prepaid items	18	-	-	18
Total Current Assets	18,443	781	14,793	34,017
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	8,577	8,454	-	17,031
Construction in progress	4,220	129	-	4,349
Capital assets being depreciated:				
Buildings	52,927	13,823	-	66,750
Infrastructures	-	17,633	-	17,633
Improvements other than buildings	5,446	2,579	-	8,025
Machinery and equipment	6,257	6,363	-	12,620
Accumulated depreciation	(44,899)	(25,007)	-	(69,906)
Total Noncurrent Assets	32,528	23,974	-	56,502
Total Assets	50,971	24,755	14,793	90,519
Deferred Outflows of Resources:				
Loss on refunding	11	3	-	14

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 1,381	$ 314	$ 9,192	$ 10,887
Accrued expenses	324	107	2	433
Accrued interest payable	145	29	-	174
Compensated absences	237	78	-	315
Advances from other funds	218	-	-	218
Due to other funds	-	1,228	468	1,696
Unearned revenue	2	-	-	2
Extendable Municipal Commercial Paper	1,600	-	-	1,600
General obligation debt payable - current	1,554	476	-	2,030
Total Current Liabilities	5,461	2,232	9,662	17,355
Noncurrent Liabilities:				
General obligation debt payable	9,955	2,203	-	12,158
Other post employment benefits obligation	1,313	309	-	1,622
Total Noncurrent Liabilities	11,268	2,512	-	13,780
Total Liabilities	16,729	4,744	9,662	31,135
NET POSITION:				
Net investment in capital assets	19,430	21,298	-	40,728
Unrestricted	14,823	(1,284)	5,131	18,670
Total Net Position	**$ 34,253**	**$ 20,014**	**$ 5,131**	**$ 59,398**

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

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CITY OF MILWAUKEE Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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	$ -	$ -	$ 41,936	$ 41,936
Rent	7,262	5,686	-	12,948
Parking meters	4,982	-	-	4,982
Parking permits	4,282	-	-	4,282
Vehicle towing	5,386	-	-	5,386
Parking forfeitures	21,344	-	-	21,344
Other	-	-	1,298	1,298
Total Operating Revenues	43,256	5,686	43,234	92,176
Operating Expenses:				
Milwaukee Metropolitan Sewerage District Charges	-	-	39,208	39,208
Employee services	6,544	1,745	107	8,396
Administrative and general	-	-	-	-
Depreciation	2,482	878	-	3,360
Transmission and distribution	-	-	-	-
Services, supplies and materials	14,673	1,093	4,422	20,188
Billing and collection	-	-	-	-
Total Operating Expenses	23,699	3,716	43,737	71,152
Operating Income	19,557	1,970	(503)	21,024
Nonoperating Revenues (Expenses):				
Grant revenue	-	45	-	45
Interest expense	(549)	(139)	-	(688)
Other	1,115	-	-	1,115
Total Nonoperating Revenues (Expenses)	566	(94)	-	472
Income (Loss) before Contributions and Transfers	20,123	1,876	(503)	21,496
Capital contributions	-	-	-	-
Transfers in	-	849	-	849
Transfers out	(20,746)	(3,108)	-	(23,854)
Change in Net Position	(623)	(383)	(503)	(1,509)
Total Net Position - Beginning	34,876	20,397	5,634	60,907
Total Net Position - Ending	**$ 34,253**	**$ 20,014**	**$ 5,131**	**$ 59,398**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit G-3

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Thousands of Dollars)

	Parking	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 43,111	$ 5,681	$ 45,169	$ 93,961
Payments to suppliers	(14,463)	(1,145)	(43,730)	(59,338)
Payments to employees	(6,342)	(1,702)	-	(8,044)
Payments from other funds	-	291	(1,563)	(1,272)
Payments to other funds	218	40	124	382
Net Cash Provided by Operating Activities	22,524	3,165	-	25,689
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	-	45	-	45
Transfers to other funds	(20,746)	(2,298)	-	(23,044)
Net Cash Used for Noncapital Financing Activities	(20,746)	(2,253)	-	(22,999)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	2,856	243	-	3,099
Acquisition of property, plant and equipment	(1,337)	(274)	-	(1,611)
Retirement of bonds, notes and revenue bonds	(2,611)	(703)	-	(3,314)
Interest paid	(567)	(146)	-	(713)
Other	851	(32)	-	819
Net Cash Used for Capital and Related Financing Activities	(808)	(912)	-	(1,720)
Net Decrease in Cash and Cash Equivalents	970	-	-	970
Cash and Cash Equivalents - Beginning	17,125	75	-	17,200
Cash and Cash Equivalents - Ending	**$ 18,095**	**$ 75**	**$ -**	**$ 18,170**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	$ 19,557	$ 1,970	$ (503)	$ 21,024
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,482	878	-	3,360
Changes in assets and liabilities:				
Receivables	(140)	38	1,935	1,833
Due from other funds	-	-	124	124
Accounts payable	210	(52)	7	165
Accrued liabilities	82	42	-	124
Net other postemployment benefits obligation	120	-	-	120
Due to other funds	218	332	(1,563)	(1,013)
Unearned revenue	(5)	(43)	-	(48)
Net Cash Provided by Operating Activities	$ 22,524	$ 3,165	$ -	$ 25,689

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, 2013
(Thousands of Dollars)

	Balance 01-01-13	Additions	Deductions	Balance 12-31-13
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and investments	$ 145,267	$ 1,535,637	$ 1,501,265	$ 179,639
Taxes receivable	-	160,081	160,081	-
Total Assets	**$ 145,267**	**$ 1,695,718**	**$ 1,661,346**	**$ 179,639**
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	**$ 145,267**	**$ 1,535,637**	**$ 1,501,265**	**$ 179,639**
PROPERTY TAX FUND				
ASSETS				
Cash and investments	$ 106,875	$ 223,352	$ 228,770	$ 101,457
Taxes Receivable	-	127,476	127,476	-
Total Assets	**$ 106,875**	**$ 350,828**	**$ 356,246**	**$ 101,457**
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	$ 79	$ 4,597	$ 4,491	$ 185
Milwaukee County	62,138	125,194	128,532	58,800
Menomonee Falls School District	-	150	150	-
Milwaukee Area District Board of Vocational Technical & Adult Education	25,262	52,409	54,040	23,631
Milwaukee Metropolitan Sewerage District	19,396	40,970	41,525	18,841
Washington County	-	4	4	-
Waukesha County	-	27	27	-
Total Liabilities	**$ 106,875**	**$ 223,351**	**$ 228,769**	**$ 101,457**
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and investments	**$ 184**	**$ 1,091**	**$ 1,085**	**$ 190**
LIABILITIES				
Accounts payable	**$ 184**	**$ 1,091**	**$ 1,085**	**$ 190**

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, 2013
(Thousands of Dollars)

	Balance 01-01-13	Additions	Deductions	Balance 12-31-13
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and investments	**$ 412**	**$ 3,614**	**$ 3,853**	**$ 173**
LIABILITIES				
Accounts payable	$ -	$ 75	$ 75	$ -
Due to Other Governmental Agencies:				
State of Wisconsin	367	2,803	3,033	137
Milwaukee County	45	736	745	36
Total Liabilities	**$ 412**	**$ 3,614**	**$ 3,853**	**$ 173**
OTHER				
ASSETS				
Cash and investments	**$ 1,283**	**$ 13,053**	**$ 13,011**	**$ 1,325**
LIABILITIES				
Accounts payable	**$ 1,283**	**$ 13,053**	**$ 13,011**	**$ 1,325**
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 254,021	$ 1,776,747	$ 1,747,984	$ 282,784
Receivables:				
Taxes	-	287,557	287,557	-
Total Assets	**$ 254,021**	**$ 2,064,304**	**$ 2,035,541**	**$ 282,784**
LIABILITIES				
Accounts payable	$ 1,467	$ 14,219	$ 14,171	$ 1,515
Due to other governmental agencies	252,554	1,762,527	1,733,812	281,269
Total Liabilities	**$ 254,021**	**$ 1,776,746**	**$ 1,747,983**	**$ 282,784**

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, 2013

(Thousands of Dollars)

	Real Estate	Personal Property	Total
Year Levied			
2001 -2002	$ 90	$ -	$ 90
2003	87	-	87
2004	129	-	129
2005	170	-	170
2006	288	(160)	128
2007	437	281	718
2008	831	350	1,181
2009	2,396	472	2,868
2010	6,259	388	6,647
2011	15,112	356	15,468
2012	30,344	373	30,717
Delinquent Taxes Receivable	$ 56,143	$ 2,060	58,203
Add: Property taxes receivable on foreclosed property (A)			35,372
Total Delinquent Taxes Receivable			93,575
Less: Estimated uncollectible taxes			(30,091)
Net Delinquent Taxes Receivable			**$ 63,484**

(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, 2013

(Thousands of Dollars)

Cash and Cash Equivalents:		
Cash	$ 76,341	
Local Government Pooled - Investment Fund	271,936	
Institutional Money Market Fund	238,458	
Cash with Fiscal Agent	12,814	
Total Cash and Cash Equivalents		$ 599,549
Investments:		
Treasury Notes, Bills and Agencies	1,916	
Municipal Bonds	11,782	
Certificates of Deposit	16,986	
Investment Portfolio	75,552	
Other	8,165	
Total Investments		114,401
Total Cash and Cash Equivalents and Investments		$ 713,950

	Cash and Cash Equivalents	**Investments**	**Restricted Cash and Cash Equivalents**	**Total**
Cash and Cash Equivalents and Investments - Fund:				
General	$ 131,679	$ 117	$ -	$ 131,796
General Obligation Debt Service	181,360	-	893	182,253
Public Debt Amortization	15,509	20,297	-	35,806
Capital Projects	22,698	-	-	22,698
Nonmajor Governmental Funds	2,158	-	-	2,158
Water Works	8,293	-	770	9,063
Sewer Maintenance	12,601	-	12,727	25,328
Nonmajor Enterprise Funds	18,170	-	-	18,170
Pension and Other Employee Benefit Trusts	891	-	-	891
Private-Purpose Trusts	1,553	1,450	-	3,003
Agency Funds	282,784	-	-	282,784
Total Cash and Cash Equivalents and Investments - Fund	**$ 677,696**	**$ 21,864**	**$ 14,390**	**$ 713,950**

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit I-3

DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2013
(Thousands of Dollars)

	Bridges		Economic Development		Finance Real and Personal Property Tax Receivables	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 3,450	$ 1,529	$ 1	$ -	$ 30,755	$ 2,070
2015	3,240	1,365	1	-	13,605	1,015
2016	3,020	1,205	-	-	6,080	532
2017	2,835	1,059	-	-	4,265	273
2018	2,747	921	-	-	2,188	111
2019	2,658	789	-	-	1,140	29
2020	2,470	665	-	-	-	-
2021	2,435	546	-	-	-	-
2022	1,991	437	-	-	-	-
2023	1,922	339	-	-	-	-
2024	1,922	248	-	-	-	-
2025	1,913	161	-	-	-	-
2026	1,128	88	-	-	-	-
2027	852	38	-	-	-	-
2028	572	9	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**33,155**	**9,399**	**2**	**-**	**58,033**	**4,030**
Total Requirements	**$42,554**		**$2**		**$62,063**	

See accompanying independent auditors' report.

Fire		Grant and Aid Improvements - City Share		Harbor	
Principal	Interest	Principal	Interest	Principal	Interest
$ 2,863	$ 702	$ 15	$ 1	$ 476	$ 123
2,149	582	15	1	420	100
1,853	487	7	-	258	82
2,210	388	-	-	211	69
1,367	304	-	-	190	59
1,362	238	-	-	186	50
892	181	-	-	159	41
706	141	-	-	159	33
706	107	-	-	125	26
439	78	-	-	119	20
438	56	-	-	116	15
401	35	-	-	116	9
401	16	-	-	78	5
99	3	-	-	40	2
13	-	-	-	19	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,899	**3,318**	**37**	**2**	**2,672**	**634**
$19,217		**$39**		**$3,306**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2013

(Thousands of Dollars)

	Industrial Land Bank		Library		Local Improvement Projects/ Special Assessments	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 1	$ -	$ 1,555	$ 597	$ 1,044	$ 107
2015	-	-	1,273	529	676	62
2016	-	-	1,275	464	391	28
2017	-	-	1,216	402	105	8
2018	-	-	1,002	347	48	3
2019	-	-	989	297	23	1
2020	-	-	934	250	-	-
2021	-	-	877	205	-	-
2022	-	-	826	163	-	-
2023	-	-	769	124	-	-
2024	-	-	769	86	-	-
2025	-	-	682	50	-	-
2026	-	-	527	20	-	-
2027	-	-	110	5	-	-
2028	-	-	63	1	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**1**	**-**	**12,867**	**3,540**	**2,287**	**209**
Total Requirements	**$1**		**$16,407**		**$2,496**	

See accompanying independent auditors' report.

Municipal Expenses		Parking		Playgrounds/ Recreational Facilities	
Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
$ 860	$ 1,399	$ 1,554	$ 526	$ 1,333	$ 290
-	1,349	1,401	456	1,141	232
-	1,349	1,238	387	1,004	180
-	1,350	1,016	327	835	135
61,900	675	943	280	654	101
-	-	878	236	644	70
-	-	836	194	327	45
-	-	765	155	142	34
-	-	752	118	142	27
-	-	642	85	142	20
-	-	561	56	105	13
-	-	388	33	105	8
-	-	279	16	105	3
-	-	149	6	4	-
-	-	81	1	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,760	**6,122**	**11,483**	**2,876**	**6,683**	**1,158**
$68,882		**$14,359**		**$7,841**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2013

(Thousands of Dollars)

	Police		Public Buildings		Schools	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 4,339	$ 1,237	$ 21,203	$ 5,923	$ 8,657	$ 4,414
2015	4,354	1,040	18,901	4,977	6,979	4,035
2016	2,986	836	18,354	4,085	9,077	3,682
2017	2,784	691	15,767	3,271	6,783	3,257
2018	2,141	561	14,486	2,568	5,955	2,933
2019	1,829	459	14,622	1,883	5,316	2,651
2020	1,400	380	12,116	1,241	4,471	2,408
2021	1,335	313	9,051	737	1,162	2,186
2022	1,147	252	4,162	427	496	2,147
2023	1,086	197	3,613	242	497	2,125
2024	1,086	145	2,102	102	270	2,107
2025	978	97	353	40	12,000	2,100
2026	834	54	353	23	-	1,958
2027	499	20	276	7	37,300	979
2028	253	4	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**27,051**	**6,286**	**135,359**	**25,526**	**98,963**	**36,982**
Total Requirements	**$33,337**		**$160,885**		**$135,945**	

See accompanying independent auditors' report.

Sewer Maintenance		Sewers		Streets	
Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
$ 701	$ 448	$ 4,778	$ 887	$ 12,563	$ 5,236
703	414	4,164	665	11,646	4,658
706	380	3,238	449	10,900	4,077
681	346	2,106	290	9,868	3,556
681	313	1,620	193	8,621	3,101
681	279	1,150	123	8,535	2,679
681	244	1,094	70	8,277	2,266
1,077	201	483	32	7,295	1,883
1,077	147	336	14	6,688	1,542
800	100	120	3	6,983	1,206
800	60	-	-	6,883	874
800	20	-	-	5,832	577
-	-	-	-	3,981	339
-	-	-	-	1,837	193
-	-	-	-	1,411	126
-	-	-	-	-	105
-	-	-	-	-	105
-	-	-	-	-	105
-	-	-	-	30,000	13
-	-	-	-	-	-
-	-	-	-	-	-
9,388	**2,952**	**19,089**	**2,726**	**141,320**	**32,641**
$12,340		**$21,815**		**$173,961**	

CITY OF MILWAUKEE

Exhibit I-3 (Continued)

DEBT SERVICE REQUIREMENTS TO MATURITY - GENERAL OBLIGATION BONDS AND NOTES

DECEMBER 31, 2013

(Thousands of Dollars)

	Tax Incremental Districts		Urban Renewal		Water	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 12,594	$ 8,281	$ 4,892	$ 1,178	$ 3,121	$ 769
2015	12,485	7,696	3,375	1,011	2,512	617
2016	14,672	7,026	2,924	857	1,817	487
2017	16,887	6,279	2,395	725	856	395
2018	17,733	5,440	2,332	617	857	353
2019	15,754	4,631	2,395	508	858	310
2020	15,064	3,893	2,244	400	835	267
2021	14,574	3,184	2,074	300	835	226
2022	12,920	2,531	1,662	216	835	184
2023	11,440	1,956	1,098	153	835	142
2024	8,770	1,482	1,068	100	835	101
2025	8,585	1,075	937	52	820	60
2026	5,925	730	469	16	775	19
2027	6,215	441	64	3	-	-
2028	4,485	190	53	1	-	-
2029	860	74	-	-	-	-
2030	835	44	-	-	-	-
2031	370	23	-	-	-	-
2032	390	8	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Totals	**180,558**	**54,984**	**27,982**	**6,137**	**15,791**	**3,930**
Total Requirements	**$235,542**		**$34,119**		**$19,721**	

See accompanying independent auditors' report.

Exhibit I-3 (Continued)

Total Requirements	
Principal	**Interest**
$116,755	$35,713
89,040	30,804
79,800	26,593
70,820	22,821
125,465	18,880
59,020	15,233
51,800	12,546
42,970	10,176
33,865	8,338
30,505	6,790
25,725	5,444
33,910	4,317
14,855	3,287
47,445	1,697
6,950	332
860	179
835	149
370	128
30,390	21
-	-
-	-
861,380	**203,448**

$1,064,828

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
2014	1,264	216	1,480
2015	1,295	200	1,495
2016	1,328	167	1,495
2017	1,362	133	1,495
2018	1,396	98	1,494
2019	244	78	322
2020	248	74	322
2021	253	69	322
2022	258	64	322
2023	263	59	322
2024	268	54	322
2025	273	49	322
2026	279	43	322
2027	284	38	322
2028	289	32	321
2029	295	26	321
2030	301	21	322
2031	306	15	321
2032	312	9	321
2033	318	3	321
	$ 10,836	**$ 1,448**	**$ 12,284**

Note: *Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 and 5 for 2013 consisted of gross revenues plus interest income in the amount of $85,043, less operating expenses (excluding depreciation but including the payment in lieu of taxes) of $65,661. As a result, the net revenue available for debt service was $19,382. Debt service requirements consisted of $1,173 for 2013. At the end of the year, bond coverage computes to 16.52.*

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
2014	4,295	3,782	4,308	1,944	8,603	5,726
2015	4,420	3,662	4,414	1,875	8,834	5,537
2016	4,550	3,533	4,522	1,766	9,072	5,299
2017	4,695	3,376	4,633	1,653	9,328	5,029
2018	4,895	3,171	4,747	1,538	9,642	4,709
2019	5,130	2,927	4,864	1,420	9,994	4,347
2020	5,380	2,664	4,983	1,299	10,363	3,963
2021	5,635	2,388	5,105	1,175	10,740	3,563
2022	5,500	2,109	5,231	1,049	10,731	3,158
2023	5,760	1,828	5,359	918	11,119	2,746
2024	3,455	1,597	5,491	785	8,946	2,382
2025	3,625	1,428	5,626	648	9,251	2,076
2026	3,805	1,258	5,764	508	9,569	1,766
2027	3,995	1,081	5,906	365	9,901	1,446
2028	4,190	906	5,128	229	9,318	1,135
2029	4,395	723	2,968	129	7,363	852
2030	4,620	518	1,929	69	6,549	587
2031	4,860	304	571	39	5,431	343
2032	2,355	146	586	24	2,941	170
2033	2,475	50	601	8	3,076	58
	$ 88,035	**$ 37,451**	**$ 82,736**	**$ 17,441**	**$ 170,771**	**$54,892**

Note: Sewerage System Revenue Bonds coverage consisted of gross operating revenues plus interest income in the amount of $57,300 less operating expenses (excluding depreciation) of $15,873. As a result, the net revenue available for debt service was $41,427. Debt service requirements consisted of $11,432 for 2013. At the end of the year, bond coverage computes to 3.62.

CITY OF MILWAUKEE

Exhibit I-6

SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
DECEMBER 31, 2013
(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	$8,178	$ 798	$ -	$ 452	$ 787
Receivables (net):					
Taxes	-	67	103	54	45
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental agencies	527	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	**$8,705**	**$ 865**	**$ 103**	**$ 506**	**$ 832**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 418	$ 4	$ 109	$ 123	$ -
Accrued expenses	21	-	-	-	13
Due to other funds	-	-	1,067	-	-
Due to component units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	439	4	1,176	123	13
Deferred Inflows of Resources:					
Unavailable revenue	438	110	170	90	75
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	7,828	751	-	293	744
Unassigned	-	-	(1,243)	-	-
Total Fund Balances	7,828	751	(1,243)	293	744
Total Liabilities, Deferred Inflows and Fund Balances	**$8,705**	**$ 865**	**$ 103**	**$ 506**	**$ 832**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ 466	$ 1,026	$ 1,295	$ 3,997	$ -	$ 5,699	$ -	$ 22,698
137	895	-	212	1,704	2,047	-	5,264
-	-	8	-	1,412	-	-	1,420
-	-	-	-	-	-	7,447	7,447
-	-	-	-	-	2,634	-	2,634
-	81	-	-	8,824	-	-	9,432
254	-	-	-	-	-	-	254
$ 857	**$ 2,002**	**$ 1,303**	**$ 4,209**	**$ 11,940**	**$ 10,380**	**$ 7,447**	**$ 49,149**
$ 366	$ 1,539	$ -	$ 461	$ 2,537	$ 5,304	$ 223	$ 11,084
-	64	-	-	297	2	-	397
-	-	-	-	338	-	-	1,405
-	-	-	-	-	-	-	-
-	-	1	-	1,520	-	2	1,523
-	-	-	-	-	-	6,715	6,715
366	1,603	1	461	4,692	5,306	6,940	21,124
225	1,471	-	350	8,102	5,999	6,607	23,637
254	-	-	-	-	-	-	254
12	-	1,302	3,398	-	-	-	14,328
-	(1,072)	-	-	(854)	(925)	(6,100)	(10,194)
266	(1,072)	1,302	3,398	(854)	(925)	(6,100)	4,388
$ 857	**$ 2,002**	**$ 1,303**	**$ 4,209**	**$ 11,940**	**$ 10,380**	**$ 7,447**	**$ 49,149**

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, 2013

(Thousands of Dollars)

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	$ -	$ 110	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	331	-	-	69	-
Other	-	-	-	28	2,872
Total Revenues	331	110	-	97	2,872
Expenditures:					
Capital outlay	7,703	143	7,295	1,620	2,910
Excess (deficiency) of Revenues over Expenditures	(7,372)	(33)	(7,295)	(1,523)	(38)
Other Financing Sources (Uses):					
General obligation bonds and notes issued	13,666	-	6,045	1,862	443
Transfers in	-	-	-	-	-
Transfers out	-	-	(207)	(82)	-
Total Other Financing Sources and Uses	13,666	-	5,838	1,780	443
Net Change in Fund Balance	6,294	(33)	(1,457)	257	405
Fund Balance (Deficit) - Beginning	1,534	784	214	36	339
Fund Balance (Deficit) - Ending	**$ 7,828**	**$ 751**	**$ (1,243)**	**$ 293**	**$ 744**

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
$ 40	$ 625	$ -	$ 200	$ -	$ 3,913	$ -	$ 4,888
-	-	-	-	-	-	1,986	1,986
-	24	-	-	14,148	-	-	14,572
-	16	21	89	998	3,607	-	7,631
40	665	21	289	15,146	7,520	1,986	29,077
4,326	12,126	31	3,353	40,226	17,419	1,761	98,913
(4,286)	(11,461)	(10)	(3,064)	(25,080)	(9,899)	225	(69,836)
6,700	10,975	-	3,041	34,633	5,730	-	83,095
-	-	-	-	-	-	-	-
(48)	(328)	-	(1)	-	(3,604)	-	(4,270)
6,652	10,647	-	3,040	34,633	2,126	-	78,825
2,366	(814)	(10)	(24)	9,553	(7,773)	225	8,989
(2,100)	(258)	1,312	3,422	(10,407)	6,848	(6,325)	(4,601)
$ 266	**$ (1,072)**	**$ 1,302**	**$ 3,398**	**$ (854)**	**$ (925)**	**$ (6,100)**	**$ 4,388**

CITY OF MILWAUKEE

Exhibit I-8

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2013

(Thousands of Dollars)

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	$ 101,871	$ 92,896	$ (8,975)
Provision for Employees' Retirement	79,698	79,698	-
Total Property Taxes	181,569	172,594	(8,975)
Other Taxes:			
Payment in lieu of taxes	1,025	1,117	92
Interest on city tax certificates and other taxes	2,845	2,427	(418)
Total Other Taxes	3,870	3,544	(326)
Licenses and Permits:			
Licenses:			
Business and occupational	5,059	5,759	700
Other	105	84	(21)
Permits:			
Building	7,315	7,654	339
Zoning	351	342	(9)
Other	970	1,191	221
Total Licenses and Permits	13,800	15,030	1,230
Intergovernmental:			
State Shares Revenues:			
State shared taxes	227,169	227,264	95
Local street aids	24,880	24,942	62
Payment for municipal services	1,800	1,922	122
Other	5,727	5,607	(120)
Total Intergovernmental	259,576	259,735	159
Charges for Services:			
General government	10,837	10,131	(706)
Public safety	21,529	23,759	2,230
Public works	74,416	75,968	1,552
Health	927	877	(50)
Culture and recreation	1,277	1,137	(140)
Conservation and development	564	9	(555)
Total Charges for Services	109,550	111,881	2,331
Fines and Forfeits:			
Court and contract forfeitures	5,129	4,477	(652)
Other	8	15	7
Total Fines and Forfeits	5,137	4,492	(645)
Other:			
Interest on temporary investments	670	210	(460)
Miscellaneous	33,244	35,168	1,924
Total Other	33,914	35,378	1,464
Total	**$ 607,416**	**$ 602,654**	**$ (4,762)**

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, 2013

(Thousands of Dollars)

		2013 Actual				
	Final Budget	**Salaries and Wages**	**Other Operating Costs**	**Equipment**	**Total**	**Variance - Favorable (Unfavorable)**
General Government:						
Zoning Appeals	$ 244	$ 190	$ 29	$ 3	$ 222	$ 22
Mayor	747	694	32	3	729	18
Common Council - City Clerk	6,453	4,901	1,296	46	6,243	210
Municipal Court	2,974	1,894	1,071	3	2,968	6
City Attorney	8,442	4,847	3,542	53	8,442	-
Administration	8,095	5,397	2,471	42	7,910	185
Employee Relations	123,823	2,670	119,933	8	122,611	1,212
Election Commission	1,155	741	359	-	1,100	55
Comptroller	81,698	3,112	77,430	3	80,545	1,153
City Treasurer	56,877	1,356	55,402	2	56,760	117
Assessor's Office	3,148	2,625	482	-	3,107	41
Employee's Retirement	3,271	218	3,053	-	3,271	-
Interest Expense	1,359	-	1,359	-	1,359	-
Pension Reserve Fund	18,400	-	18,400	-	18,400	-
Non-departmental - unallocated	6,329	-	-	-	-	6,329
Total General Government	323,015	28,645	284,859	163	313,667	9,348
Public Safety:						
Fire and Police Commission	1,292	761	478	3	1,242	50
Fire Department	75,039	69,243	5,074	722	75,039	-
Police Department	178,294	160,874	14,373	3,003	178,250	44
Neighborhood Services	16,173	10,630	5,368	151	16,149	24
Total Public Safety	270,798	241,508	25,293	3,879	270,680	118
Public Works:						
General Office	2,603	2,227	356	20	2,603	-
Infrastructure	30,726	16,136	14,446	139	30,721	5
Operations	66,614	33,704	31,521	1,358	66,583	31
Total Public Works	99,943	52,067	46,323	1,517	99,907	36
Health	9,455	7,236	1,894	17	9,147	308
Culture and Recreation:						
Public Library	16,085	11,653	2,484	1,763	15,900	185
Conservation and Development:						
Department of City Development	3,396	2,116	1,263	-	3,379	17
Total	**$ 722,692**	**$343,225**	**$ 362,116**	**$ 7,339**	**$ 712,680**	**$ 10,012**

See accompanying independent auditors' report.

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STATISTICAL SECTION

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CITY OF MILWAUKEE

Table 1

NET POSITION BY COMPONENT

LAST TEN YEARS

(Accrual Basis of Accounting) (Thousands of Dollars)

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
Governmental activities					
Net investment in capital assets	$ 444,873	$ 492,841	$ 500,045	$ 558,328	$ 559,343
Restricted	110,417	109,149	115,803	116,516	143,951
Unrestricted	(159,507)	(196,677)	(200,581)	(298,676)	(396,139)
Total governmental activities net position	395,783	405,313	415,267	376,168	307,155
Business-type activities					
Net investment in capital assets	529,213	560,899	554,966	581,594	607,122
Restricted	8,123	8,383	8,748	9,528	10,935
Unrestricted	89,077	63,657	82,725	60,566	47,065
Total business-type activities net position	626,413	632,939	646,439	651,688	665,122
Primary government					
Net investment in capital assets	974,086	1,053,740	1,055,011	1,139,922	1,166,465
Restricted	118,540	117,532	124,551	126,044	154,886
Unrestricted	(70,430)	(133,020)	(117,856)	(238,110)	(349,074)
Total primary government net position	$ 1,022,196	$ 1,038,252	$ 1,061,706	$ 1,027,856	$ 972,277

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Governmental activities					
Net investment in capital assets	$ 562,934	$ 625,372	$ 645,761	$ 686,492	$ 706,111
Restricted	164,011	210,066	206,053	211,440	216,314
Unrestricted	(478,822)	(562,424)	(614,761)	(616,111)	(723,716)
Total governmental activities net position	248,123	273,014	237,053	281,821	198,709
Business-type activities					
Net investment in capital assets	650,478	619,758	618,625	623,909	648,594
Restricted	11,159	11,422	15,034	-	770
Unrestricted	19,392	45,625	58,195	87,435	74,764
Total business-type activities net position	681,029	676,805	691,854	711,344	724,128
Primary government					
Net investment in capital assets	1,213,412	1,245,130	1,264,386	1,310,401	1,354,705
Restricted	175,170	221,488	221,087	211,440	217,084
Unrestricted	(459,430)	(516,799)	(556,566)	(528,676)	(648,952)
Total primary government net position	$ 929,152	$ 949,819	$ 928,907	$ 993,165	$ 922,837

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 2

CHANGES IN NET POSITION

LAST TEN YEARS

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Expenses				
Governmental Activities				
General government	$ 177,761	$ 180,975	$ 179,647	$ 204,724
Public safety	241,027	263,852	263,608	297,711
Public works	150,591	155,048	154,644	157,701
Health	27,251	27,036	27,316	23,102
Culture and recreation	29,014	19,931	21,506	21,298
Conservation and development	57,967	57,245	66,092	70,025
Capital contribution to Milwaukee Public Schools	15,686	18,002	14,028	2,788
Contributions	20,582	25,465	25,412	21,915
Interest on long-term debt	24,159	22,589	32,131	30,536
Total Governmental Activities Expenses	744,038	770,143	784,384	829,800
Business-type Activities				
Water	54,030	58,230	58,074	62,064
Sewer Maintenance	24,361	26,096	26,605	29,928
Parking	22,283	22,369	22,609	24,025
Other activities	34,214	34,789	35,603	37,927
Total Business-type Activities	134,888	141,484	142,891	153,944
Total Primary Government Expenses	878,926	911,627	927,275	983,744
Program Revenues				
Governmental activities				
Charges for services				
General government	10,460	11,049	12,174	12,408
Public safety	13,153	13,888	13,522	15,121
Public works	33,305	35,382	44,722	45,855
Health	911	693	667	798
Culture and recreation	2,412	1,808	1,892	1,888
Conservation and development	584	590	551	426
Grants and contributions	82,664	87,718	91,271	75,074
Total Governmental Activities Program Revenues	143,489	151,128	164,799	151,570
Business-type Activities				
Charges for services				
Water	71,579	71,903	69,636	72,808
Sewer Maintenance	30,959	31,072	34,261	37,756
Parking	41,470	38,961	40,736	39,730
Other activities	33,631	36,395	35,489	37,199
Capital grants and contributions	2,236	1,850	7,780	6,062
Total Business-type Activities Program Revenues	179,875	180,181	187,902	193,555
Total Primary Government Program Revenues	323,364	331,309	352,701	345,125
Net (Expense)/Revenue				
Governmental Activities	(600,549)	(619,015)	(619,585)	(678,230)
Business-type Activities	44,987	38,697	45,011	39,611
Total primary government net expense	$ (555,562)	$ (580,318)	$ (574,574)	$ (638,619)

See accompanying independent auditors' report.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 208,608	$ 207,504	$ 259,420	$ 245,191	$ 221,740	$ 305,744
314,935	331,409	326,366	326,879	328,677	320,317
174,629	167,983	168,699	166,787	158,527	169,250
20,830	22,995	23,360	21,137	22,020	19,743
20,639	22,901	21,075	19,864	20,512	20,348
61,693	50,683	66,758	67,171	56,872	45,605
6,474	5,153	91,161	4,386	4,853	278
22,177	21,026	23,321	23,382	22,803	22,331
28,368	23,985	26,467	28,047	31,105	28,275
858,353	853,639	1,006,627	902,844	867,109	931,891
64,562	67,946	67,966	69,196	66,571	68,728
29,167	34,847	41,188	40,813	41,430	44,795
25,078	24,659	25,450	25,267	26,101	24,248
44,401	48,356	51,761	46,780	47,744	47,592
163,208	175,808	186,365	182,056	181,846	185,363
1,021,561	1,029,447	1,192,992	1,084,900	1,048,955	1,117,254
12,589	9,011	9,931	10,148	10,428	10,131
17,998	16,649	16,202	19,049	20,785	23,759
53,348	62,553	68,135	71,348	74,168	75,968
644	1,078	1,071	1,297	1,101	877
1,443	1,482	1,504	1,239	1,239	1,137
388	284	303	412	469	9
77,032	73,694	152,757	105,422	118,869	77,283
163,442	164,751	249,903	208,915	227,059	189,164
73,731	73,132	73,473	84,394	88,122	85,034
40,724	48,199	52,046	51,788	54,956	57,270
43,961	42,245	47,477	44,148	42,730	43,256
45,096	49,456	53,143	52,796	54,288	48,920
10,203	18,674	3,094	4,393	5,133	3,852
213,715	231,706	229,233	237,519	245,229	238,332
377,157	396,457	479,136	446,434	459,481	427,496
(694,911)	(688,888)	(756,724)	(693,929)	(640,050)	(742,727)
50,507	55,898	42,868	55,463	63,383	52,969
$ (644,404)	$ (632,990)	$ (713,856)	$ (638,466)	$ (576,667)	$ (689,758)

CITY OF MILWAUKEE

Table 2 (continued)

CHANGES IN NET POSITION

LAST TEN YEARS

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes	$ 217,762	$ 224,918	$ 236,043	$ 243,654
State aids for General Fund	273,865	272,875	272,417	272,539
Miscellaneous	56,321	82,796	87,510	84,042
Special item - receipt of loans receivable	-	14,325	-	-
Transfers	22,622	33,631	33,569	36,483
Total Governmental Activities	570,570	628,545	629,539	636,718
Business-type Activities				
Miscellaneous	797	1,460	2,058	2,121
Transfers	(22,622)	(33,631)	(33,569)	(36,483)
Total Business-type Activities	(21,825)	(32,171)	(31,511)	(34,362)
Total Primary Government	548,745	596,374	598,028	602,356
Change in Net Assets				
Governmental Activities	(29,979)	9,530	9,954	(41,512)
Business-type Activities	23,162	6,526	13,500	5,249
Total Primary Government	$ (6,817)	$ 16,056	$ 23,454	$ (36,263)

See accompanying independent auditors' report.

Fiscal Year					
2008	**2009**	**2010**	**2011**	**2012**	**2013**
$ 257,210	$ 270,191	$ 283,442	$ 276,168	$ 279,588	$ 276,193
271,100	272,337	270,939	273,240	260,141	259,735
61,949	47,217	179,057	64,214	81,153	82,059
-	-	-	-	-	-
38,052	40,111	48,177	44,346	44,643	41,628
628,311	629,856	781,615	657,968	665,525	659,615
979	120	1,085	3,932	750	1,443
(38,052)	(40,111)	(48,177)	(44,346)	(44,643)	(41,628)
(37,073)	(39,991)	(47,092)	(40,414)	(43,893)	(40,185)
591,238	589,865	734,523	617,554	621,632	619,430
(66,600)	(59,032)	24,891	(35,961)	25,475	(83,112)
13,434	15,907	(4,224)	15,049	19,490	12,784
$ (53,166)	$ (43,125)	$ 20,667	$ (20,912)	$ 44,965	$ (70,328)

CITY OF MILWAUKEE

Table 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

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

	Fiscal Year			
	2004	**2005**	**2006**	**2007**
Revenues:				
Property taxes	$ 198,938	$ 205,205	$ 214,833	$ 221,082
Other taxes	19,284	20,461	20,910	20,867
Special assessments	4,665	4,651	3,823	3,542
Licenses and permits	11,530	13,374	13,729	13,704
Intergovernmental	337,058	355,406	345,078	336,870
Charges for services	66,409	68,762	84,191	79,754
Fines and forfeits	5,647	5,893	5,541	5,800
Contributions received	22,236	25,187	25,807	22,270
Other	24,811	32,333	44,169	43,990
Total Revenues	690,578	731,272	758,081	747,879
Expenditures:				
Current:				
General government	203,331	209,446	206,581	225,893
Public safety	241,100	262,934	267,669	268,456
Public works	93,047	92,701	90,539	97,778
Health	27,365	26,970	27,782	22,288
Culture and recreation	19,736	19,162	20,409	19,714
Conservation and development	34,629	32,079	34,801	30,954
Capital outlay	104,842	138,839	145,095	127,336
Debt Service:				
Principal retirement	68,618	81,206	146,721	152,077
Interest	28,620	29,593	34,798	35,360
Bond issuance costs	411	887	484	78
Total Expenditures	821,699	893,817	974,879	979,934
Excess (deficiency) of Revenues over Expenditures	(131,121)	(162,545)	(216,798)	(232,055)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	89,331	126,828	215,763	102,928
Refunding bonds issued	-	28,112	1,785	-
Payment to escrow agent on advance refundings	-	(30,492)	-	-
Payment - current refunding	-	-	(1,819)	-
Loans receivable activities	-	-	1,007	4,975
Issuance premium	10,467	13,692	8,033	2,129
Capital lease	-	-	-	-
Transfers in	57,312	71,699	139,533	145,447
Transfers out	(34,690)	(38,068)	(105,964)	(108,964)
Total Other Financing Sources and Uses	122,420	171,771	258,338	146,515
Special Item:				
Receipt of loans receivable	-	14,325	-	-
Net Change in Fund Balances	$ (8,701)	$ 23,551	$ 41,540	$ (85,540)
Debt service as a percentage of noncapital expenditures	12.6%	13.6%	20.5%	20.7%

See accompanying independent auditors' report.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 227,637	$ 238,832	$ 247,956	$ 242,631	$ 244,038	$ 245,254
27,746	30,291	34,109	30,706	34,172	31,156
3,631	2,418	3,421	3,163	2,344	1,986
12,918	12,186	12,948	13,289	14,410	15,030
333,345	332,138	344,929	360,287	346,116	329,892
88,224	93,498	200,461	188,312	115,901	116,813
5,277	4,802	5,422	5,076	5,042	4,492
21,532	21,300	23,005	24,021	21,826	21,871
33,563	40,682	49,541	38,483	43,575	38,577
753,873	776,147	921,792	905,968	827,424	805,071
224,444	227,325	281,978	259,089	235,936	322,431
279,934	290,535	287,815	283,282	291,787	287,330
109,196	101,118	101,681	103,585	96,991	102,657
20,748	21,867	22,343	20,129	20,963	18,821
18,858	19,654	18,046	18,124	18,565	18,560
31,796	28,298	35,468	41,459	42,366	30,616
114,825	98,003	240,480	96,870	87,429	98,913
181,102	205,228	333,780	331,960	417,107	531,243
33,637	31,941	33,305	37,184	37,992	36,887
147	463	1,314	1,040	933	755
1,014,687	1,024,432	1,356,210	1,192,722	1,250,069	1,448,213
(260,814)	(248,285)	(434,418)	(286,754)	(422,645)	(643,142)
237,368	227,525	415,291	231,652	301,084	410,945
-	66,585	94,420	80,648	189,590	182,341
-	-	-	-	(63,884)	-
-	(71,800)	(106,500)	(41,949)	(34,134)	-
(518)	(250)	(293)	(8,783)	2,317	635
3,694	9,437	21,632	17,079	21,038	14,345
-	-	-	-	-	-
201,073	196,930	253,412	195,101	198,576	230,452
(163,021)	(156,819)	(205,235)	(150,755)	(153,933)	(188,824)
278,596	271,608	472,727	322,993	460,654	649,894
-	-	-	-	-	-
$ 17,782	$ 23,323	$ 38,309	$ 36,239	$ 38,009	$ 6,752
22.5%	24.0%	29.5%	32.7%	38.7%	41.0%

CITY OF MILWAUKEE

Table 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS

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

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
General Fund					
Reserved	$ 87,036	$ 85,227	$ 105,175	$ 90,853	$ 73,007
All Other Governmental Funds					
Reserved	$ 135,777	$ 148,440	$ 171,682	$ 90,812	$ 154,448
Unreserved, reported in:					
Capital projects funds	(13,116)	(15,093)	(14,400)	(12,951)	(39,071)
Nonmajor governmental funds	(4,177)	10,497	8,154	16,357	14,469
Total all other governmental funds	$ 118,484	$ 143,844	$ 165,436	$ 94,218	$ 129,846

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
General Fund					
Reserved	$ 71,356	$ 59,626			
All Other Governmental Funds					
Reserved	$ 177,820	$ 232,790			
Unreserved, reported in:					
Capital projects funds	(38,776)	(27,931)			
Nonmajor governmental funds	15,776	-			
Total all other governmental funds	$ 154,820	$ 204,859			
General Fund					
Nonspendable			$ 15,044	$ 15,721	$ 15,389
Restricted			-	-	-
Committed			2,995	1,835	1,741
Assigned			26,778	35,915	43,172
Unassigned			27,169	52,319	43,232
Total General Fund			$ 71,986	$ 105,790	$ 103,534
All Other Governmental Funds					
Nonspendable			$ 886	$ 565	$ 254
Restricted			5,855	9,774	230,642
Committed			223,000	227,769	21,249
Assigned			-	-	-
Unassigned			(1,003)	(5,165)	(10,194)
Total all other governmental funds			$ 228,738	$ 232,943	$ 241,951

Note: The City began to implement GASB Statement No. 54 in 2011 which changes the Fund Balance classifications .

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Thousands of Dollars)

	Real Estate			Personal Property		
Budget Year	**Residential Property**	**Commercial Property**	**Manufacturing Property**	**Machinery Tools Patterns**	**Furniture Fixtures & Equipment**	**All Other**
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
2011	17,156,627	9,202,213	732,280	219,340	605,115	132,890
2012	17,069,535	9,191,349	746,955	214,901	571,664	123,239
2013	14,750,295	8,992,762	707,124	214,694	538,278	118,947

Budget Year	**Total Taxable Assessed Value**	**Total Direct Tax Rate**	**Estimated Actual Taxable Value**	**Ratio of Total Assessed to Total Estimated Actual Value**
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
2011	28,048,464	9.12	29,520,783	95.0
2012	27,917,642	9.25	27,954,670	99.9
2013	25,322,101	10.58	26,421,932	95.8

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 least once every four year period.*

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									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
City Direct Rates (A)										
City of Milwaukee	$ 9.22	$ 8.52	$ 8.08	$ 7.28	$ 7.46	$ 7.59	$ 8.42	$ 8.67	$ 8.86	$ 9.87
Allocation of Debt Service incurred for Schools	0.51	0.64	0.67	0.71	0.55	0.50	0.47	0.45	0.39	0.38
Total Direct Rate	9.73	9.16	8.75	7.99	8.01	8.09	8.89	9.12	9.25	10.25
Overlapping Rates (B)										
Milwaukee School Board	8.12	8.84	8.35	7.48	7.96	8.75	9.41	9.49	9.69	10.73
Less: allocation of Debt Service in City rate	(0.51)	(0.64)	(0.67)	(0.71)	(0.55)	(0.50)	(0.47)	(0.45)	(0.39)	(0.38)
Total School Rate	7.61	8.20	7.68	6.77	7.41	8.25	8.94	9.04	9.30	10.35
Milwaukee Area District Board of Vocational, Technical and Adult Education	2.04	2.00	1.96	1.89	1.92	1.94	2.06	2.02	1.95	2.21
County of Milwaukee	4.94	4.70	4.43	4.18	4.22	4.20	4.48	4.69	4.72	5.26
State of Wisconsin	0.21	0.21	0.20	0.19	0.19	0.18	0.18	0.18	0.17	0.18
Milwaukee Metropolitan Sewerage District	1.64	1.59	1.48	1.39	1.39	1.37	1.43	1.52	1.51	1.70
Total Tax Rate (C)	$ 26.17	$ 25.86	$ 24.50	$ 22.41	$ 23.14	$ 24.03	$ 25.98	$ 26.57	$ 26.90	$ 29.95

(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

Table 7

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Thousands of Dollars)

		2013		2004	
Taxpayer	**Type of Business**	**Assessed Valuation**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Percentage of Total Assessed Valuation**
U. S. Bank	Banking	$ 243,891	.97	$ 221,109	.97
Northwestern Mutual Life Insurance Company	Insurance	176,204	.70	166,456	.73
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	113,688	.45	71,424	.31
Mandel Group	Real Estate	113,530	.45	-	-
Metropolitan Associates	Real Estate	93,710	.37	76,536	.34
NNN 411 East Wisconsin LLC	Real Estate	88,399	.35	-	-
100 E. Wisconsin Ave Joint Venture	Real Estate Investment	76,288	.30	56,968	.25
Gorman & Co.	Real Estate	68,773	.27	-	-
Towne Realty	Real Estate	66,368	.27	85,266	.37
Riverbend Place	Real Estate	58,146	.23	-	-
Miller-Coors Brewing	Brewery	-	-	71,327	.31
Teachers Insurance & Annuity Association of America	Real Estate	-	-	104,989	.46
M&I Marshall & Ilsley Bank/Metavente Corp.	Banking	-	-	79,325	.35
Great Lakes, REIT LP	Real Estate	-	-	56,455	.25
		$ 1,098,997	4.36	$ 989,855	4.34

Source: City of Milwaukee Assessor's Office

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Thousands of Dollars)

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchased and Adjustments (A)	Total Adjusted Levy	Collected for the Levy Levy Year (B) Current Tax Collections	Collected for the Levy 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
2004	$ 240,643	$ 23,821	$ 264,464	$ 235,012	97.66%	$ 15,497	$ 13,868	$ 264,377	99.97%
2005	248,267	22,268	270,535	242,588	97.71	14,992	12,826	270,406	99.95
2006	261,685	23,687	285,372	255,823	97.76	15,664	13,714	285,201	99.94
2007	265,319	29,263	294,582	257,347	97.00	18,577	18,370	294,294	99.93
2008	286,180	36,630	322,810	277,115	96.83	23,949	20,849	321,913	99.71
2009	276,186	33,524	309,710	265,691	96.20	18,017	24,665	308,373	99.70
2010	291,943	30,574	322,517	281,196	96.32	16,482	21,782	319,460	99.29
2011	295,967	32,123	328,090	284,691	96.19	16,049	20,703	321,443	98.12
2012	301,051	31,619	332,670	288,749	95.91	13,596	14,856	317,201	95.80
2013	304,700	33,615	338,315	292,692	96.06	14,906	-	307,598	89.82

(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 Funds	Total	Estimated Actual Taxable Value of Property	Percentage of Total Taxable Value of Property	Per Capita
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
2011	825,574	67,264	758,310	29,520,783	2.57%	1,272.33
2012	785,867	67,971	717,896	27,954,670	2.57%	1,206.55
2013	822,046	178,068	643,978	26,421,932	2.44%	1,081.41

	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)
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%	1,389.68
2010	82,002	53,737	80,724	965,530	2.69%	1,622.74
2011	88,956	74,815	80,513	1,002,594	2.71%	1,622.74
2012	43,318	65,579	77,083	903,876	2.33%	1,519.12
2013	39,334	98,871	82,736	864,919	not available	1,452.42

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				
	2004	**2005**	**2006**	**2007**	**2008**
Debt limit	$ 1,644,424	$ 1,837,970	$ 1,837,970	$ 2,115,889	$ 2,232,103
Total net debt applicable to limit	629,124	666,203	755,178	671,562	689,401
Legal debt margin	$ 1,015,300	$ 1,171,767	$ 1,082,792	$ 1,444,327	$ 1,542,702
Total net debt applicable to the limit as a percentage of debt limit	38.26%	36.25%	41.09%	31.74%	30.89%

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Debt limit	$ 2,258,027	$ 2,188,643	$ 2,066,455	$ 1,956,827	$ 1,849,535
Total net debt applicable to limit	698,775	805,660	789,308	695,488	683,312
Legal debt margin	$ 1,559,252	$ 1,382,983	$ 1,277,147	$ 1,261,339	$ 1,166,223
Total net debt applicable to the limit as a percentage of debt limit	30.95%	36.81%	36.82%	35.54%	36.95%

CITY OF MILWAUKEE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Thousand of Dollars)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value			$ 25,322,101
Equalized Value			26,421,932
Debt Limit 7% of Equalized Value			1,849,535
Amount of Debt Applicable to Debt Limit:			
General Obligation bonds	$ 361,763		
General Obligation notes	460,283		
Parking bonds and notes	11,483		
Harbor bonds and notes	2,672		
Water Works bonds	15,791		
Sewer Maintenance bonds and notes	9,388		
Water Works revenue bonds	10,836		
Sewer revenue bonds	88,035		
Sewer clean water loans	82,736		
Extendable Municipal Commercial Paper	92,000		
Total Debt		$ 1,134,987	
Deduct:			
Assets in Debt Service Funds	178,068		
Water Works revenue bonds (A)	10,836		
Sewer revenue bonds	88,035		
Sewer clean water loans	82,736		
Extendable Municipal Commercial Paper (B)	92,000		
Total Deductions		451,675	
Total Amount of Debt Applicable to Debt Limit			683,312
Legal Debt Margin			$ 1,166,223

(A) *The Water Revenue Bonds, Sewer Revenue Bonds and clean water loans 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.*

(B) *Extendable Municipal Commercial Paper does not represent or constitute a debt of the City within the meaning of any constitutional or statutory limitation.*

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, 2013 was $528,439 for school purposes and $637,784 for general purposes.*

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2013

(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)	$ 719,242	100%	$ 719,242
Overlapping Debt:			
Milwaukee Area Technical College District	115,370	37.00	42,687
County of Milwaukee	721,729	45.60	329,108
Milwaukee Metropolitan Sewerage Area (B)	970,256	46.67	452,818
Total Direct and Overlapping Debt			**$ 1,543,855**

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 $17,271 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction. Net Debt Outstanding computation shown Table 11.*

(B) *Includes $704,591 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
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
2011	84,406	65,213	19,193	964	211	1,175	16.33
2012	88,136	65,547	22,589	989	185	1,174	19.24
2013	85,043	65,661	19,382	1,015	158	1,173	16.52

Sewer Revenue Bonds

Year	Gross Revenues	Debt Coverage Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
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	3,214	2,836	6,050	4.08
2009	48,231	16,438	31,793	4,740	3,552	8,292	3.83
2010	52,063	16,696	35,367	4,901	3,399	8,300	4.26
2011	54,667	14,691	39,976	6,454	4,038	10,492	3.81
2012	54,140	15,440	38,700	6,792	4,616	11,408	3.39
2013	57,300	15,873	41,427	7,032	4,400	11,432	3.62

Note: Water Revenue Bonds issued in 1998 and 2013. Sewer Revenue bonds issued in 2011 and 2013. 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

Table 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

		County of Milwaukee				
Year	**Population (A)**	**Personal Income** *(Thousands of Dollars* **(B)**	**Per Capita Income (C)**	**Median Age (D)**	**School Enrollment (E)**	**Unemployment Rate (F)**
2004	593,920	31,044,206	33,135	30.6	102,309	7.7
2005	592,765	31,862,221	34,167	30.6	100,262	7.2
2006	590,370	33,705,644	36,232	30.6	97,509	6.9
2007	590,190	34,610,340	37,157	30.6	87,360	6.9
2008	590,870	35,605,736	38,091	30.6	85,369	6.7
2009	584,000	36,219,621	38,422	30.6	82,444	11.4
2010	580,500	36,453,170	38,437	30.3	81,372	11.9
2011	595,525	37,496,095	39,390	30.3	80,098	10.9
2012	595,425	38,808,170	40,628	33.7	78,461	10.1
2013	596,500	Not available	Not available	33.7	78,502	8.7

(A) The December 31, 2004 through 2013 populations are a final estimate from the Wisconsin Department Administration. (The population data differs from the Census Bureau.)

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

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

(D) Prioir to 2012, Median age of the population was determined only during a census. These figures represent the data collected by the 2008 - 2012 American Community Survey.

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

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

See accompanying independent auditors' report.

CITY OF MILWAUKEE

Table 14

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2013 Estimates (1)			2004		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Aurora Health Care	24,462	1	5.78%	13,275	1	3.10%
Milwaukee Public Schools	11,766	2	2.78%	7,137	6	1.67%
Wheaton Franciscan Healthcare	11,171	3	2.64%			
U.S. Government (Includes Zablocki V.A. Medical Center)	10,884	4	2.57%	10,700	2	2.50%
Froedtert Memorial Lutheran Hospital and Community Health	8,982	5	2.12%			
Roundy's Supermarkets	8,400	6	1.99%			
City of Milwaukee	6,400	7	1.51%	7,401	4	1.73%
Medical College of Wisconsin	5,417	8	1.28%			
Northwestern Mutual Life	5,000	9	1.18%			
ProHealth Care Inc	4,819	10	1.14%			
Covenant Health Care				9,300	3	2.17%
M&I Marshall & Ilsley				7,176	5	1.68%
Columbia St. Mary's Health System				5,749	7	1.34%
Milwaukee County				5,577	8	1.30%
University of Wisconsin-Milwaukee				4,307	9	1.01%
Medical College of Wisconsin				4,430	10	1.04%
	97,301		22.99%	75,052		17.54%

(1) Reflects full-time equivalent employees.

Note: Data includes all of Milwaukee County.

Source: The 2013 Business Journal Book of Lists. City from internal records.
The 2003 data was from the Department of Administration January 2004 survey. Wisconsin Department of Workforce Development quarterly report of "Employment and Wages".
Total employment data (2003 = 430,573) (2012 = 411,325) 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	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General Government	747	727	685	678	673	692	696	694	720	700	719	707
Temporary - Election Commission	103	65	103	63	103	29	104	11	98	8	2,145	819
Public Safety												
Fire												
Fire Fighting Force	1,075	1,079	1,039	1,033	1,007	1,077	1,001	985	949	951	911	911
Civilians	66	67	64	74	75	75	75	79	77	76	105	116
Police												
Law Enforcement	2,130	2,134	2,149	2,155	2,159	2,156	2,156	2,144	2,042	2,034	2,034	2,013
Civilian	582	576	563	564	567	613	606	616	614	619	619	608
School Crossing Guards	241	241	241	241	241	241	241	241	251	251	251	251
Neighborhood Services	288	216	223	227	224	228	229	229	240	247	251	269
Public Works												
Administrative Services	71	69	64	65	65	64	63	63	66	64	58	46
Infrastructure Services	783	783	728	711	703	698	696	707	807	804	803	802
Operations	1,814	1,755	1,619	1,606	1,588	1,577	1,530	1,557	1,398	1,381	1,438	1,438
Sanitation emergency	500	500	250	-	-	-	-	-	-	-	-	-
Winter relief	262	237	159	74	66	66	66	66	66	66	-	-
Health	377	367	359	345	326	337	312	306	274	272	268	254
Culture and recreation	449	445	409	409	402	398	396	377	368	378	376	372
Conservation and development	271	325	252	238	236	232	220	193	176	179	163	142
Youth initiative positions	-	-	-	-	25	25	25	25	25	25	-	-
Water	388	382	363	363	355	346	346	348	404	382	367	369
Sewer Maintenance	193	209	198	198	199	189	179	172	164	164	164	146
Parking	128	128	128	128	129	128	129	129	130	131	122	120
Port of Milwaukee	35	34	33	29	30	31	35	35	37	35	36	37
Subtotal	10,503	10,339	9,629	9,201	9,173	9,202	9,105	8,977	8,906	8,767	10,830	9,420
Less: General Government Temporary - Election Commission	(103)	(65)	(103)	(63)	(103)	(29)	(104)	(11)	(98)	(8)	(2,145)	(819)
Total Budgeted Positions	**10,400**	**10,274**	**9,526**	**9,138**	**9,070**	**9,173**	**9,001**	**8,966**	**8,808**	**8,759**	**8,685**	**8,601**

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

Table 16

OPERATING INDICATORS BY FUNCTIONS/PROGRAMS

LAST TEN YEARS

	Fiscal Year									
Functions/Programs	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General government										
Investment portfolio return	1.50%	3.00%	4.78%	5.09%	2.74%	0.75%	0.32%	0.21%	0.22%	0.22%
Courtroom cases	137,432	116,388	114,949	110,130	102,721	112,765	119,779	121,234	104,170	119,761
Public safety										
Police										
Dispatched assignments		292,927	297,286	286,535	266,577	254,044	246,365	238,657	248,678	241,423
Traffic citations	108,346	98,044	93,369	95,327	120,618	114,447	104,001	103,311	94,442	73,325
Homicide clearance rates	80.68%	71.31%	71.84%	83.80%	92.96%	83.00%	75.00%	72.00%	70.00%	64%
Fire										
Number of medical emergency assists		51,091	51,862	52,735	53,898	53,047	53,629	56,085	59,487	60,499
Number of fires extinguished		2,662	2,527	2,438	2,073	1,930	2,201	2,643	2,841	2,444
Civilian fire deaths		12	16	14	6	7	3	10	8	2
Building Inspection										
Complaints reported	31,284	34,078	34,431	33,576	34,161	35,940	37,146	35,910	35,404	37,212
Orders issued	44,564	55,443	54,976	52,729	51,760	66,559	67,043	71,356	68,613	67,457
Public Works										
Major streets paving (miles)	3.32	5.94	7.81	4.01	13.01	5.4	11.28	1.05	5.70	17.12
Asphalt patching/pot holes (tons)	10,236	10,014	10,344	10,560	14,900	10,700	10,500	18,952	16,010	15,845
Refuse tonnage	335,033	317,122	312,451	292,775	310,517	298,780	274,651	262,265	252,987	256,411
Recycling tonnage	25,802	25,483	25,300	23,716	22,937	21,862	21,389	22,837	24,147	25,052
Health										
Food inspections	4,113	4,889	5,153	4,972	4,721	5,005	5,208	4,615	7,637	8,735
Immunizations	15,302	22,794	27,444	26,700	30,449	46,838	27,994	21,953	18,882	16,417
Culture and Recreation										
Library hours of operation	36,552	33,339	33,218	34,302	34,372	32,608	25,996	27,844	31,092	30,914
Collections size	3,104,911	3,030,281	3,018,232	2,828,429	2,848,244	2,756,141	2,577,805	2,587,412	2,441,757	2,364,905
Public computers	488	481	495	490	505	505	480	725	757	754
Conservation and Development										
Jobs created	2,037	2,466	3,494	2,354	1,073	366	498	534	324	2,198
Jobs retained	14,108	2,775	9,182	2,092	2,103	888	1,644	1,382	1,965	2,800
New housing units		1,538	982	1,037	196	527	810	503	687	402
Water										
Millions gallons sold	37,237	38,439	35,486	35,049	34,085	33,341	32,500	32,246	32,909	30,560
Population served	833,112	852,857	849,981	858,920	857,816	867,599	861,000	861,249	862,524	864,715
Sewer Maintenance										
Sewer service backups	32	43	40	42	47	28	33	24	23	25
Street flooding complaints	1,724	4,143	4,810	3,366	7,238	3,690	2,770	3,293	4,775	3,092
Parking										
Citations issued	1,113,620	929,714	932,346	906,423	880,859	885,802	874,690	823,999	778,288	770,430
Vehicle tows	29,333	26,799	31,659	36,273	34,898	31,516	28,295	25,762	26,910	32,631
Port										
Metric tonnage total	2,923,364	3,424,827	3,481,541	3,568,929	2,931,125	2,910,515	2,324,566	2,808,801	1,915,419	2,618,312

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

	Fiscal Year									
Functions/Programs	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Public safety										
Police										
Stations	7	7	7	7	8	8	8	8	8	8
Lock-up facilities	7	7	7	7	7	7	7	7	7	7
Patrol vehicles	503	482	485	478	521	533	536	556	501	537
Patrol motorcycles	59	59	57	57	57	57	57	55	55	56
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	1,272	1,272	1,272	1,272
Streets - unpaved	14	15	15	15	15	15	15	15	15	15
Alleys	416	415	415	415	415	415	415	414	414	414
Street lights	67,294	67,427	67,742	67,447	67,709	67,798	67,949	68,073	68,540	68,698
Alley lights	8,803	8,803	8,917	8,790	8,925	8,931	8,616	8,810	8,820	8,815
Garbage/snow trucks	199	188	173	172	187	188	182	181	180	180
Health										
Health centers	5	5	5	3	3	3	3	3	3	3
Culture and Recreation										
Playgrounds, playfields, tot lots, recreation centers	277	277	277	277	277	276	276	276	276	130
Libraries	13	13	13	13	13	13	13	13	13	13
Water										
Miles of mains	1,960	1,961	1,964	1,966	1,967	1,955	1,956	1,960	1,961	1,962
Hydrants	19,758	19,754	19,780	19,632	19,824	19,811	19,847	19,867	19,869	19,870
Million gallons pumped	44,309	44,560	41,862	41,873	40,848	39,617	37,443	36,992	37,920	36,490
Million gallons consumed	37,289	38,401	35,486	35,050	34,085	33,341	32,452	32,246	32,909	30,560
Miles of Sewers										
Storm	955	956	956	958	959	960	961	962	964	965
Sanitary	935	935	935	938	939	940	941	941	943	943
Combined	547	548	547	547	547	547	547	547	547	547
Parking										
Parking lots	51	48	46	45	45	45	45	45	44	45
Parking structures	4	4	4	5	5	5	5	5	5	5
Port										
Cargo terminals	6	6	6	6	6	6	6	6	7	7
Rental warehouses and buildings	5	5	5	5	5	5	5	5	10	10
Ferry terminal	1	1	1	1	1	1	1	1	1	1
Cranes and forklifts	11	11	10	10	10	10	10	10	11	11
Vessel berths	13	13	13	13	13	13	14	14	17	17

Sources: Various city departments

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

See accompanying independent auditors' report.