



**Comprehensive
Annual
Financial
Report**

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**City
of
Milwaukee,
Wisconsin**

•

for the
Year Ended
December 31, 2002

•

**W. Martin Morics
Comptroller**



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December 31, 2002

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Office
of the
Comptroller

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**W. Martin Morics
Comptroller**

CITY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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 FOR THE YEAR ENDED DECEMBER 31, 2002

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Office of the Comptroller

August 22, 2003

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

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

Michael J. Daun
Special Deputy Comptroller

Anita W. Paretti, C.P.A.
Special Deputy Comptroller

Honorable John O. Norquist, 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, 2002. 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 American (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units. The CAFR reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's Annual Budget.

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

An independent firm of licensed certified public accountants, KPMG LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2002, 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, 2002, are fairly presented in conformity with GAAP.

SIGNIFICANT CHANGE IN PRESENTATION

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which revises the City's financial reporting requirements. As a result, the information presented in this CAFR differs significantly from previous years. Some of the major changes include:

- New government-wide financial statements are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. These statements incorporate all of a government's governmental and business-type activities as well as the non-fiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.
- The government-wide statement of activities associates program revenues to the operating expenses.
- Fund financial statements report the finances of fund groups within the City's reporting entity – its governmental, proprietary and fiduciary funds and its discretely reported component units. However, the focus is on the major funds within each fund type. Adjustments necessary to reconcile the governmental funds financial statements with the governmental activities column of the government-wide financial statements are included because the two types of statements measure the City's finances differently.

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2002

- Infrastructure assets are included in the government-wide statements of net assets. Infrastructure assets include streets, bridges, curbs, gutters, sidewalks, street lights, traffic signals.
- The general fixed assets and the general long-term obligations account groups no longer exist. The assets and liabilities previously reported in those account groups are reported in the government-wide statements.
- Management's discussion and analysis (MD&A) is required supplementary information and provides information and analysis that users need to interpret the basic financial statements. This transmittal letter is designed to complement the MD&A, and therefore should be read in conjunction with it.
- Payments from enterprise funds in lieu of taxes were previously recorded as revenue in the City's General Fund and expenses in the City's enterprise funds. In accordance with GASB Statement No. 34, these payments are now reflected as transfers between the General fund and the enterprise funds.

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

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 17 Common Council members are elected officials of the City. Local elections are nonpartisan. Officials are elected to identical four-year terms. The City of Milwaukee held a general election for these positions in April 2000. The Mayor is the Chief Executive Officer and maintains a cabinet form of government controlling major City departments by appointing department heads that are subject to confirmation by the Common Council. The Mayor is responsible for the preparation of an annual city expenditure budget, subject to review 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, has responsibilities for the establishment of City accounting policies and procedures, revenue estimating and monitoring, examination and investigation of all matters related to the finances of the City, issuance of debt and financial reporting. The City Treasurer is responsible for the receipt, disbursement and investment of all monies accruing to the City, including the collection of property taxes. The City Attorney is responsible for all legal matters of the corporation, including furnishing legal opinions, drafting all legal documents and defending the City in any legal actions.

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

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Common Council of the City of Milwaukee. Activities of the general, capital projects funds and certain special revenue, debt service and enterprise fund types (exclusive of the component units) are included in the City's annual budget. The component units' respective Boards approve their budgets. City departments are required to submit their annual budget requests for the ensuing year to the Mayor by the second Tuesday in May. After all requests have been reviewed, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28. The Common Council must complete its review and adopt the budget on or before November 14. Once adopted, Common Council approval is required to amend the total appropriations by a

CITY OF MILWAUKEE
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FOR THE YEAR ENDED DECEMBER 31, 2002

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 function (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 this Required Supplemental Information Section of this report for the General Fund.

LOCAL ECONOMY

Milwaukee has a diversified economy with strong service and manufacturing sectors. The City is actively promoting high-tech development and is steadily emerging as a regional leader in the technology-based economy. The metropolitan area is home to several technology-based industries, such as Rockwell/Allen Bradley, Johnson Controls and Harley Davidson who, have shifted from a high labor concentrated workforce to a more automated, higher-skilled workforce. GE Medical and Direct Supply, among others are making the region a leader as a manufacturer and supplier of medical diagnostic, medical instruments and hospital equipment. In addition, companies like Fiserv and Metavante are national leaders in the financial transaction- processing field, a rapidly growing technology industry. New financial software companies are beginning to emerge in Milwaukee, such as Sunstone Financial, which does fund processing, and Seritis, which creates data management software.

ECONOMIC OUTLOOK

The City of Milwaukee receives significant revenue allocations from the State. These "State Shared Revenues" include allocations for state shared taxes, local street aids, payment for municipal services and are placed in the General Fund where it is used to support a large portion of the City's day-to-day activities. For fiscal year 2002, revenues totaled \$283 million or 56% of the total general fund revenues as compared to \$279 million or 57% in 2001. In conjunction with other municipal advocates, Milwaukee made the case for preserving shared revenue, highlighting the dramatic adverse impact that eliminating the program would have on local communities. The result of this combined effort was that the state preserved full funding to the Shared Revenue Program through 2003. However, due to the State's significant budget deficit, the City is expecting major decreases in shared revenue in 2004 and future years.

While the property tax levy for 2003 is \$10.15 per \$1,000 of assessed value, the property tax levy of approximately \$197 million will fund only 25% of the operating budget. In order to face major budget challenges to balance service levels and property tax burden, the City continues to explore new sources of revenue and examine existing service levels.

LONG-TERM FINANCIAL PLANNING

The completion of the Sixth Street Viaduct renovation has paved the way for the development of more than 200 acres of land and the creation of an estimated 3,000 new jobs in the Menomonee Valley. Both the city and state have committed funds for the extension of Canal Street to further increase access and facilitate industrial development. Several projects currently in progress include \$7 million Allen Edmonds facility and factory store, Sigma Environmental Services company's new \$4.5 million headquarters, and Atlas Development's 1.5 million square foot mixed-use development at the Reed Street Yards. In addition, redevelopment of 140 acres of the former Milwaukee Road Shops site is proceeding. The improvement and extension of West Canal Street from North Sixth Street to the Miller Park Baseball Stadium is scheduled for construction in 2003.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Enterprise Fund and component entities which maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and commercial paper (all of which are permissible under State Statutes). The average interest earnings rate for City funds invested by the City Treasurer was approximately 1.73% in 2002 as compared to 4.12% in 2001. The City continued to use the State of Wisconsin Local Government Investment Pool as an option to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. Deferred compensation and pension investments are controlled by their respective Boards. Participants in the City's Deferred Compensation Plan are allowed to select from various investment

CITY OF MILWAUKEE
LETTER OF TRANSMITTAL
FOR THE YEAR ENDED DECEMBER 31, 2002

options. In 2002 the average daily investable balance was \$254.4 million as compared to \$189.8 million in 2001 or a 34% increase. The investable balance generates interest earnings for the City, which are used to offset the property tax levy.

During 2002, the City continued its aggressive use of financing techniques and investment instruments to increase its investment return. The city's use of cash flow borrowing in anticipation of either State Shared Revenues or State Educational Aid Revenues totaled \$235 million in 2002, compared to \$214 million in 2001. The financings were accomplished through two separate offerings -- \$102 million in March 2002 for city purposes and \$133 million in August 2002 for school purposes. The timing of those offerings provided the City with an opportunity to earn additional interest on investments and still comply with the requirements of the Tax Reform Act of 1986. The second borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending the receipt of State Educational Aids.

RISK MANAGEMENT

The City is self-insured for workers' compensation, employee Basic Plan health and dental insurance, uninsured motorist motor vehicle coverage for City employees, and general liability claims.

AWARDS

The City of Milwaukee was awarded a Certificate of Commendation from the Governmental Reporting Awards Through Evaluation organization (GRATE) for achieving a high level of quality in its annual financial statements through the utilization of GAAP for the fiscal year ended December 31, 2001. This was the eighteenth consecutive year that the City received this prestigious award.

We believe that our current Comprehensive Annual Financial Report continues to meet the GRATE Organization's requirements and we will submit this document to GRATE for award consideration.

ACKNOWLEDGEMENTS

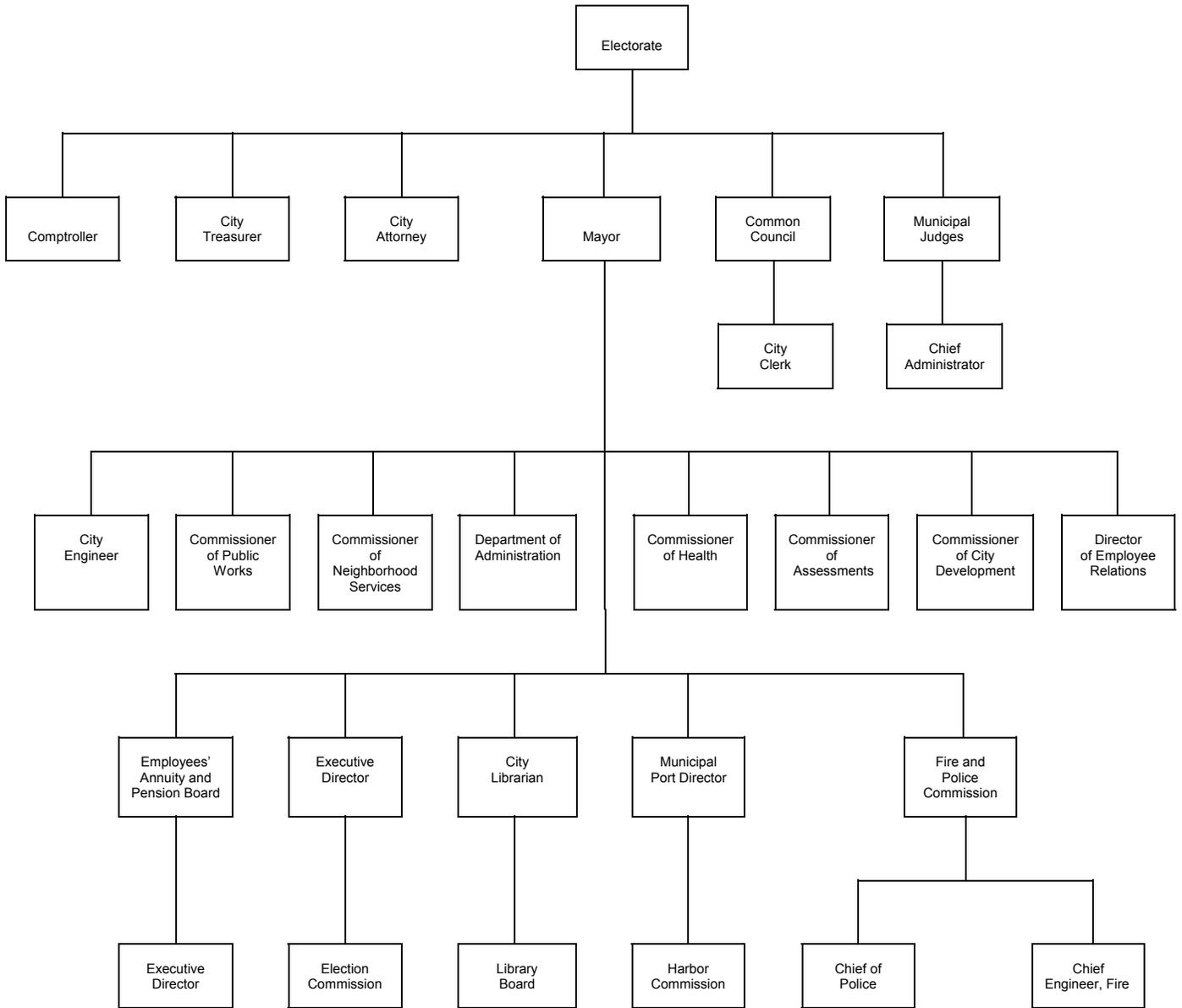
The Office of the Comptroller takes great pride in the preparation of this report. The professionalism, commitment and effort of each member of the General Accounting Division have made this presentation possible. The timely preparation of this report could not have been accomplished without the cooperation,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

Very truly yours,



W. MARTIN MORICS
Comptroller

City of Milwaukee
ORGANIZATION CHART
 DECEMBER 31, 2002



CITY OF MILWAUKEE
 NAMES OF PRINCIPAL OFFICIALS
 DECEMBER 31, 2002

ELECTED

Mayor	John O. Norquist
Comptroller	W. Martin Morics
City Treasurer	Wayne F. Whittow
City Attorney	Grant F. Langley
Municipal Judge	Derek C. Mosley
Municipal Judge	James A. Gramling, Jr.
Municipal Judge	Vincent J. Bobot

COMMON COUNCIL

President	Marvin E. Pratt
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Aldermanic District

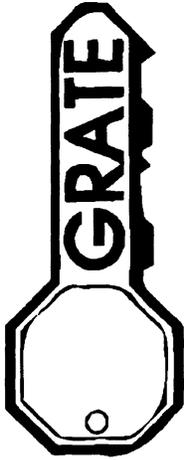
First
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Third
Fourth
Fifth
Sixth
Seventh
Eighth
Ninth
Tenth
Eleventh
Twelfth
Thirteenth
Fourteenth
Fifteenth
Sixteenth
Seventeenth

Alderman

Marvin E. Pratt
Terrance J. Herron
Michael S. D'Amato
Paul A. Henningsen
James A. Bohl, Jr.
Marlene E. Johnson-Odom
Fredrick G. Gordon
Robert G. Donovan
Donald F. Richards
Vacant
Joseph A. Dudzik
Angel Sanchez
Jeffrey A. Pawlinski
Suzanne M. Breier
Thomas G. Nardelli
Michael J. Murphy
Willie L. Hines, Jr.

FINANCE RELATED (Non-Elected)

Administration Director	Michael J. Soika
Budget & Management Director	Laura J. Engan
City Purchasing Director	Cheryl L. Oliva
Commissioner of Assessments	Mary P. Reavey
Chief Information Officer	Randolf A. Gschwind



GOVERNMENTAL
REPORTING
AWARDS
THROUGH
EVALUATION

The Key to Better Local Government Financial Reporting

CERTIFICATE OF COMMENDATION

GRATE

hereby awards this
Certificate of Commendation to

City of Milwaukee

for achieving a high level of quality in its
annual financial statements through the utilization of
Generally Accepted Accounting Principles (GAAP),
and accepting its responsibility for
credibility in its financial statements.

For the year ended

December 31, 2001

Todd J. Lopp

President, GRATE Board of Directors

Robert Yahn

Marquette University
(Technical Services)

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777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report

To the Honorable Members
of the Common Council
of the City of Milwaukee:

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 (the City) as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the City adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* during the year ended December 31, 2002.



The management's discussion and analysis and budgetary comparison information on pages 17 to 28; and Exhibit E-1, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 29, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

KPMG LLP

July 29, 2003

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

The Management Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the City of Milwaukee, Wisconsin for the fiscal year ended December 31, 2002. Please read this in conjunction with the City's basic financial statements, which follow this discussion. This is the City's first MD&A. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the City is not required to restate financial information from prior periods for the purpose of providing comparative information for this analysis. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

FINANCIAL HIGHLIGHTS

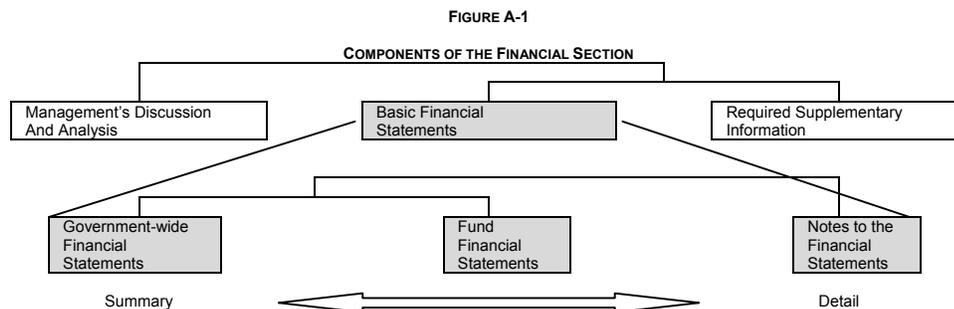
- The assets of the City of Milwaukee exceeded its liabilities at the close of fiscal year 2002 by \$1.008 million (net assets). \$430.8 million in governmental activities and \$577.7 million in business-type activities. Governmental activities' unrestricted assets are a deficit of \$97.9 million. This indicates that the City is financing long-term liabilities as they come due rather than when they are incurred.
- During the year, the City had expenses that were \$497.2 million more than the \$321.5 million generated in tax and other revenues for governmental programs (before special items).
- The general fund reported a positive fund balance for the year of \$86 million.
- The expenditures were \$10 million less than budgeted for the general fund. \$2.6 million is savings from public works departments primarily due to reduced snow plowing operations from a very mild winter.

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.

The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the city government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water and the sewer maintenance systems.
 - Fiduciary fund statements provide information about the financial relationships—like various 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.



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

The new reporting requirements contain major changes from previously published financial reports. The major changes are as follows:

- Government-wide reporting – while governments have traditionally focused reporting on groupings of funds (i.e. General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, etc), the new format also contains financial statements on a government-wide basis.
- Fund financial statements—the annual reports still maintain governmental, proprietary and fiduciary fund financial statements, but the focus is on major funds within each fund type.
- New focus for governmental activities—in the government-wide financial statements all activities including the governmental activities are reporting using the economic resources measurement focus and accrual basis of accounting. The traditional current financial resources focus and modified accrual basis of accounting are maintained for the governmental fund financial statements.
- Infrastructure reporting—the new reporting requires governments to value infrastructure assets of governmental activities (roads, bridges, storm drainage systems, street lighting, etc). These assets are reported in the governmental activities on the government-wide financial statements.
- Changes in budgetary reporting—the new requirements are to display both the original adopted budget and the amended budget in the budgetary comparison schedules. For the City of Milwaukee, these schedules are only required for the General Fund.
- Required narrative analysis—financial statements must be accompanied by narrative introduction and analytical overview of the government's financial activities in the form of "management discussion and analysis (MD&A).

Figure A-2 summarizes 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. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2
MAJOR FEATURES OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health, or financial position.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002

- Over time, increases or decreases in the City's net assets are one indicator 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 roads are 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.
- *Component units*—The City includes four other entities in its report. The Housing Authority and the Redevelopment Authority of the City of Milwaukee, Milwaukee Economic Development Corporation and the Neighborhood Improvement Development Corporation. Although legally separate, these component units are important because the City has financial accountability responsibility.

Fund Financial Statements

The City's major funds begin with Exhibit A-1. The fund financial statements provide detailed information about the most significant funds; not the city as a whole. 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, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The City has three fund types: governmental and proprietary which use the modified accrual and the accrual methods of accounting, respectively, and fiduciary funds.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year of the new reporting formats under GASB 34. The City's combined net assets for the prior year is not reported and, as such no comparison is available. The net assets and net expenses of governmental and business-type activities are depicted separately below. Table 1 focuses on the net assets and Table 2 focuses on the changes in net assets.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

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

	Governmental activities	Business-type activities	Total
Current and other assets	\$ 729,751	\$ 77,571	\$ 807,322
Capital assets	<u>827,714</u>	<u>619,641</u>	<u>1,447,355</u>
Total assets	<u>\$ 1,557,465</u>	<u>\$ 697,212</u>	<u>\$ 2,254,677</u>
Long-term liabilities outstanding	\$ 669,241	\$ 114,797	\$ 784,038
Other liabilities	<u>457,339</u>	<u>4,693</u>	<u>462,032</u>
Total liabilities	<u>\$ 1,126,580</u>	<u>\$ 119,490</u>	<u>\$ 1,246,070</u>
Net assets:			
Invested in apital assets, net of related debt	\$ 392,967	\$ 506,502	\$ 899,469
Restricted	135,888	3,715	139,603
Unrestricted	<u>(97,970)</u>	<u>67,505</u>	<u>(30,465)</u>
Total net assets	<u>\$ 430,885</u>	<u>\$ 577,722</u>	<u>\$ 1,008,607</u>

Net assets of the city's governmental activities increased 5.2% to \$430.8 millions for 2002. However, all of those net assets are either restricted as to use or are invested in capital assets (\$392.9) (buildings, roads, bridges, etc) less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. The unrestricted net assets deficit at the end of the year does not mean that the City does not have adequate financial resources available to pay its bills next year. Instead, it is because the City's annual budgets do not include the full amounts needed to finance future liabilities arising from property and casualty claims and to pay for unused employee vacation and sick days. The City will include these amounts in future years' budgets as they come due.

The net assets of business-type activities increased 5.7% to \$577.7 million in 2002. The City generally can only use these net assets to finance the continuing operations of the specific enterprise activity it relates to.

Changes in net assets. The City's total revenues totaled \$696 million in the governmental activities. Of revenues, 30% comes from property and other taxes and 53% comes from intergovernmental revenues (state aids, federal and state grants). Charges for services represents only 8% with the remaining 8% coming from licenses, permits, finds and forfeits and miscellaneous other sources.

The City's expenses cover a range of services, with about 33% related to public safety (fire and police, neighborhood services). The City's general revenues did exceed its expenses for governmental activities by a 1.4% margin while business-type activities had 24% more revenues than expenses. Chart 1 Expenses and Program Revenues – Governmental Activities and Chart 2 Expenses and Program Revenues – Business –type Activities depict this comparison.

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

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

Table 2
Changes in of Net Assets
(Thousands of Dollars)

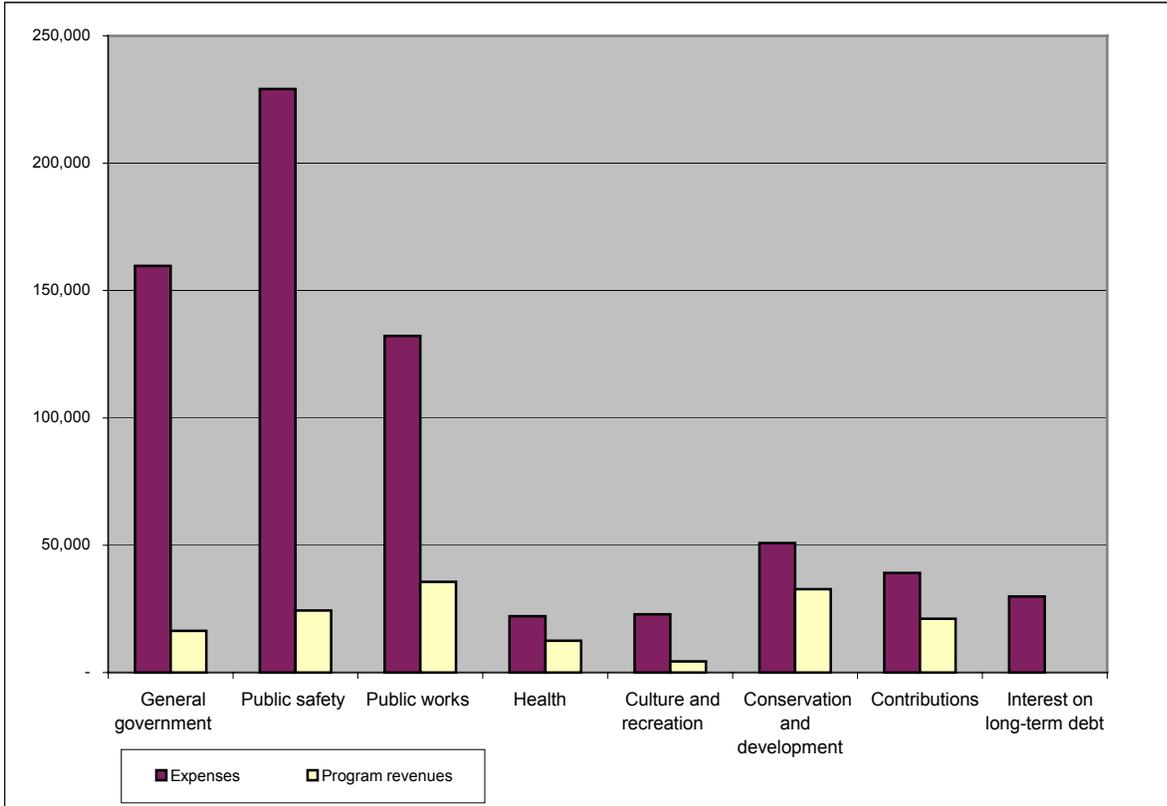
	Governmental activities	Business-type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 57,749	\$ 173,458	\$ 231,207
Operating grants and contributions	89,217	-	89,217
Capital grants and contributions	-	1,108	1,108
General revenues:			
Property taxes and other taxes	207,944	-	207,944
State aids for General Fund	283,068	-	283,068
Miscellaneous	57,999	686	58,685
Total revenues	<u>\$ 695,977</u>	<u>\$ 175,252</u>	<u>\$ 871,229</u>
Expenses			
General government	\$ 159,681	\$ -	\$ 159,681
Public safety	229,167	-	229,167
Public Works	132,198	-	132,198
Health	22,125	-	22,125
Culture and recreation	22,924	-	22,924
Conservation and development	50,828	-	50,828
Capital contribution to Milwaukee Public Schools	18,725	-	18,725
Contributions	20,378	-	20,378
Interest on long-term debt	29,908	-	29,908
Water	-	52,821	52,821
Sewer Maintenance	-	24,214	24,214
Parking	-	21,893	21,893
Port of Milwaukee	-	3,177	3,177
Metropolitan Sewerage District User Charges	-	30,747	30,747
Total expenses	<u>\$ 685,934</u>	<u>\$ 132,852</u>	<u>\$ 818,786</u>
Increase in net assets before transfers	10,043	42,400	52,443
Transfers	11,151	(11,151)	-
Increase in net assets	\$ 21,194	\$ 31,249	\$ 52,443
Net assets – Beginning, as Restated	409,691	546,473	956,164
Net assets – Ending	<u>\$ 430,885</u>	<u>\$ 577,722</u>	<u>\$ 1,008,607</u>

Governmental Activities

Revenues for the city's governmental activities were \$696 million, while total expenses were \$686 million.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

Chart 1
Expenses and Program Revenues - Governmental Activities



One of the major actions taken by the city's management this year to avoid a decrease in revenues over expenditures was to withdraw \$11 million from the reserve for tax stabilization compared to \$5.5 million in the prior year. In addition, City's general revenue did not cover its expenditures because capital projects are financed with the issuance of bonds and notes rather than levying taxes. For 2002, the City issued \$101.8 million of general obligation debt for various capital and Milwaukee Public School purposes.

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 and Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

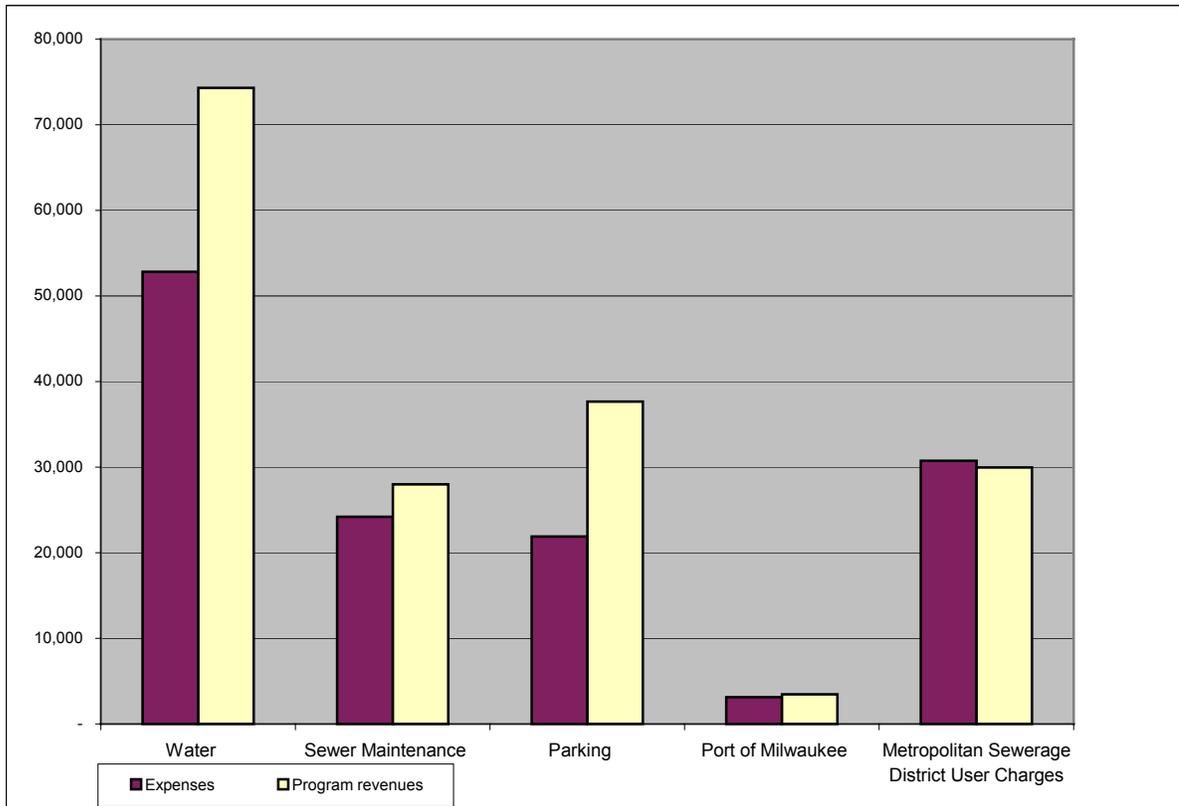
Table 3
Governmental Activities
(Thousand of Dollars)

	Total Cost of Services	Net Cost of Services
General government	\$ 159,681	\$ 143,359
Public safety	229,167	204,833
Public works	132,198	96,626
Health	22,125	9,580
Culture and recreation	22,924	18,514
Conservation and development	50,828	18,152
Contributions	39,103	17,996
Interest on long-term debt	<u>29,908</u>	<u>29,908</u>
Total Governmental Activities	<u>\$ 685,934</u>	<u>\$ 538,968</u>

Business-type Activities

The three major enterprises or business-type activities are water, sewer maintenance and parking operations. The Water Works operating expenses of \$50 million and operating income of \$23.9 million. The Sewer maintenance had operating expenses of \$9 million after generating expenses of \$18.9 million. The City parking facilities operating expenses during 2002 were \$20 million with a net operating revenue of \$17 million.

Chart 2
Expenses and Program Revenues - Business-type Activities



CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on Exhibits A-1 reported a combined fund balance of \$235 million, an increase of 11% over last year. Included in the year's total change in fund balance is a deficit of \$11.9 million for special assessment capital projects. This deficit is due to the financing of capital projects prior to the issuance of the special assessment bills. These bills, if over \$125 are payable over six years.

General Fund Budgetary Highlights

Over the course of the year, the City Council adopted three resolutions which increased the appropriations of the general fund due to greater than anticipated revenues. These increased budgets permitted departments to spend additional appropriations of, \$1.1 million for administration of the pension system, \$14 thousand for tax increment district close to other taxing units, and \$.3 million for payment of polling lists.

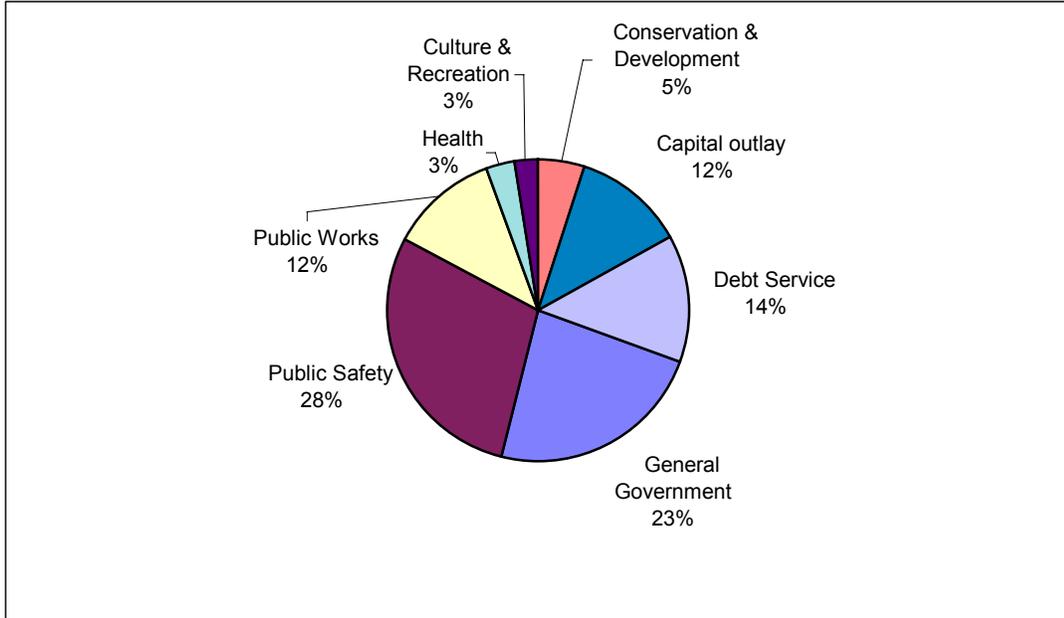
The original budget includes the adopted budget plus the encumbrances carried over from 2001 less the encumbrances carried over to 2003. The Final budget includes the original budget as defined plus appropriations authorized for carry over from 2001 by Common Council less those appropriations authorized for carryover to 2003. In addition certain appropriations are budgeted in a general non-departmental account (i.e. contingency) and are only transferred from this non-departmental appropriation account to specific departments to expend after authorization by the Common Council. These appropriation adjustments are part of the final budget.

The City's General Fund beginning fund balance of \$68.8 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 for the budgeted withdrawal from the reserve for tax stabilization of \$11 million. For budgetary purposes, this withdrawal is reflected as other financing sources, whereas for accounting purposes it is reflected as part of the fund balance.

For the fiscal year ended December 31, 2002, the General Fund generated \$4.4 million in actual revenues over estimated and \$10 million of unused appropriations. This was primarily due to the extremely mild winter generating savings of \$2.6 million in the Public Works departments and the hiring and various cost freezes placed on all departments.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002

Chart 3
2002 City Spending by Function - Governmental Funds



Proprietary Funds

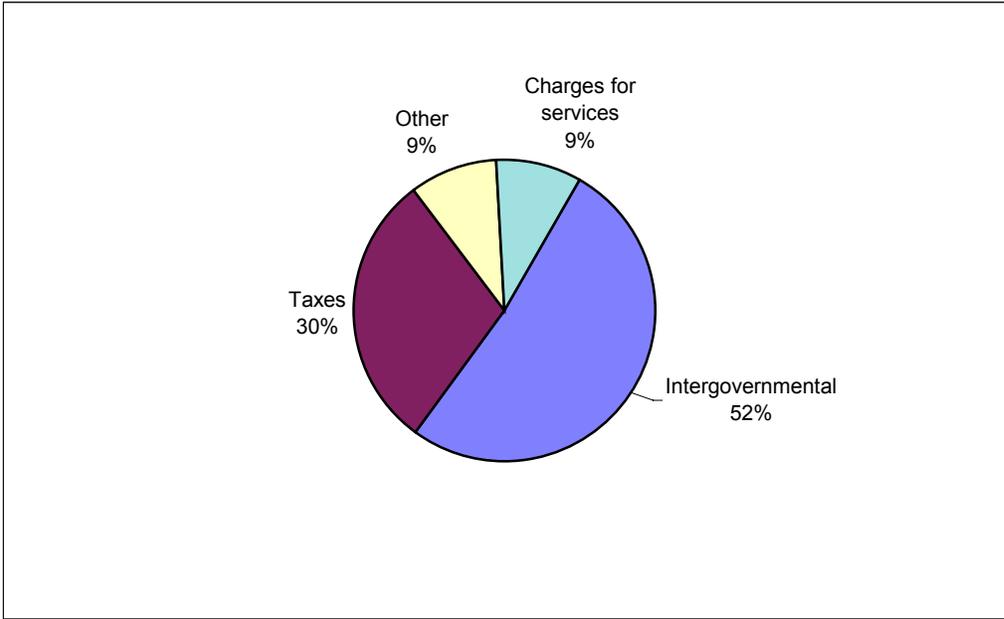
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discretely on the fund statements.

Unrestricted net assets for the Water Works were \$46.5 million, \$8.1 million for the Sewer Maintenance Fund and \$11 million for the Parking Fund.

The total growth in net assets for proprietary funds was \$31.2 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002

Chart 4
Revenues by Source - Governmental Funds



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002, the City had \$1.447 million invested in a broad range of capital assets, including police and fire equipment, buildings, parking facilities, roads, bridges and water and sewer lines. See table 4 below. This amount represents the infrastructure assets and depreciation of the various buildings and equipment not previously reported.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

Table 4
Capital Assets
 (net of depreciation)
 (Thousands of Dollars)

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated:			
Land	\$ 162,342	\$ 19,280	\$ 181,622
Construction in progress	65,964	29,334	95,298
Capital assets being depreciated:.....			
Buildings	117,725	81,164	198,889
Infrastructure	1,221,772	533,407	1,755,179
Improvements other than buildings	8,199	23,010	31,209
Machinery and equipment	97,384	195,411	292,795
Furniture and furnishings	-	53	53
Nonutility property	-	540	540
Accumulated depreciation	<u>(845,672)</u>	<u>(262,558)</u>	<u>(1,108,230)</u>
 Total	 <u>\$ 827,714</u>	 <u>\$ 619,641</u>	 <u>\$ 1,447,355</u>

Debt

At year-end, the City had \$659.5 million in general obligation bonds and notes and \$44.4 in revenue bonds outstanding as itemized in Table 5.

Table 5
Outstanding Debt
General Obligation and Revenue Bonds
 (Thousand of Dollars)

	Governmental Activities	Business-type Activities	Total
General obligation bonds (backed by the City)	\$ 591,155	\$ 68,394	\$ 659,549
Revenue bonds (backed by specific fee revenues)	<u>-</u>	<u>44,426</u>	<u>44,426</u>
 Total	 <u>\$ 591,155</u>	 <u>\$ 112,820</u>	 <u>\$ 703,975</u>

New debt (excluding refunding bonds) resulted mainly from issuing general obligation bonds and notes, for \$101.8 million. In addition to improve cash flow and to take advantage of lower interest rates, the city management refinanced nearly \$159 million of general obligation debt issues by issuing refund bonds. By refinancing the debt, the City will save \$7.5 million in principal and interest over the next 15 years.

The City continues to maintain high investment grade ratings from the three major rating agencies. A rating of AA+ from Fitch Ratings, AA from Standard and Poor's Corporation, and Aa2 from Moody's Investors Service, Inc, were received on the City's August 2002 general obligation bonds issue.

The city's general obligation debt per capita, excluding enterprise fund debt, was \$910.03 at the end of 2002, a 6% increase from the prior year. As of December 31, 2002, the City's outstanding net general obligation debt was 2.67% of the City's equalized property value. 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 reached about 61% of this limit. For the twelfth year, the City issued general obligation notes to purchase a portion of General Fund delinquent taxes in the amount of \$12.9 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2003 adopted budget for the General Fund is \$557 million an increase of 2% over the 2002 budget of \$549 million. The original budget includes the adopted budget plus the encumbrances carried over from 2001 less the encumbrances carried over to 2003. Property taxes levied in 2002 for 2003 city purposes decreased 72 cents per thousand dollars of assessed valuation. Budgeted expenditures of the General Fund are expected to remain below the 2003 budget due to Council action reducing total appropriations \$2.1 million in various general fund departments.

If these estimates are realized, the City's budgetary general fund balance is expected to increase modestly by the close of 2003. More importantly, however, this will have been accomplished without selling capital assets. A refunding issuance of the current debt is being contemplated for 2003.

As for the city's business-type activities, the 2003 results will also improve based on recent rate decisions. The public service commission approved a 10% rate increase for water customers effective in June 2002.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
 December 31, 2002
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 253,929	\$ 35,240	\$ 289,169	\$ 55,380
Investments	62,290	-	62,290	34,781
Receivables (net):.....				
Taxes	154,275	-	154,275	1,928
Accounts	28,833	24,916	53,749	-
Unbilled accounts	1,108	14,463	15,571	-
Special assessments	13,180	-	13,180	-
Notes and loans	29,703	-	29,703	70,160
Accrued interest	745	42	787	661
Due from component units	23,642	-	23,642	-
Due from primary government	-	-	-	911
Due from other governmental agencies	154,051	-	154,051	10,642
Inventory of materials and supplies	5,962	2,263	8,225	-
Inventory of property for resale	26	-	26	10,192
Prepaid items	759	1	760	2,368
Deferred charges	1,248	347	1,595	-
Other assets	-	299	299	2,172
	<u>\$ 729,751</u>	<u>\$ 77,571</u>	<u>\$ 807,322</u>	<u>\$ 189,195</u>
Total non-capital assets				
	<u>\$ 729,751</u>	<u>\$ 77,571</u>	<u>\$ 807,322</u>	<u>\$ 189,195</u>
Capital assets:				
Capital assets not being depreciated:				
Land	162,342	19,280	181,622	48,707
Construction in progress	65,964	29,334	95,298	58,704
Capital assets being depreciated:				
Buildings	117,725	81,164	198,889	282,859
Infrastructure	1,221,772	533,407	1,755,179	-
Improvements other than buildings	8,199	23,010	31,209	204
Machinery and equipment	97,384	195,411	292,795	3,503
Furniture and furnishings	-	53	53	-
Nonutility property	-	540	540	-
Accumulated depreciation	(845,672)	(262,558)	(1,108,230)	(152,030)
	<u>\$ 827,714</u>	<u>\$ 619,641</u>	<u>\$ 1,447,355</u>	<u>\$ 241,947</u>
Total Capital Assets				
	<u>\$ 827,714</u>	<u>\$ 619,641</u>	<u>\$ 1,447,355</u>	<u>\$ 241,947</u>
Total Assets				
	<u>\$ 1,557,465</u>	<u>\$ 697,212</u>	<u>\$ 2,254,677</u>	<u>\$ 431,142</u>

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
 December 31, 2002
 (Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	\$ 31,055	\$ 9,477	\$ 40,532	\$ 12,184
Accrued expenses	31,344	2,757	34,101	2,704
Internal balances	7,644	(7,644)	-	-
Due to component units	911	-	911	-
Due to other governmental agencies	1,662	-	1,662	3,322
Deferred revenue	244,540	103	244,643	3,914
Revenue anticipation notes payable	133,000	-	133,000	-
Other payables	-	-	-	-
Accrued interest payable	7,183	-	7,183	-
Other liabilities	-	-	-	19,955
Due to primary government:				
Due within on year	-	-	-	3,997
Due in more than one year	-	-	-	19,645
Long-term obligations:				
Due within on year	89,594	11,518	101,112	2,337
Due in more than one year	<u>579,647</u>	<u>103,279</u>	<u>682,926</u>	<u>54,306</u>
 Total Liabilities	 <u>\$ 1,126,580</u>	 <u>\$ 119,490</u>	 <u>\$ 1,246,070</u>	 <u>\$ 122,364</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 392,967	\$ 506,502	\$ 899,469	\$ 210,688
Restricted for:				
Debt Service.....	113,999	3,715	117,714	-
Capital Projects	21,613	-	21,613	-
Other purposes	276	-	276	17,260
Unrestricted	<u>(97,970)</u>	<u>67,505</u>	<u>(30,465)</u>	<u>80,830</u>
 Total Net Assets	 <u>\$ 430,885</u>	 <u>\$ 577,722</u>	 <u>\$ 1,008,607</u>	 <u>\$ 308,778</u>

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

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit 2

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental Activities:				
General government	\$ 159,681	\$ 14,411	\$ 1,911	\$ -
Public safety	229,167	8,081	16,253	-
Public works	132,198	31,652	3,920	-
Health	22,125	877	11,668	-
Culture and recreation	22,924	2,308	2,102	-
Conservation and development	50,828	420	32,256	-
Capital contribution to Milwaukee Public Schools	18,725	-	-	-
Contributions	20,378	-	21,107	-
Interest on long-term debt	29,908	-	-	-
Total Governmental Activities	<u>\$ 685,934</u>	<u>\$ 57,749</u>	<u>\$ 89,217</u>	<u>\$ -</u>
Business-type Activities:				
Water	\$ 52,821	\$ 74,300	\$ -	\$ 356
Sewer Maintenance	24,214	28,007	-	-
Parking	21,893	37,735	-	-
Port of Milwaukee	3,177	3,446	-	752
Metropolitan Sewerage District User Charges	30,747	29,970	-	-
Total Business-type Activities	<u>\$ 132,852</u>	<u>\$ 173,458</u>	<u>\$ -</u>	<u>\$ 1,108</u>
Total Primary Government	<u>\$ 818,786</u>	<u>\$ 231,207</u>	<u>\$ 89,217</u>	<u>\$ 1,108</u>
Component units:				
Housing Authority	\$ 69,483	\$ 17,004	\$ 36,612	\$ 12,756
Redevelopment Authority	5,459	592	-	-
Milwaukee Economic Development Authority	1,317	2,148	-	30
Neighborhood Improvement Development Corporation	6,626	2,457	4,871	215
Total Component Units	<u>\$ 82,885</u>	<u>\$ 22,201</u>	<u>\$ 41,483</u>	<u>\$ 13,001</u>
General revenues:				
Property taxes and other taxes				
State aids for General Fund				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

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

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (143,359)		\$ (143,359)	
(204,833)		(204,833)	
(96,626)		(96,626)	
(9,580)		(9,580)	
(18,514)		(18,514)	
(18,152)		(18,152)	
(18,725)		(18,725)	
729		729	
<u>(29,908)</u>		<u>(29,908)</u>	
<u>\$ (538,968)</u>		<u>\$ (538,968)</u>	
\$ -	\$ 21,835	\$ 21,835	
-	3,793	3,793	
-	15,842	15,842	
-	1,021	1,021	
-			
-	<u>(777)</u>	<u>(777)</u>	
<u>\$ -</u>	<u>\$ 41,714</u>	<u>\$ 41,714</u>	
<u>\$ (538,968)</u>	<u>\$ 41,714</u>	<u>\$ (497,254)</u>	
			\$ (3,111)
			(4,867)
			861
			<u>917</u>
			<u>\$ (6,200)</u>
\$ 207,944	\$ -	\$ 207,944	\$ 1,865
283,068	-	283,068	-
-	-	-	508
57,999	686	58,685	2,621
11,151	<u>(11,151)</u>	<u>-</u>	<u>-</u>
<u>\$ 560,162</u>	<u>\$ (10,465)</u>	<u>\$ 549,697</u>	<u>\$ 4,994</u>
\$ 21,194	\$ 31,249	\$ 52,443	\$ (1,206)
<u>409,691</u>	<u>546,473</u>	<u>956,164</u>	<u>309,984</u>
<u>\$ 430,885</u>	<u>\$ 577,722</u>	<u>\$ 1,008,607</u>	<u>\$ 308,778</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and cash equivalents	\$ 116,951
Investments	-
Receivables (net):	
Taxes	99,518
Accounts	21,935
Unbilled accounts	1,108
Special assessments	-
Notes and loans	559
Accrued interest	470
Due from other funds	11,363
Due from component units	3,997
Due from other governmental agencies	1,116
Advances to other funds	13,027
Inventory of materials and supplies	5,775
Inventory of property for resale	26
Prepaid items	655
Restricted Assets:	
Investments	276
Total Assets	<u>\$ 276,776</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 19,022
Accrued expenses	30,668
Due to other funds	3,757
Due to component units	-
Due to other governmental agencies	7
Deferred revenue	137,312
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	<u>\$ 190,766</u>
Fund Balances:	
Reserved for debt service	\$ -
Reserved for delinquent taxes receivable	-
Reserved for encumbrances, prepaids, and carryovers	36,585
Reserved for inventory	5,801
Reserved for mortgage trust	276
Reserved for environmental remediation	303
Reserved for tax stabilization - 2003	9,300
Reserved for tax stabilization - 2004 and subsequent years' budgets and advances to other funds	33,745
Unreserved:	
Special assessment (deficit)	-
Total Fund Balances	<u>\$ 86,010</u>
Total Liabilities and Fund Balances	<u>\$ 276,776</u>

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
\$ 75,336	\$ 11,270	\$ 35,883	\$ 14,489	\$253,929
-	62,014	-	-	62,014
39,833	-	6,797	8,127	154,275
-	-	2,494	4,404	28,833
-	-	-	-	1,108
-	-	13,180	-	13,180
23,449	-	-	5,695	29,703
25	249	-	1	745
-	-	-	-	11,363
19,645	-	-	-	23,642
133,000	-	6,026	13,909	154,051
-	-	-	-	13,027
-	-	187	-	5,962
-	-	-	-	26
104	-	-	-	759
-	-	-	-	276
<u>\$291,392</u>	<u>\$ 73,533</u>	<u>\$ 64,567</u>	<u>\$ 46,625</u>	<u>\$752,893</u>
\$ 104	\$ -	\$ 5,234	\$ 6,695	\$ 31,055
-	-	292	384	31,344
7,844	-	-	7,406	19,007
-	-	-	911	911
-	-	100	1,555	1,662
109,978	-	24,301	16,089	287,680
133,000	-	-	-	133,000
-	-	13,027	-	13,027
<u>\$250,926</u>	<u>\$ -</u>	<u>\$ 42,954</u>	<u>\$ 33,040</u>	<u>\$517,686</u>
\$ 40,466	\$ 73,533	\$ -	\$ 8,347	\$122,346
-	-	-	5,238	5,238
-	-	33,323	-	69,908
-	-	187	-	5,988
-	-	-	-	276
-	-	-	-	303
-	-	-	-	9,300
-	-	-	-	33,745
-	-	(11,897)	-	(11,897)
<u>\$ 40,466</u>	<u>\$ 73,533</u>	<u>\$ 21,613</u>	<u>\$ 13,585</u>	<u>\$235,207</u>
<u>\$291,392</u>	<u>\$ 73,533</u>	<u>\$ 64,567</u>	<u>\$ 46,625</u>	<u>\$752,893</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS**
 FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds \$ 235,207

Amounts reported for governmental activities in the statement of net assets (Exhibit A-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	\$ 162,342	
Buildings, net of \$57,171 accumulated depreciation	60,554	
Infrastructure, net of \$710,098 accumulated depreciation	511,674	
Improvements Other than buildings, net of \$6,336 accumulated depreciation	1,863	
Machinery and equipment, net of \$72,067 accumulated depreciation	25,317	
Construction work in progress	<u>65,964</u>	
		827,714

Deferred charges for debt issuance costs are not available to pay for current-period expenditures and therefore are deferred in the funds. 1,248

Some revenues are deferred in the funds because they are not available to pay current period's expenditures.

Taxes to be collected after year end	\$ 7,668	
Special assessments to be collected after year end	12,023	
Notes and loans receivable to repay long-term bonds and notes	<u>23,449</u>	
		43,140

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. Also, during the year, the City refunded some of its existing debt. The payment to the refunded bond escrow consisted of the proceeds of the new debt \$136,629 plus a premium of \$15,474 less issuance costs of \$1,104 to retire \$139,135 of old debt. The total deferred amount, old debt \$139,135 less the new debt of \$136,629 less the premium plus the issuance costs equal to \$11,864 is being amortized as interest expense. The premium will be amortized as an adjustment to interest expense over the life of the new bonds.

Accrued interest payable	\$ (7,183)	
Bonds and Notes Payable	(591,155)	
Deferred amount on refunding	11,592	
Unamortized premiums	(18,776)	
Compensated absences	(36,859)	
Claims and judgments	<u>(34,043)</u>	
		<u>(676,424)</u>

Total net assets of governmental activities (Exhibit 1) **\$ 430,885**

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

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit A-3

	General
Revenues:	
Property taxes	\$ 114,096
Other taxes	2,944
Special assessments	-
Licenses and permits	10,814
Intergovernmental	283,068
Charges for services	57,749
Fines and forfeits	5,210
Contributions received	21,107
Other	8,706
Total Revenues	<u>\$ 503,694</u>
Expenditures:	
Current:	
General government	\$ 179,023
Public safety	211,163
Public works	88,094
Health	10,552
Culture and recreation	18,791
Conservation and development	7,857
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	<u>\$ 515,480</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (11,786)</u>
Other Financing Sources (Uses):	
General obligation bonds and notes issued	\$ -
Refunding bonds issued	-
Payment to refunded bond escrow agent	-
Issuance premium	-
Transfers in	28,955
Transfers out	(3)
Total Other Financing Sources and Uses	<u>\$ 28,952</u>
Net Change in Fund Balances	\$ 17,166
Fund Balances - Beginning, as Restated	<u>68,844</u>
Fund Balances - Ending	<u>\$ 86,010</u>

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
\$ 58,916	\$ -	\$ 10,281	\$ 404	\$ 183,697
12,368	1,267	-	-	16,579
-	-	4,053	-	4,053
-	-	-	-	10,814
1,092	-	4,460	68,110	356,730
5,977	-	-	-	63,726
-	-	-	-	5,210
-	-	-	-	21,107
5,923	7,715	2,961	1,501	26,806
<u>\$ 84,276</u>	<u>\$ 8,982</u>	<u>\$ 21,755</u>	<u>\$ 70,015</u>	<u>\$ 688,722</u>
\$ -	\$ 3	\$ -	\$ 4,020	\$ 183,046
-	-	-	16,253	227,416
-	-	-	3,934	92,028
-	-	-	11,667	22,219
-	-	-	2,102	20,893
-	-	-	32,256	40,113
-	-	93,515	-	93,515
-	-	-	-	-
69,311	6,735	-	-	76,046
27,420	1,560	-	-	28,980
1,104	-	-	-	1,104
<u>\$ 97,835</u>	<u>\$ 8,298</u>	<u>\$ 93,515</u>	<u>\$ 70,232</u>	<u>\$ 785,360</u>
<u>\$ (13,559)</u>	<u>\$ 684</u>	<u>\$ (71,760)</u>	<u>\$ (217)</u>	<u>\$ (96,638)</u>
\$ -	\$ -	\$ 88,913	\$ 12,925	\$ 101,838
138,044	-	-	-	138,044
(150,999)	-	-	-	(150,999)
19,313	-	-	-	19,313
18,821	-	-	-	47,776
(13,291)	-	(5,016)	(18,315)	(36,625)
<u>\$ 11,888</u>	<u>\$ -</u>	<u>\$ 83,897</u>	<u>\$ (5,390)</u>	<u>\$ 119,347</u>
\$ (1,671)	\$ 684	\$ 12,137	\$ (5,607)	\$ 22,709
42,137	72,849	9,476	19,192	212,498
<u>\$ 40,466</u>	<u>\$ 73,533</u>	<u>\$ 21,613</u>	<u>\$ 13,585</u>	<u>\$ 235,207</u>

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CITY OF MILWAUKEE
**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, 2002
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3)		\$ 22,709
<p>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 outlays (\$63,384) exceeded depreciation (\$39,702) in the current period.</p>		
		23,682
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes collected after year end	\$ 7,668	
Special assessments deferred revenue beginning of the year \$12,436 less deferred at end of the year \$12,023 equals amount collected during the year	<u>(413)</u>	
		7,255
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Debt issued:		
Bonds and notes issued	\$ (138,044)	
Refunding bonds issued	(101,838)	
Issuance premiums	(19,313)	
Repayments:		
Payment to refunding bond escrow	150,999	
Principal retirement	76,021	
Bond issuance costs	1,288	
Amortization:		
Issuance costs	(40)	
Premiums	537	
Deferred amount on refunding	<u>(272)</u>	
		(30,662)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.</p>		
<p>The adjustment combines the net changes of the following balances.</p>		
Compensated absences	\$ (3,499)	
Claims and judgments	2,902	
Accrued interest on bonds and notes	<u>(1,193)</u>	
		<u>(1,790)</u>
Changes in net assets of governmental activities (Exhibit 2)		<u>\$ 21,194</u>

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

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 17,642	\$ 588	\$ 12,342	\$ 953	\$ 31,525
Receivables (net):					
Accounts	10,658	6,956	-	7,302	24,916
Unbilled accounts	9,669	2,848	-	1,946	14,463
Accrued interest	35	7	-	-	42
Due from other funds	10,915	492	-	548	11,955
Inventory of materials and supplies	2,263	-	-	-	2,263
Prepaid items	-	-	1	-	1
Deferred charges	13	334	-	-	347
Other assets	299	-	-	-	299
Total Current Assets	<u>\$ 51,494</u>	<u>\$ 11,225</u>	<u>\$ 12,343</u>	<u>\$ 10,749</u>	<u>\$ 85,811</u>
Noncurrent assets:					
Restricted cash and cash equivalents	\$ -	\$ 3,715	\$ -	\$ -	\$ 3,715
Capital assets:					
Capital assets not being depreciated:					
Land	1,585	-	9,415	8,280	19,280
Construction in progress	12,210	17,124	-	-	29,334
Capital assets being depreciated:					
Buildings	22,430	-	49,035	9,699	81,164
Infrastructure	261,643	271,764	-	-	533,407
Improvements other than buildings	-	-	5,439	17,571	23,010
Machinery and equipment	188,696	1,288	592	4,835	195,411
Furniture and furnishings	-	22	-	31	53
Nonutility property	540	-	-	-	540
Accumulated depreciation	<u>(137,143)</u>	<u>(84,900)</u>	<u>(19,002)</u>	<u>(21,513)</u>	<u>(262,558)</u>
Total Noncurrent Assets	<u>\$ 349,961</u>	<u>\$ 209,013</u>	<u>\$ 45,479</u>	<u>\$ 18,903</u>	<u>\$ 623,356</u>
Total Assets	<u>\$ 401,455</u>	<u>\$ 220,238</u>	<u>\$ 57,822</u>	<u>\$ 29,652</u>	<u>\$ 709,167</u>

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 1,117	\$ 1,590	\$ 774	\$ 5,996	\$ 9,477
Accrued expenses	1,334	722	448	140	2,644
Compensated absences	943	-	-	-	943
Due to other funds	1,549	-	-	2,762	4,311
General obligation debt payable - current	4,680	-	3,746	366	8,792
Revenue bonds payable - current	783	-	-	-	783
Deferred revenue	-	-	103	-	103
Total Current Liabilities	<u>\$ 10,406</u>	<u>\$ 2,312</u>	<u>\$ 5,071</u>	<u>\$ 9,264</u>	<u>\$ 27,053</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds payable	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
Accrued interest payable	-	113	-	-	113
Total Current Liabilities Payable from Restricted Assets	<u>\$ -</u>	<u>\$ 1,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113</u>
Noncurrent Liabilities:					
General obligation debt	\$ 38,087	\$ -	\$ 18,861	\$ 2,973	\$ 59,921
Revenue bonds payable	14,548	28,810	-	-	43,358
Total Noncurrent Liabilities	<u>\$ 52,635</u>	<u>\$ 28,810</u>	<u>\$ 18,861</u>	<u>\$ 2,973</u>	<u>\$ 103,279</u>
Total Liabilities	<u>\$ 63,041</u>	<u>\$ 32,235</u>	<u>\$ 23,932</u>	<u>\$ 12,237</u>	<u>\$ 131,445</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 291,863	\$ 176,203	\$ 22,872	\$ 15,564	\$ 506,502
Restricted	-	3,715	-	-	3,715
Unrestricted	46,551	8,085	11,018	1,851	67,505
Total Net Assets	<u>\$ 338,414</u>	<u>\$ 188,003</u>	<u>\$ 33,890</u>	<u>\$ 17,415</u>	<u>\$ 577,722</u>

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

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CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
Operating Revenues:					
Charges for Services:					
Water sales	\$ 60,906	\$ -	\$ -	\$ -	\$ 60,906
Statutory sewer user fee	-	-	-	29,063	29,063
Sewer maintenance fee	-	27,922	-	-	27,922
Rent	-	-	6,829	3,446	10,275
Fire protection service	5,473	-	-	-	5,473
Parking meters	-	-	3,998	-	3,998
Parking permits	-	-	2,445	-	2,445
Vehicle towing	-	-	3,800	-	3,800
Parking forfeitures	-	-	20,232	-	20,232
Other	7,480	85	345	907	8,817
Total Operating Revenues	<u>\$ 73,859</u>	<u>\$ 28,007</u>	<u>\$ 37,649</u>	<u>\$ 33,416</u>	<u>\$ 172,931</u>
Operating Expenses:					
Milwaukee Metropolitan Sewerage District charges ..	\$ -	\$ -	\$ -	\$ 25,250	\$ 25,250
Employee services	-	6,857	5,716	1,449	14,022
Administrative and general	4,486	-	-	37	4,523
Depreciation	12,027	3,707	2,190	713	18,637
Transmission and distribution	16,803	-	-	3,704	20,507
Services, supplies and materials	-	8,426	12,258	958	21,642
Water treatment	8,463	-	-	-	8,463
Water pumping	5,595	-	-	-	5,595
Billing and collection	2,601	-	-	1,637	4,238
Total Operating Expenses	<u>\$ 49,975</u>	<u>\$ 18,990</u>	<u>\$ 20,164</u>	<u>\$ 33,748</u>	<u>\$ 122,877</u>
Operating Income (Loss)	<u>\$ 23,884</u>	<u>\$ 9,017</u>	<u>\$ 17,485</u>	<u>\$ (332)</u>	<u>\$ 50,054</u>
Nonoperating Revenues (Expenses):					
Investment income	\$ 386	\$ 300	\$ -	\$ -	\$ 686
Interest expense	(2,846)	(1,319)	(1,194)	(176)	(5,535)
Gain (loss) on disposal of fixed assets	-	(60)	(535)	-	(595)
Other	441	(3,845)	86	-	(3,318)
Total Nonoperating Revenues (Expenses)	<u>\$ (2,019)</u>	<u>\$ (4,924)</u>	<u>\$ (1,643)</u>	<u>\$ (176)</u>	<u>\$ (8,762)</u>
Income (Loss) before Contributions and Transfers..	\$ 21,865	\$ 4,093	\$ 15,842	\$ (508)	\$ 41,292
Capital contributions	\$ 356	\$ -	\$ -	\$ 752	\$ 1,108
Transfers in	7,395	-	-	532	7,927
Transfers out	(7,974)	-	(9,895)	(1,209)	(19,078)
Change in Net Assets	\$ 21,642	\$ 4,093	\$ 5,947	\$ (433)	\$ 31,249
Total Net Assets - Beginning, as Restated	<u>316,772</u>	<u>183,910</u>	<u>27,943</u>	<u>17,848</u>	<u>546,473</u>
Total Net Assets - Ending	<u>\$ 338,414</u>	<u>\$ 188,003</u>	<u>\$ 33,890</u>	<u>\$ 17,415</u>	<u>\$ 577,722</u>

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

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 71,132	\$ 28,606	\$ 37,362	\$ 30,950	\$ 168,050
Cash receipts from other funds	496	-	-	-	496
Other operating cash receipts	-	85	329	-	414
Payments to suppliers	(15,368)	(8,015)	(12,407)	(33,613)	(69,403)
Payments to employees	(19,800)	(6,807)	(5,661)	(1,455)	(33,723)
Payments from other funds	-	-	-	2,303	2,303
Payments to other funds	(15,557)	(12,051)	-	-	(27,608)
Other payments	-	-	(1)	-	(1)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 20,903</u>	<u>\$ 1,818</u>	<u>\$ 19,622</u>	<u>\$ (1,815)</u>	<u>\$ 40,528</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers from other funds	\$ 7,395	\$ -	\$ 1,172	\$ -	\$ 8,567
Transfers to other funds	(7,974)	-	(14,578)	(1,205)	(23,757)
Other nonoperating expense	-	(3,845)	-	-	(3,845)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Used for Noncapital Financing Activities	<u>\$ (579)</u>	<u>\$ (3,845)</u>	<u>\$ (13,406)</u>	<u>\$ (1,205)</u>	<u>\$ (19,035)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions	\$ -	\$ -	\$ 3,511	\$ 1,300	\$ 4,811
Proceeds from sale of bonds and notes	17,953	-	4,960	1,215	24,128
Acquisition of property, plant and equipment	(10,687)	(15,971)	(949)	-	(27,607)
Retirement of bonds, notes and revenue bonds	(5,717)	-	(3,511)	(353)	(9,581)
Payment to refunded bond escrow agent	(18,405)	-	(4,432)	(1,088)	(23,925)
Interest paid	(2,404)	(1,357)	(1,078)	(153)	(4,992)
Transfers to other funds	-	-	-	176	176
Repairs and restorations	-	-	-	(196)	(196)
Other	-	-	86	-	86
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>\$ (19,260)</u>	<u>\$ (17,328)</u>	<u>\$ (1,413)</u>	<u>\$ 901</u>	<u>\$ (37,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	<u>\$ 386</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679</u>
Net Increase (Decrease) in Cash and Cash Equivalents ...	<u>\$ 1,450</u>	<u>\$ (19,062)</u>	<u>\$ 4,803</u>	<u>\$ (2,119)</u>	<u>\$ (14,928)</u>
Cash and Cash Equivalents - Beginning	<u>16,192</u>	<u>23,365</u>	<u>7,539</u>	<u>3,072</u>	<u>50,168</u>
Cash and Cash Equivalents - Ending	<u>\$ 17,642</u>	<u>\$ 4,303</u>	<u>\$ 12,342</u>	<u>\$ 953</u>	<u>\$ 35,240</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
Cash and Cash Equivalents at Year End Consist of:					
Unrestricted Cash	\$ 17,642	\$ 588	\$ 12,342	\$ 953	\$ 31,525
Restricted Cash	<u>-</u>	<u>3,715</u>	<u>-</u>	<u>-</u>	<u>3,715</u>
	<u>\$ 17,642</u>	<u>\$ 4,303</u>	<u>\$ 12,342</u>	<u>\$ 953</u>	<u>\$ 35,240</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 23,884	\$ 9,017	\$ 17,485	\$ (332)	\$ 50,054
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation.....	12,027	3,707	2,190	713	18,637
Changes in assets and liabilities:					
Receivables	(3,309)	966	-	(2,466)	(4,809)
Due from other funds	(11,250)	(283)	-	(193)	(11,726)
Inventories	350	3	-	-	353
Prepaid items	16	-	(1)	-	15
Deferred charges	-	15	-	-	15
Other assets	68	-	-	-	68
Accounts payable	(1,365)	393	(149)	(2,026)	(3,147)
Accrued liabilities	41	51	55	(7)	140
Due to other funds	-	(12,051)	-	2,496	(9,555)
Deferred revenue	<u>441</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>483</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 20,903</u>	<u>\$ 1,818</u>	<u>\$ 19,622</u>	<u>\$ (1,815)</u>	<u>\$ 40,528</u>

Non-cash Activities:

During the year, the city disposed of parking assets of \$535 net book value.

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of \$356.

During the year, the Sewer Maintenance Fund donated or disposed of fixed assets with a net value of \$2,689.

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

CITY OF MILWAUKEE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit C-1

	Pension and Other Employee Benefit Trusts	Private- Purpose Trusts	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 112	\$ 2,207	\$ 247,531
Investments	-	5,414	-
Receivables (net):			
Taxes	-	-	1
Notes and loans	-	467	-
Restricted Assets:			
Investments	<u>340,802</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 340,914</u>	<u>\$ 8,088</u>	<u>\$ 247,532</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 309	\$ 16	\$ 2,406
Due to other governmental agencies	<u>-</u>	<u>-</u>	<u>245,126</u>
Total Liabilities	<u>\$ 309</u>	<u>\$ 16</u>	<u>\$ 247,532</u>
Net Assets			
Employees' pension benefits and other purposes	<u>\$ 340,605</u>	<u>\$ 8,072</u>	

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

CITY OF MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit C-2

	Pension and Other Employee Benefit Trusts	Private- Purpose Trusts
Additions		
Contributions:		
Plan members	\$ 27,515	\$ -
Employer	3,434	-
Private donations	-	1,646
Total Contributions	<u>\$ 30,949</u>	<u>\$ 1,646</u>
Investment earnings:		
Net (depreciation) appreciation in fair value of investments	\$ (34,103)	\$ 396
Interest	117	317
Total Investment Earnings	<u>\$ (33,986)</u>	<u>\$ 713</u>
Total Additions	<u>\$ (3,037)</u>	<u>\$ 2,359</u>
Deductions		
Benefits	\$ 30,551	\$ -
Fees remitted from Trust	-	571
Other	-	944
Administrative expenses	331	-
Total Deductions	<u>\$ 30,882</u>	<u>\$ 1,515</u>
Change in Net Assets	\$ (33,919)	\$ 844
Net Assets - Beginning as Restated	<u>374,524</u>	<u>7,228</u>
Net Assets - Ending	<u>\$340,605</u>	<u>\$ 8,072</u>

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit D-1

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 17,545	\$ 16,191	\$ 18,764	\$ 2,880	\$ 55,380
Investments	13,380	20,372	729	300	34,781
Receivables (net):					
Accounts	479	1,059	-	390	1,928
Notes and loans	7,463	18,639	29,314	14,744	70,160
Accrued interest	-	149	334	178	661
Due from primary government	-	-	-	911	911
Due from other governmental agencies	5,820	1,500	3,322	-	10,642
Inventory of property for resale	-	7,909	-	2,283	10,192
Prepaid items	2,366	-	-	2	2,368
Other assets	<u>632</u>	<u>1,011</u>	<u>529</u>	<u>-</u>	<u>2,172</u>
Total Noncapital Assets	<u>\$ 47,685</u>	<u>\$ 66,830</u>	<u>\$ 52,992</u>	<u>\$ 21,688</u>	<u>\$ 189,195</u>
Capital assets:					
Capital assets not being depreciated:					
Land	\$ 39,600	\$ 9,107	\$ -	\$ -	\$ 48,707
Construction work in progress	50,611	8,093	-	-	58,704
Capital assets being depreciated:.....					
Buildings	282,859	-	-	-	282,859
Improvements other than buildings	204	-	-	-	204
Machinery and equipment	3,366	-	55	82	3,503
Accumulated depreciation	<u>(151,956)</u>	<u>-</u>	<u>(30)</u>	<u>(44)</u>	<u>(152,030)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 224,684</u>	<u>\$ 17,200</u>	<u>\$ 25</u>	<u>\$ 38</u>	<u>\$ 241,947</u>
Total Assets	<u>\$ 272,369</u>	<u>\$ 84,030</u>	<u>\$ 53,017</u>	<u>\$ 21,726</u>	<u>\$ 431,142</u>

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit D-1 (Continued)

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 8,582	\$ 3,054	\$ 138	\$ 410	\$ 12,184
Accrued expenses	2,639	65	-	-	2,704
Due to primary government	1,880	-	-	2,117	3,997
Due to other governmental agencies	-	3,322	-	-	3,322
Bonds and notes payable - current	555	-	-	1,782	2,337
Deferred revenue	209	-	841	237	1,287
Other liabilities	1,108	7,334	-	125	8,567
Total Current Liabilities	\$ 14,973	\$ 13,775	\$ 979	\$ 4,671	\$ 34,398
Noncurrent Liabilities:					
Due to primary government	\$ -	\$ 17,239	\$ 2,406	\$ -	\$ 19,645
Deferred revenue	-	2,627	-	-	2,627
Other liabilities	9,650	1,738	-	-	11,388
Notes payable	8,874	-	-	-	8,874
Revenue bonds payable	16,428	27,504	-	-	43,932
Advances from other organizations	1,500	-	-	-	1,500
Total Noncurrent Liabilities	\$ 36,452	\$ 49,108	\$ 2,406	\$ -	\$ 87,966
Total Liabilities	\$ 51,425	\$ 62,883	\$ 3,385	\$ 4,671	\$ 122,364
NET ASSETS:					
Invested in capital assets, net of related debt ...	\$ 203,868	\$ 6,757	\$ 25	\$ 38	\$ 210,688
Restricted	2,057	-	777	14,426	17,260
Unrestricted	15,019	14,390	48,830	2,591	80,830
Total Net Assets	\$ 220,944	\$ 21,147	\$ 49,632	\$ 17,055	\$ 308,778

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

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit D-2

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Housing Authority				
Low income housing	\$ 69,483	\$ 17,004	\$ 36,612	\$ 12,756
Redevelopment Authority				
Prevention and elimination of blight	5,459	592	-	-
Milwaukee Economic Development Corporation				
Increase employment & expansion of business	1,317	2,148	-	30
Neighborhood Improvement Development Corp.				
Housing improvements	<u>6,626</u>	<u>2,457</u>	<u>4,871</u>	<u>215</u>
 Total Component Units	 <u>\$ 82,885</u>	 <u>\$ 22,201</u>	 <u>\$ 41,483</u>	 <u>\$ 13,001</u>

General revenues:

Payment from City of Milwaukee	
Grants, entitlements, and contributions not restricted to specific programs	
Unrestricted investment earnings	
Miscellaneous	

Total General Revenues

Change in Net Assets.....

Net Assets - Beginning, as Restated

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets				
Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
\$ (3,111)	\$ -	\$ -	\$ -	\$ (3,111)
-	(4,867)	-	-	(4,867)
-	-	861	-	861
-	-	-	917	917
<u>\$ (3,111)</u>	<u>\$ (4,867)</u>	<u>\$ 861</u>	<u>\$ 917</u>	<u>\$ (6,200)</u>
\$ -	\$ 1,865	\$ -	\$ -	\$ 1,865
-	508	-	-	508
827	1,127	298	37	2,289
<u>57</u>	<u>275</u>	<u>-</u>	<u>-</u>	<u>332</u>
<u>\$ 884</u>	<u>\$ 3,775</u>	<u>\$ 298</u>	<u>\$ 37</u>	<u>\$ 4,994</u>
\$ (2,227)	\$ (1,092)	\$ 1,159	\$ 954	\$ (1,206)
<u>223,171</u>	<u>22,239</u>	<u>48,473</u>	<u>16,101</u>	<u>309,984</u>
<u>\$220,944</u>	<u>\$ 21,147</u>	<u>\$ 49,632</u>	<u>\$ 17,055</u>	<u>\$308,778</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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 includes the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the following discretely presented component units:

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

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

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

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

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

The basic financial statements exclude the accounts of the Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District, World Festivals Inc. ("Summerfest") and the Employees' Retirement System of the City of Milwaukee, because these entities operate with separate governing boards and do not meet the criteria established by the Governmental Accounting Standards Board (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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 66.076, 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.

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.

Additionally, the City reports the following fund types:

Pension and Other Employee Benefit Trusts – This fund accounts for resources for the City's deferred compensation plan, employee flexible spending and group life insurance.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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 2002 that will be collected in 2003 are recorded as receivable and deferred revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

Investments, primarily consisting of fixed income securities, are reported at fair value based on quoted market prices. Commercial paper, which is short-term, defined as having an original maturity of one year or less, and highly liquid is carried at amortized cost. Investment transactions are recorded on the trade date.

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

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

F. Property Taxes

Property taxes are recorded as receivables and deferred revenues in the taxing fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. Property tax payments received prior to year-end are also reflected in the taxing fund. Property taxes are recognized in the appropriate funds as revenues in the succeeding year when they are collected and available to finance City services. If not collected at year-end, the delinquent property taxes are reflected as receivables and deferred revenues. Delinquent property taxes and related interest are recognized as revenues when collected.

The allowance for uncollectible property taxes is based on an analysis of the delinquent property taxes and, in management's judgment, represents an amount adequate to provide for potential uncollectible taxes. The allowance is increased by provisions charged against revenues and is reduced by taxes receivable written off.

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

G. Unbilled Services

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

H. 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

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

J. Inventories

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

K. Prepaid Items

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

L. Capital Assets

Capital assets, which includes 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
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

CITY OF MILWAUKEE
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FOR THE YEAR ENDED DECEMBER 31, 2002

M. 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.

N. 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 include 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.

O. 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.

P. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Q. Advance Refundings of Debt

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

R. Fund Balances

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

S. Net Assets

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

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

CITY OF MILWAUKEE
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Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

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

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 assets.

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

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

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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. Accounting Change

Effective January 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. These Statements establish new financial reporting requirements and significantly change the format and content of the City's financial statements. They require new information and restructure much of the information that the City has presented in the past.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. The Government-wide financial statements include a statement of net assets and statement of activities. These financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units. The City's statement of net assets includes both non-current assets and non-current liabilities of the City, which were previously reported in the General Fixed Assets Account Group and the General Long-term Obligations Account Group, respectively. In addition to the capital assets previously reported in the General Fixed Assets Account Group, the City retroactively capitalized all infrastructure assets.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. Accordingly, the accounting and financial reporting for the City's governmental funds is similar to that previously presented in the City's financial statements.

CITY OF MILWAUKEE
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Statement No. 34 also requires, as required supplementary information, a Management's Discussion and Analysis, which includes analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results.

In connection with the adoption of GASB No. 34, the City and its component unit, NIDC, have restated beginning fund balances/net assets as follows:

	Nonmajor Governmental Fund	Sewer Maintenance Fund	NIDC
	<i>(Thousands of Dollars)</i>		
Fund Balance/net assets, December 31, 2001, as previously reported	\$ 22,746	\$ 185,662	\$ 10,598
Adjustment to defer taxes that are not considered available to finance current operations	(3,554)	-	-
Adjustment to decrease net capital asset balances.....	-	(1,752)	-
Adjustment to recognized forgivable loans receivable	-	-	5,503
Fund balance/net assets, January 1, 2002, as restated	<u>\$ 19,192</u>	<u>\$ 183,910</u>	<u>\$ 16,101</u>

Effective January 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes, and rescinds certain financial statement note disclosures. The financial statements have been prepared in conformance with this Statement.

Effective January 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This Interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in governmental funds. There was no significant impact on the City's financial statements as a result of adopting this Interpretation.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all the funds, except for Debt Service Funds, Water Works Enterprise Fund, and component entities. 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 is 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 Combined Balance Sheet. The Debt Service Funds, Water Works Enterprise Fund, and component units maintain separate cash and investments. In addition, investments are separately held by several other City funds. No violations of legal provisions for deposits and investments were committed during the year.

Deposits

At December 31, 2002, the reported amount of the City's deposits and cash on hand for governmental and business-type activities was \$73,973,000 and the related bank balance was \$74,424,000. Of the total bank balances, which are maintained by the City Treasurer, \$2,800,000 is entirely insured and \$49,641,000 is collateralized by securities held in the pledging banks' trust departments in the City's name. The remaining balance of \$21,983,000 is neither insured nor collateralized, nor was this amount significantly exceeded during the year.

At December 31, 2002, the reported amount of the City's deposits and cash on hand for component units was \$15,584,085 and the related bank balance was \$17,632,214. Of the components units deposits \$7,513,569 are entirely insured and \$10,118,645 are uninsured and collateralized at the end of the year.

CITY OF MILWAUKEE
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Cash Equivalents and Investments

The City's primary government and component units cash equivalents and investments are categorized as either (1) insured or registered or securities held by the City or its agent in the City's name, (2) uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured or unregistered with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Cash and investments with fiscal agents include \$7,521,115 placed in trust for Housing Authority debt retirement, \$19,029,126 for Redevelopment Authority debt retirement, and \$420,000 for Disadvantaged Business Enterprise programs.

Governmental and business-type activities:	Category (1)	Category (2)	Category (3)	Reported Amount	Fair Value
			<i>(Thousands of Dollars)</i>		
<i>Categorized:</i>					
U.S. Treasury Obligations	\$ -	\$ 54,310	\$ -	\$ 54,310	\$ 54,310
Municipal Bonds and Notes	-	-	-	7,704	7,704
	<u>\$ -</u>	<u>\$ 54,310</u>	<u>\$ -</u>	<u>\$ 62,014</u>	<u>\$ 62,014</u>
<i>Noncategorized:</i>					
Cash and Investments with Fiscal Agents				3,991	3,991
Local Government Pooled - Investment Fund				184,616	184,616
Government Mutual Fund				26,865	26,865
Total Cash Equivalents and Investments				<u>\$ 277,486</u>	<u>\$ 277,486</u>
Fiduciary activities:	Category (1)	Category (2)	Category (3)	Reported Amount	Fair Value
			<i>(Thousands of Dollars)</i>		
<i>Categorized:</i>					
U.S. Treasury Obligations	<u>\$ -</u>	<u>\$ 5,414</u>	<u>\$ -</u>	\$ 5,414	\$ 5,414
<i>Noncategorized:</i>					
Cash and Investments with Fiscal Agents				144	144
Local Government Pooled - Investment Fund				249,706	249,706
Deferred Compensation Investments				340,802	340,802
Total Cash Equivalents and Investments				<u>\$ 596,066</u>	<u>\$ 596,066</u>
Component Units:	Category (1)	Category (2)	Category (3)	Reported Amount	Fair Value
			<i>(Thousands of Dollars)</i>		
<i>Categorized:</i>					
Federal Home Loan Bank Notes	\$ -	\$ -	\$ 4,072	\$ 4,072	\$ 4,072
Federal National Mortgage Association	-	-	1,968	1,968	1,968
Other securities	12,220	-	-	12,220	12,220
	<u>\$ 12,220</u>	<u>\$ -</u>	<u>\$ 6,040</u>	<u>\$ 18,260</u>	<u>\$ 18,260</u>
<i>Noncategorized:</i>					
Cash and Investments with Fiscal Agents				7,521	7,521
Local Government Pooled - Investment Fund				40,101	40,101
U.S. Government Money Market				4,009	4,009
Short-term Money Market				4,387	4,387
Investments in partnerships				299	299
Total Cash Equivalents and Investments				<u>\$ 74,577</u>	<u>\$ 74,577</u>

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The pooled investments have not been categorized based on custodial risk because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship. 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.

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, 2002, 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
<i>(Thousands of Dollars)</i>			
1997 and prior	\$ 1,208	\$ 1,992	\$ 3,200
1998	305	502	807
1999	317	552	869
2000	1,059	1,844	2,903
2001	<u>4,779</u>	<u>8,957</u>	<u>13,736</u>
 Total delinquent property taxes receivable	 <u>\$ 7,668</u>	 <u>\$ 13,847</u>	 \$ 21,515
 Property taxes receivable on foreclosed property			 15,752
 Less: Allowance for uncollectible taxes			 <u>(13,070)</u>
 Net delinquent property taxes receivable, including tax deeded property			 <u>\$ 24,197</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance 01-01-02	Additions	Deletions	Balance 12-31-02
Governmental activities	<i>(Thousands of Dollars)</i>			
<i>Capital assets not being depreciated:</i>				
Land	\$ 162,342	\$ -	\$ -	\$ 162,342
Construction in progress	<u>98,611</u>	<u>56,152</u>	<u>(88,799)</u>	<u>65,964</u>
Total capital assets not being depreciated	<u>260,953</u>	<u>56,152</u>	<u>(88,799)</u>	<u>228,306</u>
<i>Capital assets being depreciated:</i>				
Buildings	105,966	11,759	-	117,725
Infrastructure.....	1,145,466	76,306	-	1,221,772
Improvements other than buildings	7,465	734	-	8,199
Machinery and Equipment	<u>90,152</u>	<u>7,232</u>	<u>-</u>	<u>97,384</u>
Total capital assets being depreciated	<u>1,349,049</u>	<u>96,031</u>	<u>-</u>	<u>1,445,080</u>
Less accumulated depreciation for:				
Buildings	54,732	2,439	-	57,171
Infrastructure	679,230	30,868	-	710,098
Improvements other than buildings	6,125	211	-	6,336
Machinery and equipment	<u>65,883</u>	<u>6,184</u>	<u>-</u>	<u>72,067</u>
Total accumulated depreciation	<u>805,970</u>	<u>39,702</u>	<u>-</u>	<u>845,672</u>
Total capital assets being depreciated, net	<u>543,079</u>	<u>56,329</u>	<u>-</u>	<u>599,408</u>
Government activity capital assets, net	<u>\$ 804,032</u>	<u>\$ 112,481</u>	<u>\$ (88,799)</u>	<u>\$ 827,714</u>
Depreciation expense for governmental activities was charged to functions as follows:				
General government				\$ 137
Public safety				3,223
Public works				35,917
Health				38
Culture and recreation				384
Conservation and development				<u>3</u>
Total				<u>\$ 39,702</u>

CITY OF MILWAUKEE
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	Balance 01-01-02	Additions	Deletions	Balance 12-31-02
Business-type activities	<i>(Thousands of Dollars)</i>			
Waterworks				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,585	\$ -	\$ -	\$ 1,585
Construction in progress	<u>10,167</u>	<u>11,238</u>	<u>9,195</u>	<u>12,210</u>
Total capital assets not being depreciated	<u>11,752</u>	<u>11,238</u>	<u>9,195</u>	<u>13,795</u>
<i>Capital assets being depreciated:</i>				
Buildings	22,430	-	-	22,430
Infrastructure	255,132	6,943	432	261,643
Machinery and equipment	187,521	2,252	1,077	188,696
Nonutility property	<u>540</u>	<u>-</u>	<u>-</u>	<u>540</u>
Total capital assets being depreciated	<u>465,623</u>	<u>9,195</u>	<u>1,509</u>	<u>473,309</u>
Less accumulated depreciation for:				
Buildings	11,545	705	-	12,250
Infrastructure	61,428	3,058	293	64,193
Machinery and equipment	53,336	8,265	1,024	60,577
Nonutility property	<u>121</u>	<u>2</u>	<u>-</u>	<u>123</u>
Total accumulated depreciation	<u>126,430</u>	<u>12,030</u>	<u>1,317</u>	<u>137,143</u>
Total capital assets being depreciated, net	<u>339,193</u>	<u>(2,835)</u>	<u>192</u>	<u>336,166</u>
Waterworks capital assets, net	<u>\$ 350,945</u>	<u>\$ 8,403</u>	<u>\$ 9,387</u>	<u>\$ 349,961</u>
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 9,978	\$ 15,721	\$ 8,575	\$ 17,124
Total capital assets not being depreciated	<u>9,978</u>	<u>15,721</u>	<u>8,575</u>	<u>17,124</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	265,856	8,617	2,709	271,764
Machinery and equipment	1,035	253	-	1,288
Furniture and furnishings	<u>47</u>	<u>16</u>	<u>41</u>	<u>22</u>
Total capital assets being depreciated	<u>266,938</u>	<u>8,886</u>	<u>2,750</u>	<u>273,074</u>
Less accumulated depreciation for:				
Infrastructure	81,756	3,573	909	84,420
Machinery and equipment	285	187	-	472
Furniture and furnishings	<u>47</u>	<u>2</u>	<u>41</u>	<u>8</u>
Total accumulated depreciation	<u>82,088</u>	<u>3,762</u>	<u>950</u>	<u>84,900</u>
Total capital assets being depreciated, net	<u>184,850</u>	<u>5,124</u>	<u>1,800</u>	<u>188,174</u>
Sewer maintenance capital assets, net	<u>\$ 194,828</u>	<u>\$ 20,845</u>	<u>\$ 10,375</u>	<u>\$ 205,298</u>

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	Balance 01-01-02	Additions	Deletions	Balance 12-31-02
		<i>(Thousands of Dollars)</i>		
Parking				
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,854	\$ 100	\$ 539	\$ 9,415
Total capital assets not being depreciated	<u>9,854</u>	<u>100</u>	<u>539</u>	<u>9,415</u>
<i>Capital assets being depreciated:</i>				
Buildings	48,326	709	-	49,035
Improvements other than buildings	5,669	192	422	5,439
Machinery and equipment	<u>474</u>	<u>118</u>	<u>-</u>	<u>592</u>
Total capital assets being depreciated	<u>54,469</u>	<u>1,019</u>	<u>422</u>	<u>55,066</u>
Less accumulated depreciation for:				
Buildings	14,669	1,886	-	16,555
Improvements other than buildings	2,333	304	327	2,310
Machinery and equipment	<u>67</u>	<u>70</u>	<u>-</u>	<u>137</u>
Total accumulated depreciation	<u>17,069</u>	<u>2,260</u>	<u>327</u>	<u>19,002</u>
Total capital assets being depreciated, net	<u>37,400</u>	<u>(1,241)</u>	<u>95</u>	<u>36,064</u>
Parking capital assets, net	<u>\$ 47,254</u>	<u>\$ (1,141)</u>	<u>\$ 634</u>	<u>\$ 45,479</u>
Other business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,280	\$ -	\$ -	\$ 8,280
Total capital assets not being depreciated	<u>8,280</u>	<u>-</u>	<u>-</u>	<u>8,280</u>
<i>Capital assets being depreciated:</i>				
Buildings	9,699	-	-	9,699
Improvements other than buildings	17,681	-	110	17,571
Machinery and equipment	4,835	-	-	4,835
Furniture and Furnishings	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>
Total capital assets being depreciated	<u>32,246</u>	<u>-</u>	<u>110</u>	<u>32,136</u>
Less accumulated depreciation for:				
Buildings	5,925	153	-	6,078
Improvements other than buildings	11,928	370	110	12,188
Machinery and equipment	3,031	186	-	3,217
Furniture and furnishings	<u>26</u>	<u>4</u>	<u>-</u>	<u>30</u>
Total accumulated depreciation	<u>20,910</u>	<u>713</u>	<u>110</u>	<u>21,513</u>
Total capital assets being depreciated, net	<u>11,336</u>	<u>(713)</u>	<u>-</u>	<u>10,623</u>
Other business-type activities, net	<u>\$ 19,616</u>	<u>\$ (713)</u>	<u>\$ -</u>	<u>\$ 18,903</u>
Business-type activity capital assets, net	<u>\$ 612,643</u>	<u>\$ 27,394</u>	<u>\$ 20,396</u>	<u>\$ 619,641</u>

CITY OF MILWAUKEE
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	Balance 01-01-02	Additions	Deletions	Balance 12-31-02
		<i>(Thousands of Dollars)</i>		
Component Units				
<i>Capital assets not being depreciated:</i>				
Land	\$ 46,410	\$ 2,751	\$ 454	\$ 48,707
Construction in Progress	<u>38,353</u>	<u>20,540</u>	<u>189</u>	<u>58,704</u>
Total capital assets not being depreciated	<u>84,763</u>	<u>23,291</u>	<u>643</u>	<u>107,411</u>
<i>Capital assets being depreciated:</i>				
Buildings	276,045	7,532	718	282,859
Improvements other than buildings	204	-	-	204
Machinery and equipment	<u>3,883</u>	<u>110</u>	<u>490</u>	<u>3,503</u>
Total capital assets being depreciated	<u>280,132</u>	<u>7,642</u>	<u>1,208</u>	<u>286,566</u>
Less accumulated depreciation for:				
Buildings	134,393	14,810	134	149,069
Improvements other than buildings	10	20	-	30
Machinery and equipment	<u>2,956</u>	<u>430</u>	<u>455</u>	<u>2,931</u>
Total accumulated depreciation	<u>137,359</u>	<u>15,260</u>	<u>589</u>	<u>152,030</u>
Total capital assets being depreciated, net ..	<u>142,773</u>	<u>(7,618)</u>	<u>619</u>	<u>134,536</u>
Component units capital assets, net	<u>\$ 227,536</u>	<u>\$ 15,673</u>	<u>\$ 1,262</u>	<u>\$ 241,947</u>

5. DEFERRED REVENUE

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

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		<i>(Thousands of Dollars)</i>			
Current property taxes	\$ 131,672	\$ 66,884	\$ 11,414	\$ -	\$ 209,970
Delinquent property taxes	4,779	-	-	2,889	7,668
Unearned revenue	861	-	4,147	7,505	12,513
Long-term receivables	-	43,094	-	5,695	48,789
Unbilled special assessments	<u>-</u>	<u>-</u>	<u>8,740</u>	<u>-</u>	<u>8,740</u>
Total	<u>\$ 137,312</u>	<u>\$ 109,978</u>	<u>\$ 24,301</u>	<u>\$ 16,089</u>	<u>\$ 287,680</u>

6. SHORT-TERM DEBT

During 2002, the City defeased \$102,000,000 of Revenue Anticipation Notes (RANs) which come due in the first half of 2003 by placing funds in an irrevocable trust with a financial institution. These RANs are not outstanding at year end on the City's Financial Statements. The RANs 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 2002.

CITY OF MILWAUKEE
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As of December 31, 2001, the City had outstanding \$112,000,000 of short-term RANs on behalf of Milwaukee Public Schools. In 2002, the City repaid the outstanding balance and issued \$133,000,000 short-term RANs for the same purpose. The new notes bear interest at the rate of 2.75% and will mature on August 28, 2003. 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, 2002 were as follows:

	Balance 01-01-02	New Issues	Repayments	Balance 12-31-02	Amounts Due within One Year
	<i>(Thousands of Dollars)</i>				
Governmental activities:					
General obligation bonds and notes					
City	\$ 466,837	\$ 189,563	\$ 172,697	\$ 483,703	\$ 62,779
Milwaukee Public Schools	99,592	50,319	42,459	107,452	12,593
Deferred amount on refundings	-	(11,864)	(272)	(11,592)	-
Unamortized premiums	-	19,313	537	18,776	-
Compensated absences	33,360	5,143	1,644	36,859	3,462
Claims and judgments	36,945	13,319	16,221	34,043	10,760
Total governmental activities	<u>\$ 636,734</u>	<u>\$ 265,793</u>	<u>\$ 233,286</u>	<u>\$ 669,241</u>	<u>\$ 89,594</u>
Business-type activities					
Water Works					
General obligation bonds and notes	\$ 47,858	\$ 17,953	\$ 23,322	\$ 42,489	\$ 4,680
Deferred amount on refundings	(73)	(1,704)	(60)	(1,717)	-
Unamortized premiums	-	2,033	38	1,995	-
Revenue bonds	16,030	-	699	15,331	783
Compensated absences	-	-	-	943	943
Total Water Works	<u>\$ 63,815</u>	<u>\$ 18,282</u>	<u>\$ 23,999</u>	<u>\$ 59,041</u>	<u>\$ 6,406</u>
Sewer Maintenance					
Revenue bonds	\$ 29,095	\$ -	\$ -	\$ 29,095	\$ 1,000
Unamortized premiums	753	-	38	715	-
Total sewer maintenance	<u>\$ 29,848</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 29,810</u>	<u>\$ 1,000</u>
Parking					
General obligation bonds and notes	\$ 25,557	\$ 4,960	\$ 7,928	\$ 22,589	\$ 3,746
Deferred amount on refundings	(84)	(412)	(32)	(464)	-
Unamortized premiums	-	491	9	482	-
Total parking	<u>\$ 25,473</u>	<u>\$ 5,039</u>	<u>\$ 7,905</u>	<u>\$ 22,607</u>	<u>\$ 3,746</u>
Other Enterprise Funds					
General obligation bonds and notes	\$ 3,539	\$ 1,215	\$ 1,438	\$ 3,316	\$ 366
Deferred amount on refundings	4	(101)	(3)	(94)	-
Unamortized premiums	-	120	3	117	-
Total Other Enterprise	<u>\$ 3,543</u>	<u>\$ 1,234</u>	<u>\$ 1,438</u>	<u>\$ 3,339</u>	<u>\$ 366</u>
Total business-type activities	<u>\$ 122,679</u>	<u>\$ 24,555</u>	<u>\$ 33,380</u>	<u>\$ 114,797</u>	<u>\$ 11,518</u>

CITY OF MILWAUKEE
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Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Claims and judgments typically have been liquidated from the special purpose damages and claims account in the general fund.

	Balance 01-01-02	New Issues	Repayments	Balance 12-31-02	Amounts Due within One Year	
		<i>(Thousands of Dollars)</i>				
Component Units						
Revenue bonds	\$ 12,684	\$ 37,900	\$ 5,994	\$ 44,590	\$ 517	
Deferred amount on refundings	(323)	-	(323)	-	-	
Unamortized premiums	-	-	-	-	-	
Unamortized discounts	-	(144)	(4)	(140)	-	
Notes payable	8,439	503	29	8,913	36	
Advance from other organizations	7,963	-	6,463	1,500	2	
Total component units	<u>\$ 28,763</u>	<u>\$ 38,259</u>	<u>\$ 12,159</u>	<u>\$ 54,863</u>	<u>\$ 555</u>	

Certain prior year balances for the component units have been adjusted to correspond with the proper classification reflected in the Combined Balance Sheet.

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, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2002, general obligation bonds totaling \$217,457,000 was issued to refund general obligation bonds and to finance capital improvements.

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 percent of the balance in said fund on the preceding December 31, to acquire for cancellation general obligation bonds or notes prior to their maturity dates at prices not to exceed principal plus accrued interest to date of maturity, but the fund shall not be decreased below \$2,000,000 as a result of such purchases and cancellations." Principal sources of revenue are one-third of all interest on general City investments and interest on Fund investments. As authorized by the Statutes, the Public Debt Amortization Fund may purchase for investment or for cancellation, notes issued by the General Fund to fund operations.

Through 2002, \$135,412,000 has been borrowed for thirty-eight tax incremental districts (TID). Total debt service requirements associated with this debt issues amount to \$113,736,000. Tax increments received through 2002 total \$86,467,000. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds to finance purchases of school sites and to construct or remodel school buildings. No such bonds are currently outstanding. The \$107,452,000 of Milwaukee Public School long-term debt outstanding at December 31, 2002 consists of a portion of the City's general obligation bonds and notes which has been designated for school purposes. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2002, the historical costs of the land and buildings as reported by Milwaukee Public Schools was approximately \$610,349,000. These assets are excluded from the financial statements of the City.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

C. Revenue Bonds

The City issues revenue bonds to provide funds for water and sewer improvements. As such, they are not backed by the general credit or taxing powers of the City. During the year ended December 31, 2002, the City did not issue revenue bonds.

The component units issue revenue bonds to provide funds for capital construction and mortgage-backed securities. As such, they are not backed by the general credit or taxing powers of the City. During the year ended December 31, 2002, revenue bonds totaling \$37,900,000 were issued to construct housing projects and purchase mortgage-backed securities.

D. Notes Payable

The City issues installment notes to provide funds for various public improvement projects, cashflow for the school district and purchases of delinquent taxes. During the year ended December 31, 2002, installment loans totaling \$22,425,000 were issued to provide the school district cashflow, finance building projects and purchase 2001's delinquent taxes.

E. Debt Service Requirements

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

Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
	<i>(Thousands of Dollars)</i>				
Governmental activities					
2003	\$ 75,372	\$ 27,759	\$ -	\$ -	\$ 103,131
2004	62,386	25,360	-	-	87,746
2005	58,302	22,486	-	-	80,788
2006	52,865	19,587	-	-	72,452
2007	50,109	16,957	-	-	67,066
2008-2012	193,522	51,878	-	-	245,400
2013-2017	92,304	13,012	-	-	105,316
2018-2022	6,295	338	-	-	6,633
Total	<u>\$ 591,155</u>	<u>\$ 177,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,532</u>
Business-type activities					
Water Works					
2003	\$ 4,680	\$ 1,969	\$ 782	\$ 394	\$ 7,825
2004	5,008	1,859	803	373	8,043
2005	4,852	1,613	824	352	7,641
2006	4,692	1,358	846	330	7,226
2007	3,362	1,120	868	307	5,657
2008-2012	12,782	3,693	4,698	1,176	22,349
2013-2017	7,067	807	5,352	513	13,739
2018-2022	46	3	1,158	15	1,222
Total	<u>\$ 42,489</u>	<u>\$ 12,422</u>	<u>\$ 15,331</u>	<u>\$ 3,460</u>	<u>\$ 73,702</u>

CITY OF MILWAUKEE
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Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Business-type activities					
Sewer Maintenance					
2003	\$ -	\$ -	\$ 1,000	\$ 1,340	\$ 2,340
2004	-	-	1,035	1,304	2,339
2005	-	-	1,080	1,259	2,339
2006	-	-	1,135	1,204	2,339
2007	-	-	1,190	1,153	2,343
2008-2012	-	-	6,705	5,004	11,709
2013-2017	-	-	8,455	3,249	11,704
2018-2022	-	-	8,495	868	9,363
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,095</u>	<u>\$ 15,381</u>	<u>\$ 44,476</u>
Parking					
2003	\$ 3,746	\$ 989	\$ -	\$ -	\$ 4,735
2004	3,693	865	-	-	4,558
2005	3,646	712	-	-	4,358
2006	1,894	554	-	-	2,448
2007	1,868	461	-	-	2,329
2008-2012	5,814	1,197	-	-	7,011
2013-2017	1,924	221	-	-	2,145
2018-2022	4	-	-	-	4
Total	<u>\$ 22,589</u>	<u>\$ 4,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,588</u>
Other Enterprise					
2003	\$ 366	\$ 156	\$ -	\$ -	\$ 522
2004	350	146	-	-	496
2005	338	129	-	-	467
2006	309	112	-	-	421
2007	276	97	-	-	373
2008-2012	1,212	285	-	-	1,497
2013-2017	465	54	-	-	519
Total	<u>\$ 3,316</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,295</u>
Component Units					
2003	\$ 517	\$ 1,523	\$ 38	\$ 378	\$ 2,456
2004	901	1,139	40	370	2,450
2005	943	1,099	43	367	2,452
2006	987	1,055	46	363	2,451
2007	1,037	1,008	50	359	2,454
2008-2012	2,639	4,493	318	1,729	9,179
2013-2017	3,532	3,601	1,471	1,576	10,180
2018-2022	8,634	2,413	540	1,356	12,943
2023-2027	25,400	1,097	35	1,260	27,792
2028-2032	-	-	45	1,249	1,294
2033-2037	-	-	58	1,236	1,294
2038-2042	-	-	4,863	967	5,830
2043-2047	-	-	1,307	32	1,339
2048-2051	-	-	59	7	66
Total	<u>\$ 44,590</u>	<u>\$ 17,428</u>	<u>\$ 8,913</u>	<u>\$ 11,249</u>	<u>\$ 82,180</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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F. 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, 2002, the City's legal debt margin was \$1,420,887,000. Of this amount, \$405,968,000 was for school purposes and \$1,014,919,000 was for City purposes.

G. Refundings

During October 2002, the City issued two series of general obligation refunding bonds. The first issue, Series of 2002-A (tax-exempt) was in the par amount of \$159,985,000 and carries interest rates between 2.5 and 5.25% for the purpose of current and advance refunding \$169,920,000 of existing general obligation bonds and notes. This refunding will reduce the future debt service payments by \$7,550,000 and result in an economic gain of \$5,470,000.

The second issue, Series of 2002-B (taxable) was in the par amount of \$1,415,000 and carries interest rates between 5.8 and 6.75% for the purpose of current refunding \$1,415,000 of existing general obligation debt. This refunding will reduce the future debt service payments by \$24,000 and result in an economic gain of \$21,000.

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, 2002, \$181,245,000 of bonds outstanding are considered defeased, which includes debt defeased during the current year.

H. Conduit Debt

From time to time, the City, as well as the Housing Authority and the Redevelopment Authority, 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, is 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, 2002 is approximately \$90,135,000, \$55,395,000, and \$301,000,000 for the City, HACM, and RACM, respectively.

8. RETIREMENT PLANS

Pension Benefits

Plan Description - The City makes contributions to the Employees' 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 Employees' Retirement System of the City of Milwaukee, 200 East Wells Street, Room 610, Milwaukee, WI 53202.

Funding Policy - Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, 6%, 7%, and 7% for general City employees, police officers, firefighters, and elected officials, respectively. The City is required to contribute the actuarially determined amount. The City Charter assigns the authority to establish and amend contribution requirements. The City's contributions to the System for the years ending December 31, 2002, 2001, and 2000 were \$20,233,000, \$20,288,000, and \$20,693,000, respectively, equal to the required contributions on behalf of the plan members for each year.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Other Postemployment Benefits

The City provides medical insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City. Aside from the Basic Plan, this includes any of the Health Maintenance Organizations (HMO) plans currently offered to active employees.

The City provides full health insurance coverage to general City employees who retire at age 55, but less than age 65, with 30 years of creditable service or age 60, but less than age 65, with 15 years of creditable service until the age of 65. 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 with single enrollment status and police officers with single enrollment status. The City contribution for firefighters between the ages of 60 and 65 with family enrollment status is the greater of 100% of the cost of single enrollment in the Basic Plan or an amount determined using the "percentage formula." The "percentage formula" used to determine the City contribution in the labor agreements is based on the amount of unused sick leave at retirement.

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

Medical insurance for retirees is financed on a pay-as-you-go basis. Approximately 4,914 employees are eligible to receive these benefits. For 2002, the City paid approximately \$21,364,000 toward medical insurance for its retirees.

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

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

For 2002, the groups rate for life insurance for the City population as a whole was approximately fifty cents per month per \$1,000 of coverage after estimated dividends. The effect on this rate as a result of including retirees in the pool is not determinable. Group life insurance for retirees age 65 or older are financed on a pay-as-you-go basis and cannot be readily separated from amounts paid on behalf of active employees. The City estimates \$970,000 out of a total \$3,487,000 for group life insurance for 2002 is attributable to approximately 5,076 retirees on the basis of the common group life rate.

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 2002, approximately \$8,776,000 was paid for sick leave from all funds. At December 31, 2002, accumulated sick leave earned but not taken totaled approximately \$104,336,000 determined on the basis of current salary rates.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

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 2002 terminal leave payments totaled \$1,683,000 to employees retiring during the year. As of December 31, 2002, the City has accrued approximately \$22,032,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$36,860,000, with the remainder accrued vacation leave of \$14,828,000.

9. FUND EQUITY

Reserved for Tax Stabilization and Advances to Other Funds

The Reserved for Tax Stabilization, \$43,045,000 at December 31, 2002, is governed by the City's Code of Ordinances. This reserve includes an amount for advances of \$13,027,000 from the general fund to the capital projects fund. The general fund has advanced this amount to fund special assessment projects. The availability of the \$13,027,000 for Tax Stabilization is contingent upon future collection of the special assessments receivable. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the Reserved for Tax Stabilization in any one year is an amount that prevents an increase of more than three percent in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council.

Deficit Fund Equity

The Capital Projects Fund - Special Assessments fund deficit of \$11,897,000 is the result of expending funds of \$13,180,000 for construction in advance of collecting assessments from the property owners. Upon project completion, the properties are assessed, thus reducing this deficit when the payments are received.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2002, were as follows:

Due From Other Funds						
	General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Proprietary Funds	Total	
	<i>(Thousands of Dollars)</i>					
Due to Other Funds	General Fund	\$ -	\$ 3,757	\$ -	\$ -	\$ 3,757
	General Obligation Debt	1,195	6,649	-	-	7,844
	Nonmajor Governmental Funds	7,406	-	-	-	7,406
	Water Works	-	509	492	548	1,549
	Nonmajor Proprietary Funds ..	<u>2,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,762</u>
	Totals	<u>\$ 11,363</u>	<u>\$ 10,915</u>	<u>\$ 492</u>	<u>\$ 548</u>	<u>\$ 23,318</u>

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, (4) and 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.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers for the year ended December 31, 2002 were as follows:

Transfers From Other Funds						
	General Fund	General Obligation Debt Service	Water Works Fund	Nonmajor Proprietary Funds	Total	
<i>(Thousands of Dollars)</i>						
Transfers to Other Funds	General Fund	\$ -	\$ -	\$ -	\$ 3	\$ 3
	General Obligation Debt	5,367	-	7,395	529	13,291
	Capital Projects Funds	-	5,016	-	-	5,016
	Nonmajor Governmental Funds	4,934	13,381	-	-	18,315
	Water Works	7,974	-	-	-	7,974
	Parking	9,471	424	-	-	9,895
	Nonmajor Proprietary Funds	1,209	-	-	-	1,209
	Totals	\$ 28,955	\$ 18,821	\$ 7,395	\$ 532	\$ 55,703

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

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2002, consist of the following:

Component Unit Payable	Primary Government's Receivable
<i>(Thousands of Dollars)</i>	
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	\$ 17,239
Due from MEDC for tax incremental district loans	2,406
Due from HACM for payment in lieu of taxes and reimbursable expenditures	1,880
Due from NIDC for reimbursements for expenditures	<u>2,117</u>
Total	\$ 23,642
Component Unit Receivable	Primary Government's Payable
<i>(Thousands of Dollars)</i>	
Due to NIDC for reimbursements for programmatic expenditures passed through the City	<u>\$ 911</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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12. OPERATING LEASES

The City leases various properties under operating lease agreements expiring at various dates through 2007 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
<i>(Thousands of Dollars)</i>	
2003	\$ 1,801
2004	1,811
2005	1,977
2006	1,723
2007	1,732
2008-2012	6,799
2013-2017	7,444
2018-2022	<u>5,381</u>
Total	<u>\$ 28,668</u>

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 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 statement.

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 statements.

The liabilities recorded in the government-wide statements are as follows:

General liability claims	\$ 20,286,000
Workers' compensation claims	5,396,000
Unemployment claims	1,079,000
Health insurance claims	7,282,000

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

	2002	2001
Beginning of year liability	\$ 36,945,000	\$ 43,520,000
Current year claims and changes in estimates	13,319,000	14,939,000
Claim payments	<u>(16,221,000)</u>	<u>(21,514,000)</u>
End of year liability	<u>\$ 34,043,000</u>	<u>\$ 36,945,000</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

The Milwaukee Police Association filed suit against the City and the Milwaukee Employees' Retirement System as a result of a City Ordinance passed in 1995 that merged the Retirement Fund with the Duty Disability Fund. Actuarial reports indicated that if the separate funds were merged, there were sufficient assets within the Employees' Retirement System to fund all retirement and disability liabilities without currently requiring additional contributions. In 1996, the Circuit Court granted summary judgment to the plaintiff declaring the merger to be unconstitutional. The court stayed enforcement of its order, insofar as any additional contribution of the City was concerned, to give the City the opportunity to appeal. In 1998, the Court of Appeals modified the Circuit Court's judgment; and the City's petition to the Wisconsin Supreme Court to accept a discretionary appeal of the Court of Appeals' decision was denied. As a result, the City was required to make contributions to fund an unfunded liability in the Duty Disability Fund.

The Equal Employment Opportunity Commission ("EEOC") conducted a pattern and practice investigation from December 1993 to September 1996. The investigation resulted in a finding of probable cause that the Fire and Police Commission ("FPC") and Milwaukee Police Department discriminated, based on race, in the areas of hiring, discipline, retaliation, and terms and conditions of employment. The EEOC sought \$5 million in total remedies for the class claims and nearly \$2 million to the individual hiring charging parties. Additionally, the EEOC requested remedies for the 15 individual "terms and conditions" charging parties in an amount totaling over \$2.5 million. The EEOC also sought an additional \$1 million in compensation to the "terms and conditions" class members. The EEOC referred the matter to the United States Department of Justice ("DOJ") in February 1997. Additional individual EEOC charges have also resulted in reasonable cause determinations and have been referred to the DOJ. The DOJ conducted a further, lengthy investigation and stated by letter dated January 2, 2001 that suit had been authorized against the City and the FPC. DOJ alleges that between 1991 and 1996, African-Americans were discriminated against in terms of differential and less favorable treatment in the hiring process (failing background investigations), and in terms and conditions of employment such as discipline, discharge, and assignment. In 2001 DOJ requested \$6.15 million in compensatory damages for a class of 100 victims of discriminatory terms and conditions of employment and an unspecified sum in back pay for a group of approximately 39 African-Americans who failed background investigations. The City considered that request unreasonable and urged DOJ re-consider its position. Since that time, DOJ has not responded. However, DOJ has declined to pursue litigation on behalf of seven of the charging parties and issued individual right to sue letters to them. To date, one suit has been served upon the City.

The Milwaukee Employees' Retirement System (MERS) is in the process of purchasing a computerized information system to assist in the administration of the City's pension system. The cost is expected to be in the range of \$11 to \$12 million. According to an agreement between the City and the MERS, the cost of the system is to be paid entirely by MERS. In this lawsuit, the Milwaukee Police Association alleges that the agreement between City and MERS limits MERS's obligation to pay for the information system to no more than \$3 million. If the suit is successful, the City might be liable to pay the remaining \$8 to \$9 million.

Environmental Liabilities

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Two of the seven landfills have been closed. Of the remaining four landfills that are no longer accepting waste, the Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The Hartung landfill, which is used exclusively for clean fill, is expected to be closed within three years. The City has accrued \$800,000 in the government-wide financial statement, as part of general liability claims, for landfill closure related to the four sites. These amounts are based upon what it would cost to perform all closure activities in 2001. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

GASB Statement No. 18 "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*" establishes requirements for disclosure of closure and postclosure requirements for all municipal solid waste landfills receiving solid waste after October 9, 1991. The City's landfills have not accepted waste of this type since 1976 and is therefore not required to accrue for closure and postclosure care in accordance with GASB Statement No. 18.

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, 2002.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Job Opportunity Bond Program

The Redevelopment Authority of the City of Milwaukee has issued certain Economic Development Bonds under the Job Opportunity Bond Program. Additional bonds may also be issued under this Program. These bonds are payable from a revenue fund to which the Authority has pledged and appropriated revenues to be received by the Authority from revenue agreements. In the event of an insufficiency of such revenues, these bonds are payable out of a program reserve fund and a common reserve fund maintained with respect to the program. In the event amounts available in these reserve funds fall below specified levels, the City has agreed, pursuant to the terms of the first amendment to the cooperation and pledge agreement, to consider making loans to the Authority to assist the Authority in maintaining the reserve funds at required levels. To date, the City has not loaned any funds for this purpose. This obligation is not enforceable by the Authority, the Trustee or the owners of the bonds against the City or the Common Council of the City or against any individual of the Council of the City or any officer or agent of the City.

14. SUBSEQUENT EVENTS

On April 3, 2003, the City issued \$20,580,000 of general obligation corporate purpose bonds for the purpose of financing various public improvement projects of the City. These bonds mature on March 15 of each year beginning 2004 until 2020. Interest is payable on March 15 and September 15 commencing September 15, 2003,

On April 3, 2003, the City issued \$13,855,000 of general obligation short-term promissory notes for the purpose of financing the purchase of 2001 real and personal property tax receivables. The notes mature on March 15 of each year beginning 2004 until 2009. Interest is payable on March 15 and September 15 commencing September 15, 2003.

On April 3, 2003, the City issued \$98,000,000 of short-term revenue anticipation notes for the purpose of temporarily financing the City's operating budget until the receipt of State shared revenues. These notes mature on December 15, 2003 with interest.

On July 7, 2003, the Common Council of the City authorized refunding of all or any part of general obligation corporate purpose bonds, series J, L, R, T, W, Y and general obligation refunding bonds, series 1993.

On July 10, 2003, the City issued \$33,855,000 of sewerage system revenue bonds for financing the costs of improvements to the City's sewerage system. These bonds mature June 1 of each year beginning 2005 until 2023. Interest is payable on June 1 and December 1 and commencing December 1, 2003.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit E-1

	<u>Budgeted Amounts</u>		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 118,875	\$ 118,875	\$ 114,096	\$ (4,779)
Other taxes	2,198	2,212	2,944	732
Licenses and permits	9,558	9,558	10,814	1,256
Intergovernmental	282,750	282,750	283,068	318
Charges for services	50,664	50,986	57,749	6,763
Fines and forfeits	4,420	4,420	5,210	790
Other	<u>9,363</u>	<u>9,363</u>	<u>8,706</u>	<u>(657)</u>
 Total Revenues	 <u>\$ 477,828</u>	 <u>\$ 478,164</u>	 <u>\$ 482,587</u>	 <u>\$ 4,423</u>
Expenditures:				
Current:				
General government	\$ 176,319	\$ 164,194	\$ 158,645	\$ 5,549
Public safety	205,688	211,615	211,163	452
Public works	90,859	90,729	88,094	2,635
Health	11,233	11,429	10,552	877
Culture and recreation	17,399	18,791	18,791	-
Conservation and development	<u>8,358</u>	<u>8,434</u>	<u>7,857</u>	<u>577</u>
 Total Expenditures	 <u>\$ 509,856</u>	 <u>\$ 505,192</u>	 <u>\$ 495,102</u>	 <u>\$ 10,090</u>
 Deficiency of Revenues over Expenditures	 <u>\$ (32,028)</u>	 <u>\$ (27,028)</u>	 <u>\$ (12,515)</u>	 <u>\$ 14,513</u>
Other Financing Sources (Uses):				
Transfers in	\$ 19,061	\$ 24,428	\$ 28,955	\$ 4,527
Transfers out	(3)	(3)	(3)	-
Contributions received	25,712	26,812	21,107	(5,705)
Contributions used	(25,327)	(21,084)	(20,378)	706
Use of fund balance - reserved for tax stabilization	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
 Total Other Financing Sources and Uses	 <u>\$ 30,443</u>	 <u>\$ 41,153</u>	 <u>\$ 40,681</u>	 <u>\$ (472)</u>
 Net Change in Fund Balance	 <u>\$ (1,585)</u>	 <u>\$ 14,125</u>	 <u>\$ 28,166</u>	 <u>\$ 14,041</u>
 Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	 <u>57,844</u>	 <u>57,844</u>	 <u>57,844</u>	 <u>-</u>
 Fund Balance - Ending	 <u>\$ 56,259</u>	 <u>\$ 71,969</u>	 <u>\$ 86,010</u>	 <u>\$ 14,041</u>

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 to budget basis is \$11,000 at January 1, 2002.

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

See accompanying independent auditors' report.

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**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.

CITY OF MILWAUKEE
**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**
DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit F-1

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 5,888	\$ -	\$ 8,601	\$ 14,489
Receivables (net):				
Taxes	-	-	8,127	8,127
Accounts	3,186	1,218	-	4,404
Notes and loans	-	5,695	-	5,695
Accrued interest	1	-	-	1
Due from other governmental agencies	<u>10,200</u>	<u>3,709</u>	<u>-</u>	<u>13,909</u>
Total Assets	<u>\$ 19,275</u>	<u>\$ 10,622</u>	<u>\$ 16,728</u>	<u>\$ 46,625</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,583	\$ 2,858	\$ 254	\$ 6,695
Accrued expenses	260	124	-	384
Due to other funds	7,207	199	-	7,406
Due to component units	388	523	-	911
Due to other governmental agencies	337	1,218	-	1,555
Deferred revenue	<u>7,500</u>	<u>5,700</u>	<u>2,889</u>	<u>16,089</u>
Total Liabilities	<u>\$ 19,275</u>	<u>\$ 10,622</u>	<u>\$ 3,143</u>	<u>\$ 33,040</u>
Fund Balances:				
Reserved for debt service	\$ -	\$ -	\$ 8,347	\$ 8,347
Reserved for delinquent taxes receivable	<u>-</u>	<u>-</u>	<u>5,238</u>	<u>5,238</u>
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,585</u>	<u>\$ 13,585</u>
Total Liabilities and Fund Balances	<u>\$ 19,275</u>	<u>\$ 10,622</u>	<u>\$ 16,728</u>	<u>\$ 46,625</u>

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, 2002
 (Thousands of Dollars)

	Grant and Aid Projects	Community Development Block Grant	Delinquent Tax	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ 404	\$ 404
Intergovernmental	41,429	26,681	-	68,110
Other	<u>-</u>	<u>-</u>	<u>1,501</u>	<u>1,501</u>
 Total Revenues	 <u>\$ 41,429</u>	 <u>\$ 26,681</u>	 <u>\$ 1,905</u>	 <u>\$ 70,015</u>
Expenditures:				
Current:				
General government	\$ -	\$ 1,743	\$ 2,277	\$ 4,020
Public safety	14,191	2,062	-	16,253
Public works	3,104	830	-	3,934
Health	11,157	510	-	11,667
Culture and recreation	1,124	978	-	2,102
Conservation and development	<u>11,698</u>	<u>20,558</u>	<u>-</u>	<u>32,256</u>
 Total Expenditures	 <u>\$ 41,274</u>	 <u>\$ 26,681</u>	 <u>\$ 2,277</u>	 <u>\$ 70,232</u>
 Excess (deficiency) of Revenues over Expenditures	 <u>\$ 155</u>	 <u>\$ -</u>	 <u>\$ (372)</u>	 <u>\$ (217)</u>
Other Financing Sources (Uses):				
General obligation bonds and notes issued	\$ -	\$ -	\$ 12,925	\$ 12,925
Transfers out	<u>(155)</u>	<u>-</u>	<u>(18,160)</u>	<u>(18,315)</u>
 Total Other Financing Sources and Uses	 <u>\$ (155)</u>	 <u>\$ -</u>	 <u>\$ (5,235)</u>	 <u>\$ (5,390)</u>
 Net Change in Fund Balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (5,607)</u>	 <u>\$ (5,607)</u>
 Fund Balances - Beginning, as Restated	 <u>-</u>	 <u>-</u>	 <u>19,192</u>	 <u>19,192</u>
 Fund Balances - Ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 13,585</u>	 <u>\$ 13,585</u>

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, 2002
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 41,818	\$ 41,429	\$ (389)
Expenditures:			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	14,469	14,191	278
Public works	3,120	3,104	16
Health	11,382	11,157	225
Culture and recreation	1,133	1,124	9
Conservation and development	11,714	11,698	16
Total Expenditures	<u>\$ 41,818</u>	<u>\$ 41,274</u>	<u>\$ 544</u>
Excess of Revenues over (under) Expenditures	\$ -	\$ 155	\$ 155
Other Financing Sources (Uses):			
Transfers out	-	(155)	(155)
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2002
(Thousands of Dollars)

	Amended Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 26,681	\$ 26,681	\$ -
Expenditures:			
Current:			
General government	\$ 1,743	\$ 1,743	\$ -
Public safety	2,062	2,062	-
Public works	830	830	-
Health	510	510	-
Culture and recreation	978	978	-
Conservation and development	<u>20,558</u>	<u>20,558</u>	<u>-</u>
 Total Expenditures	 <u>\$ 26,681</u>	 <u>\$ 26,681</u>	 <u>\$ -</u>
 Excess of Revenues over (under) Expenditures	 \$ -	 \$ -	 \$ -
 Net Change in Fund Balance	 \$ -	 \$ -	 \$ -
 Fund Balance - Beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance - Ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying independent auditors' report.

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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.

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
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit G-1

	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 953	\$ -	\$ 953
Receivables (net):			
Accounts	471	6,831	7,302
Unbilled accounts	-	1,946	1,946
Due from other funds	-	548	548
Total Current Assets	<u>\$ 1,424</u>	<u>\$ 9,325</u>	<u>\$ 10,749</u>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated:			
Land	\$ 8,280	\$ -	\$ 8,280
Capital assets being depreciated			
Buildings	9,699	-	9,699
Improvements other than buildings	17,571	-	17,571
Machinery and equipment	4,835	-	4,835
Furniture and furnishings	31	-	31
Accumulated depreciation	<u>(21,513)</u>	<u>-</u>	<u>(21,513)</u>
Total Noncurrent Assets	<u>\$ 18,903</u>	<u>\$ -</u>	<u>\$ 18,903</u>
Total Assets	<u>\$ 20,327</u>	<u>\$ 9,325</u>	<u>\$ 29,652</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 66	\$ 5,930	\$ 5,996
Accrued expenses	138	2	140
Due to other funds	-	2,762	2,762
General obligation debt payable - current	366	-	366
Total Current Liabilities	<u>\$ 570</u>	<u>\$ 8,694</u>	<u>\$ 9,264</u>
Noncurrent Liabilities:			
General obligation debt	\$ 2,973	\$ -	\$ 2,973
Total Liabilities	<u>\$ 3,543</u>	<u>\$ 8,694</u>	<u>\$ 12,237</u>
NET ASSETS:			
Invested in capital assets, net of related debt	\$ 15,564	\$ -	\$ 15,564
Unrestricted	<u>1,220</u>	<u>631</u>	<u>1,851</u>
Total Net Assets	<u>\$ 16,784</u>	<u>\$ 631</u>	<u>\$ 17,415</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE Exhibit G-2
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services:			
Statutory sewer user fee	\$ -	\$ 29,063	\$ 29,063
Rent	3,446	-	3,446
Other	-	907	907
Total Operating Revenues	<u>\$ 3,446</u>	<u>\$ 29,970</u>	<u>\$ 33,416</u>
Operating Expenses:			
Milwaukee Metropolitan Sewerage District Charges	\$ -	\$ 25,250	\$ 25,250
Employee services	1,330	119	1,449
Administrative and general	-	37	37
Depreciation	713	-	713
Transmission and distribution	-	3,704	3,704
Services, supplies and materials	958	-	958
Billing and collection	-	1,637	1,637
Total Operating Expenses	<u>\$ 3,001</u>	<u>\$ 30,747</u>	<u>\$ 33,748</u>
Operating Income (Loss)	<u>\$ 445</u>	<u>\$ (777)</u>	<u>\$ (332)</u>
Nonoperating Revenues (Expenses):			
Interest expense	<u>\$ (176)</u>	<u>\$ -</u>	<u>\$ (176)</u>
Income (Loss) before Contributions and Transfers	\$ 269	\$ (777)	\$ (508)
Capital contributions	\$ 752	\$ -	\$ 752
Transfers in	532	-	532
Transfers out	<u>(1,209)</u>	<u>-</u>	<u>(1,209)</u>
Change in Net Assets	\$ 344	\$ (777)	\$ (433)
Total Net Assets - Beginning	<u>16,440</u>	<u>1,408</u>	<u>17,848</u>
Total Net Assets - Ending	<u>\$ 16,784</u>	<u>\$ 631</u>	<u>\$ 17,415</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit G-3

	Port of Milwaukee	Metropolitan Sewerage District User Charge	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 3,870	\$27,080	\$ 30,950
Payments to suppliers	(1,017)	(32,596)	(33,613)
Payments to employees	(1,330)	(125)	(1,455)
Payments from other funds	(266)	2,569	2,303
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,257</u>	<u>\$ (3,072)</u>	<u>\$ (1,815)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	<u>\$ (1,205)</u>	<u>\$ -</u>	<u>\$ (1,205)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	\$ 1,300	\$ -	\$ 1,300
Proceeds from sale of bonds and notes	1,215	-	1,215
Retirement of bonds, notes and revenue bonds	(353)	-	(353)
Payment to refunded bond escrow agent	(1,088)	-	(1,088)
Interest paid	(153)	-	(153)
Transfers to other funds	176	-	176
Repairs and restorations	(196)	-	(196)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 901</u>	<u>\$ -</u>	<u>\$ 901</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 953	\$ (3,072)	\$ (2,119)
Cash and Cash Equivalents - Beginning	-	3,072	3,072
Cash and Cash Equivalents - Ending	<u>\$ 953</u>	<u>\$ -</u>	<u>\$ 953</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 445	\$ (777)	\$ (332)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation.....	713	-	713
Changes in assets and liabilities:			
Receivables	424	(2,890)	(2,466)
Due from other funds	-	(193)	(193)
Accounts payable	(58)	(1,968)	(2,026)
Accrued liabilities	(1)	(6)	(7)
Due to other funds	(266)	2,762	2,496
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,257</u>	<u>\$ (3,072)</u>	<u>\$ (1,815)</u>

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
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit H-1

	Balance 01-01-02	Additions	Deductions	Balance 12-31-02
BOARD OF SCHOOL DIRECTORS FUND				
ASSETS				
Cash and cash equivalents	\$ 164,366	\$ 1,198,661	\$ 1,195,273	\$ 167,754
Taxes receivable	<u> -</u>	<u> 103,801</u>	<u> 103,801</u>	<u> -</u>
Total Assets	<u>\$ 164,366</u>	<u>\$ 1,302,462</u>	<u>\$ 1,299,074</u>	<u>\$ 167,754</u>
LIABILITIES				
Due to Other Governmental Agencies:				
Milwaukee School Board	<u>\$ 164,366</u>	<u>\$ 2,276,333</u>	<u>\$ 2,272,945</u>	<u>\$ 167,754</u>
 PROPERTY TAX FUND				
ASSETS				
Cash and cash equivalents	\$ 71,811	\$ 182,325	\$ 177,160	\$ 76,976
Taxes Receivable	<u> 1</u>	<u> 105,411</u>	<u> 105,411</u>	<u> 1</u>
Total Assets	<u>\$ 71,812</u>	<u>\$ 287,736</u>	<u>\$ 282,571</u>	<u>\$ 76,977</u>
LIABILITIES				
Due to Other Governmental Agencies:				
State of Wisconsin	\$ 106	\$ 3,915	\$ 3,934	\$ 87
Milwaukee County	43,003	104,307	102,113	45,197
Menomonee Falls School District	-	266	266	-
Milwaukee Area District Board of Vocational Technical & Adult Education	15,610	40,049	38,499	17,160
Milwaukee Metropolitan Sewerage District	13,093	33,727	32,287	14,533
Washington County	-	7	7	-
Waukesha County	<u> -</u>	<u> 53</u>	<u> 53</u>	<u> -</u>
Total Liabilities	<u>\$ 71,812</u>	<u>\$ 182,324</u>	<u>\$ 177,159</u>	<u>\$ 76,977</u>
 PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 213</u>	<u>\$ 1,381</u>	<u>\$ 1,226</u>	<u>\$ 368</u>
LIABILITIES				
Accounts payable	<u>\$ 213</u>	<u>\$ 1,381</u>	<u>\$ 1,226</u>	<u>\$ 368</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit H-1 (Continued)

	Balance 01-01-02	Additions	Deductions	Balance 12-31-02
FEES, PENALTIES AND SALES TAX FUND				
ASSETS				
Cash and cash equivalents	\$ 627	\$ 5,145	\$ 5,323	\$ 449
LIABILITIES				
Accounts payable	\$ -	\$ 1,246	\$ 1,192	\$ 54
Due to Other Governmental Agencies:				
State of Wisconsin	482	2,827	2,990	319
Milwaukee County	145	1,072	1,141	76
Total Liabilities	\$ 627	\$ 5,145	\$ 5,323	\$ 449
 OTHER				
ASSETS				
Cash and cash equivalents	\$ 924	\$ 14,557	\$ 13,497	\$ 1,984
LIABILITIES				
Accounts payable	\$ 924	\$ 14,557	\$ 13,497	\$ 1,984
 TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 237,941	\$ 1,402,069	\$ 1,392,479	\$ 247,531
Receivables:				
Taxes	1	209,212	209,212	1
Total Assets	\$ 237,942	\$ 1,611,281	\$ 1,601,691	\$ 247,532
LIABILITIES				
Accounts payable	\$ 1,137	\$ 17,184	\$ 15,915	\$ 2,406
Due to other governmental agencies	236,805	2,462,556	2,454,235	245,126
Total Liabilities	\$ 237,942	\$ 2,479,740	\$ 2,470,150	\$ 247,532

See accompanying independent auditors' report.

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**MISCELLANEOUS
FINANCIAL
DATA**

CITY OF MILWAUKEE
COMBINED SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit I-1

Year Levied	Real Estate	Personal Property	Total
1983-1991	\$ 309	\$ 79	\$ 388
1992	190	19	209
1993	432	23	455
1994	280	49	329
1995	436	44	480
1996	595	111	706
1997	549	84	633
1998	687	120	807
1999	763	106	869
2000	2,741	162	2,903
2001	<u>13,197</u>	<u>539</u>	<u>13,736</u>
Delinquent Taxes Receivable	<u>\$ 20,179</u>	<u>\$ 1,336</u>	\$ 21,515
Add: Property taxes receivable on foreclosed property (A)			<u>15,752</u>
Total Delinquent Taxes Receivable			\$ 37,267
Less: Estimated uncollectible taxes			<u>(13,070)</u>
Net Delinquent Taxes Receivable			<u>\$ 24,197</u>

See accompanying independent auditors' report.

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

CITY OF MILWAUKEE Exhibit I-2
COMBINED SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS - REPORTING ENTITY
 DECEMBER 31, 2002
 (Thousands of Dollars)

Cash and Cash Equivalents:	
Cash	\$ 56,846
Local Government Pooled - Investment Fund	474,299
Institutional Money Market Fund	28,271
Cash with Fiscal Agent	3,715
Certificates of Deposit	31,130
Other	<u>138</u>
 Total Cash and Cash Equivalents	 \$ 594,399
Investments:	
Deferred Compensation Pool	\$ 340,802
Treasury Notes, Bills and Agencies	58,319
Local Government Pooled - Investment Fund	5,409
Investments with Fiscal Agent	7,519
Certificates of Deposit	13,296
Other	<u>17,942</u>
 Total Investments	 <u>443,287</u>
 Total Cash and Cash Equivalents and Investments	 <u>\$ 1,037,686</u>

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Cash and Cash Equivalents and Investments - Fund:					
General	\$ 116,951	\$ -	\$ -	\$ 276	\$ 117,227
General Obligation Debt Service	75,336	-	-	-	75,336
Public Debt Amortization	11,270	62,014	-	-	73,284
Capital Projects	35,883	-	-	-	35,883
Nonmajor Governmental Funds	14,489	-	-	-	14,489
Water Works	17,642	-	-	-	17,642
Sewer Maintenance	588	-	3,715	-	4,303
Parking	12,342	-	-	-	12,342
Nonmajor Enterprise Funds	953	-	-	-	953
Pension and Other Employee Benefit Trusts	112	-	-	340,802	340,914
Private-Purpose Trusts	2,207	5,414	-	-	7,621
Agency Funds	247,531	-	-	-	247,531
Component Units	<u>55,380</u>	<u>34,781</u>	<u>-</u>	<u>-</u>	<u>90,161</u>
 Total Cash and Cash Equivalents and Investments - Fund	 <u>\$ 590,684</u>	 <u>\$ 102,209</u>	 <u>\$ 3,715</u>	 <u>\$ 341,078</u>	 <u>\$ 1,037,686</u>

See accompanying independent auditors' report.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit I-3

Year	Blight Elimination/ Urban Renewal		Bridges and Buildings				City Hall Renovation	
	Principal	Interest	Principal	Bridges Interest	Field Headquarters Principal	Interest	Principal	Interest
2003	\$ 2,882	\$ 1,175	\$ 1,416	\$ 609	\$ 3	\$ -	\$ 15	\$ -
2004	2,940	1,095	1,272	570	-	-	-	-
2005	2,835	954	1,198	511	-	-	-	-
2006	2,643	811	1,075	453	-	-	-	-
2007	2,148	674	1,040	399	-	-	-	-
2008	1,939	573	1,054	348	-	-	-	-
2009	1,695	481	1,082	296	-	-	-	-
2010	1,660	401	1,028	241	-	-	-	-
2011	1,498	317	861	188	-	-	-	-
2012	1,360	243	779	146	-	-	-	-
2013	1,004	174	671	105	-	-	-	-
2014	999	122	520	71	-	-	-	-
2015	833	71	417	45	-	-	-	-
2016	492	28	272	23	-	-	-	-
2017	35	2	137	8	-	-	-	-
2018	2	-	70	3	-	-	-	-
2019	<u>2</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 24,967</u>	<u>\$ 7,121</u>	<u>\$ 12,895</u>	<u>\$ 4,016</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>
Total Requirements	<u>\$ 32,088</u>		<u>\$ 16,911</u>		<u>\$ 3</u>		<u>\$ 15</u>	

See accompanying independent auditors' report.

Economic Development		Finance Real and Personal Property Tax Receivables		Financial Management Information System Replacement Project		Fire	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 191	\$ 38	\$ 12,310	\$ 635	\$ 1,942	\$ 549	\$ 728	\$ 340
191	29	5,035	320	2,018	464	713	316
168	19	2,280	171	2,099	376	721	281
41	9	1,575	92	2,146	284	717	242
38	6	995	39	2,233	185	661	206
35	4	450	10	1,950	80	566	175
31	2	-	-	410	10	439	149
15	1	-	-	-	-	443	127
2	-	-	-	-	-	427	107
1	-	-	-	-	-	383	86
1	-	-	-	-	-	337	66
1	-	-	-	-	-	347	49
-	-	-	-	-	-	292	33
-	-	-	-	-	-	225	18
-	-	-	-	-	-	134	7
-	-	-	-	-	-	1	-
-	-	-	-	-	-	2	-
<u>\$ 715</u>	<u>\$ 108</u>	<u>\$ 22,645</u>	<u>\$ 1,267</u>	<u>\$ 12,798</u>	<u>\$ 1,948</u>	<u>\$ 7,136</u>	<u>\$ 2,202</u>
<u>\$ 823</u>		<u>\$ 23,912</u>		<u>\$ 14,746</u>		<u>\$ 9,338</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Forestry/Sanitation Field Headquarters		Grant and Aid Improvements - City Share		Harbor		Industrial Land Bank	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 3	\$ -	\$ 93	\$ 13	\$ 366	\$ 156	\$ 73	\$ 18
2004	-	-	93	9	350	146	75	14
2005	-	-	92	4	338	129	61	10
2006	-	-	-	-	309	112	29	6
2007	-	-	-	-	276	97	27	4
2008	-	-	-	-	276	82	24	3
2009	-	-	-	-	296	68	22	2
2010	-	-	-	-	217	56	10	-
2011	-	-	-	-	219	45	1	-
2012	-	-	-	-	204	34	1	-
2013	-	-	-	-	159	24	1	-
2014	-	-	-	-	124	16	-	-
2015	-	-	-	-	107	9	-	-
2016	-	-	-	-	65	4	-	-
2017	-	-	-	-	10	1	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
Totals	\$ 3	\$ -	\$ 278	\$ 26	\$ 3,316	\$ 979	\$ 324	\$ 57
Total Requirements	<u>\$ 3</u>		<u>\$ 304</u>		<u>\$ 4,295</u>		<u>\$ 381</u>	

See accompanying independent auditors' report.

Lakefront Development		Library		Local Improvement Projects/ Special Assessments		Milwaukee Exposition and Convention Center and Arena	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 12	\$ 2	\$ 873	\$ 409	\$ 2,627	\$ 1,041	\$ 16	\$ 7
9	2	783	378	2,462	950	17	6
8	1	794	338	2,282	820	18	4
4	1	793	294	1,892	691	17	3
3	1	697	253	1,908	586	16	2
3	-	678	217	1,749	490	13	2
3	-	646	183	1,564	405	10	1
2	-	621	150	1,300	329	6	-
-	-	473	120	1,152	271	1	-
-	-	420	98	831	220	1	-
-	-	416	76	966	169	1	-
-	-	377	55	992	121	-	-
-	-	309	39	565	78	-	-
-	-	260	23	347	49	-	-
-	-	190	10	440	31	-	-
-	-	3	-	191	10	-	-
-	-	3	-	23	1	-	-
\$ 44	\$ 7	\$ 8,336	\$ 2,643	\$ 21,291	\$ 6,262	\$ 116	\$ 25
<u>\$ 51</u>		<u>\$ 10,979</u>		<u>\$ 27,553</u>		<u>\$ 141</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES**
DECEMBER 31, 2002
(Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Municipal Expenses		Municipal Garage		Parking		Playgrounds/ Recreational Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 4,078	\$ 214	\$ 3	\$ -	\$ 3,746	\$ 989	\$ 961	\$ 441
2004	-	-	-	-	3,693	865	918	404
2005	-	-	-	-	3,646	712	934	356
2006	-	-	-	-	1,894	554	963	302
2007	-	-	-	-	1,868	461	858	253
2008	-	-	-	-	1,915	368	831	210
2009	-	-	-	-	1,324	283	754	169
2010	-	-	-	-	921	226	633	132
2011	-	-	-	-	869	182	468	102
2012	-	-	-	-	785	138	364	81
2013	-	-	-	-	633	98	433	59
2014	-	-	-	-	541	66	352	37
2015	-	-	-	-	438	39	213	23
2016	-	-	-	-	269	16	160	12
2017	-	-	-	-	43	2	76	4
2018	-	-	-	-	2	-	7	1
2019	-	-	-	-	2	-	8	-
Totals	\$ 4,078	\$ 214	\$ 3	\$ -	\$ 22,589	\$ 4,999	\$ 8,933	\$ 2,586
Total								
Requiremen	<u>\$ 4,292</u>		<u>\$ 3</u>		<u>\$ 27,588</u>		<u>\$ 11,519</u>	

See accompanying independent auditors' report.

Police		Public Buildings		Resource Recovery		Sanitation	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 4,055	\$ 2,258	\$ 6,595	\$ 2,854	\$ 24	\$ 6	\$ 1	\$ -
4,203	2,140	6,518	2,628	25	5	-	-
4,039	1,956	6,523	2,309	20	3	-	-
3,829	1,768	5,853	1,969	9	2	-	-
3,911	1,583	5,323	1,670	9	1	-	-
4,103	1,396	4,971	1,411	8	1	-	-
4,323	1,192	4,383	1,170	7	1	-	-
3,912	974	3,966	956	4	-	-	-
3,265	771	3,432	765	-	-	-	-
3,034	607	3,104	596	-	-	-	-
2,754	450	2,776	435	-	-	-	-
2,128	308	2,212	294	-	-	-	-
1,833	201	1,802	192	-	-	-	-
1,436	104	1,311	99	-	-	-	-
890	28	639	32	-	-	-	-
10	1	13	1	-	-	-	-
10	-	13	-	-	-	-	-
\$ 47,735	\$ 15,737	\$ 59,434	\$ 17,381	\$ 106	\$ 19	\$ 1	\$ -
<u>\$ 63,472</u>		<u>\$ 76,815</u>		<u>\$ 125</u>		<u>\$ 1</u>	

CITY OF MILWAUKEE
DEBT SERVICE REQUIREMENTS TO MATURITY -
GENERAL OBLIGATION BONDS AND NOTES
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit I-3 (Continued)

Year	Schools		Sewers		Streets	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 12,593	\$ 4,870	\$ 7,977	\$ 3,390	\$ 9,801	\$ 4,217
2004	10,528	4,514	8,083	3,156	9,450	3,874
2005	10,087	4,075	7,619	2,770	8,947	3,410
2006	9,686	3,617	6,665	2,386	7,769	2,944
2007	9,438	3,164	6,470	2,051	7,423	2,544
2008	9,057	2,735	5,949	1,745	7,274	2,172
2009	7,877	2,314	5,242	1,461	6,887	1,811
2010	7,477	1,926	4,612	1,212	6,240	1,465
2011	7,088	1,545	4,169	986	4,946	1,157
2012	6,221	1,200	3,700	782	4,544	911
2013	5,621	869	2,947	591	3,980	677
2014	4,802	581	2,954	439	3,244	474
2015	3,676	352	2,374	294	2,750	319
2016	2,455	160	1,477	170	2,047	175
2017	756	33	1,084	94	1,332	70
2018	44	3	875	42	261	13
2019	46	1	15	1	13	-
Totals	\$ 107,452	\$ 31,959	\$ 72,212	\$ 21,570	\$ 86,908	\$ 26,233
Total Requirements	<u>\$ 139,411</u>		<u>\$ 93,782</u>		<u>\$ 113,141</u>	

See accompanying independent auditors' report.

Tax Incremental Districts		Water		Total Requirements	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 6,100	\$ 4,673	\$ 4,680	\$ 1,969	\$ 84,164	\$ 30,873
7,053	4,486	5,008	1,859	71,437	28,230
7,577	4,118	4,852	1,613	67,138	24,940
7,159	3,713	4,692	1,358	59,760	21,611
6,911	3,336	3,362	1,120	55,615	18,635
6,910	2,980	2,845	959	52,600	15,961
6,796	2,632	1,989	851	45,780	13,481
6,636	2,284	2,492	754	42,195	11,234
6,558	1,944	2,966	635	38,395	9,135
6,138	1,606	2,490	494	34,360	7,242
5,739	1,279	2,101	359	30,540	5,431
4,491	979	2,286	251	26,370	3,863
3,854	753	1,677	141	21,140	2,589
2,392	540	982	53	14,190	1,474
3,733	412	21	3	9,520	737
3,434	218	22	2	4,935	294
1,246	43	24	1	1,410	47
\$ 92,727	\$ 35,996	\$ 42,489	\$ 12,422	\$ 659,549	\$ 195,777
<u>\$ 128,723</u>		<u>\$ 54,911</u>		<u>\$ 855,326</u>	

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY - WATER REVENUE
AND DISCLOSURE OF BOND COVERAGE**
(Thousands of Dollars)

Exhibit I-4

Year	Principal	Interest	Total Requirements
2003	\$ 782	\$ 394	\$ 1,176
2004	803	373	1,176
2005	824	352	1,176
2006	846	330	1,176
2007	868	307	1,175
2008	891	284	1,175
2009	915	260	1,175
2010	939	236	1,175
2011	964	211	1,175
2012	989	185	1,174
2013	1,015	158	1,173
2014	1,042	131	1,173
2015	1,070	104	1,174
2016	1,098	75	1,173
2017	1,127	45	1,172
2018	<u>1,158</u>	<u>15</u>	<u>1,173</u>
	<u>\$ 15,331</u>	<u>\$ 3,460</u>	<u>\$ 18,791</u>

See accompanying independent auditors' report.

Note: Water Revenue bond coverage on Series SDWL - 1, 2, 3, 4 & 5 for 2001, consisted of gross revenues plus interest income in the amount of \$74,245, less operating expenses (excluding depreciation) of \$37,948. As a result, the net revenue available for debt service was \$36,297. Debt service requirements consisted of \$1,177 for 2002. At the end of the year, bond coverage computes to 30.84.

CITY OF MILWAUKEE
**DEBT SERVICE REQUIREMENTS TO MATURITY - SEWERAGE SYSTEM REVENUE
AND DISCLOSURE OF BOND COVERAGE**
(Thousands of Dollars)

Exhibit I-5

Year	Principal	Interest	Total Requirements
2003	\$ 1,000	\$ 1,340	\$ 2,340
2004	1,035	1,304	2,339
2005	1,080	1,259	2,339
2006	1,135	1,204	2,339
2007	1,190	1,153	2,343
2008	1,235	1,106	2,341
2009	1,285	1,056	2,341
2010	1,340	1,003	2,343
2011	1,395	948	2,343
2012	1,450	891	2,341
2013	1,520	823	2,343
2014	1,600	741	2,341
2015	1,685	654	2,339
2016	1,775	564	2,339
2017	1,875	467	2,342
2018	1,970	370	2,340
2019	2,070	273	2,343
2020	2,170	168	2,338
2021	<u>2,285</u>	<u>57</u>	<u>2,342</u>
	<u>\$ 29,095</u>	<u>\$ 15,381</u>	<u>\$ 44,476</u>

See accompanying independent auditors' report.

Note: Sewerage System Revenue Bonds, Series 2001, coverage consisted of gross revenues plus interest income in the amount of \$28,307, less operating expenses (excluding depreciation) of \$15,283. As a result, the net revenue available for debt service was \$13,024. Debt service requirements consisted of \$1,357 (interest only) for 2002. At the end of the year, bond coverage computes to 9.6.

CITY OF MILWAUKEE
SCHEDULE OF ACCOUNT BALANCES
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit I-6

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
ASSETS					
Assets:					
Cash and cash equivalents	\$2,449	\$ 654	\$ 3,047	\$2,394	\$ 1,139
Receivables (net):					
Taxes	-	15	414	30	316
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from other governmental agencies	808	-	-	-	88
Inventory of materials and supplies	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$3,257</u>	<u>\$ 669</u>	<u>\$ 3,461</u>	<u>\$2,424</u>	<u>\$ 1,543</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 758	\$ -	\$ 61	\$ 32	\$ 526
Accrued expenses	21	-	-	-	9
Due to other governmental agencies	-	-	-	-	-
Deferred revenue	61	25	695	50	530
Advances from other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 840</u>	<u>\$ 25</u>	<u>\$ 756</u>	<u>\$ 82</u>	<u>\$ 1,065</u>
Fund Balance:					
Reserved for encumbrances, prepaids, and carryovers	\$2,417	\$ 644	\$ 2,705	\$2,342	\$ 478
Reserved for inventory	-	-	-	-	-
Unreserved:					
Special assessment (deficit)	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>\$2,417</u>	<u>\$ 644</u>	<u>\$ 2,705</u>	<u>\$2,342</u>	<u>\$ 478</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$3,257</u>	<u>\$ 669</u>	<u>\$ 3,461</u>	<u>\$2,424</u>	<u>\$ 1,543</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Total
\$ 3,550	\$ 10,699	\$ 435	\$ 1,513	\$ 2,302	\$ 7,701	\$ -	\$ 35,883
11	1,384	-	89	4,046	492	-	6,797
-	-	1,629	-	865	-	-	2,494
-	-	-	-	-	-	13,180	13,180
-	-	316	6	4,808	-	-	6,026
-	-	187	-	-	-	-	187
<u>\$ 3,561</u>	<u>\$ 12,083</u>	<u>\$ 2,567</u>	<u>\$ 1,608</u>	<u>\$ 12,021</u>	<u>\$ 8,193</u>	<u>\$ 13,180</u>	<u>\$ 64,567</u>
\$ 362	\$ 961	\$ 317	\$ 124	\$ 914	\$ 1,152	\$ 27	\$ 5,234
2	8	15	3	216	18	-	292
-	100	-	-	-	-	-	100
19	2,324	78	150	7,520	826	12,023	24,301
-	-	-	-	-	-	13,027	13,027
<u>\$ 383</u>	<u>\$ 3,393</u>	<u>\$ 410</u>	<u>\$ 277</u>	<u>\$ 8,650</u>	<u>\$ 1,996</u>	<u>\$ 25,077</u>	<u>\$ 42,954</u>
\$ 3,178	\$ 8,690	\$ 1,970	\$ 1,331	\$ 3,371	\$ 6,197	\$ -	\$ 33,323
-	-	187	-	-	-	-	187
-	-	-	-	-	-	(11,897)	(11,897)
<u>\$ 3,178</u>	<u>\$ 8,690</u>	<u>\$ 2,157</u>	<u>\$ 1,331</u>	<u>\$ 3,371</u>	<u>\$ 6,197</u>	<u>\$ (11,897)</u>	<u>\$ 21,613</u>
<u>\$ 3,561</u>	<u>\$ 12,083</u>	<u>\$ 2,567</u>	<u>\$ 1,608</u>	<u>\$ 12,021</u>	<u>\$ 8,193</u>	<u>\$ 13,180</u>	<u>\$ 64,567</u>

CITY OF MILWAUKEE
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE -
CAPITAL PROJECTS BY PURPOSE
 DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit I-7

	Bridges	Special Projects	Fire Department	Library	Playgrounds & Recreation
Revenues:					
Property taxes	\$ 145	\$ 30	\$ 1,550	\$ -	\$ 208
Special Assessments	-	-	-	-	-
Intergovernmental	(151)	-	-	-	88
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>\$ (6)</u>	 <u>\$ 30</u>	 <u>\$ 1,550</u>	 <u>\$ -</u>	 <u>\$ 296</u>
Expenditures:					
Capital outlay	<u>3,320</u>	<u>26</u>	<u>2,195</u>	<u>3,134</u>	<u>2,195</u>
 Excess (deficiency) of Revenues over Expenditures	 <u>\$ (3,326)</u>	 <u>\$ 4</u>	 <u>\$ (645)</u>	 <u>\$ (3,134)</u>	 <u>\$ (1,899)</u>
Other Financing Sources (Uses):					
General obligation bonds and notes issued	\$ 1,072	\$ -	\$ 1,980	\$ 2,810	\$ 1,032
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources and Uses	 <u>\$ 1,072</u>	 <u>\$ -</u>	 <u>\$ 1,980</u>	 <u>\$ 2,810</u>	 <u>\$ 1,032</u>
 Net Change in Fund Balance	 <u>\$ (2,254)</u>	 <u>\$ 4</u>	 <u>\$ 1,335</u>	 <u>\$ (324)</u>	 <u>\$ (867)</u>
Fund Balance (Deficit) - Beginning	<u>4,671</u>	<u>640</u>	<u>1,370</u>	<u>2,666</u>	<u>1,345</u>
 Fund Balance (Deficit) - Ending	 <u>\$ 2,417</u>	 <u>\$ 644</u>	 <u>\$ 2,705</u>	 <u>\$ 2,342</u>	 <u>\$ 478</u>

See accompanying independent auditors' report.

Police Department	Public Buildings	Sewers	Urban Renewal	Streets	Tax Incremental Districts	Special Assessments	Schools Financing	Total
\$ 19	\$ 4,048	\$ 409	\$ 150	\$ 3,257	\$ 465	\$ -	\$ -	\$ 10,281
-	-	-	-	-	-	4,053	-	4,053
-	100	394	31	3,998	-	-	-	4,460
<u>-</u>	<u>1,521</u>	<u>416</u>	<u>34</u>	<u>189</u>	<u>801</u>	<u>-</u>	<u>-</u>	<u>2,961</u>
<u>\$ 19</u>	<u>\$ 5,669</u>	<u>\$ 1,219</u>	<u>\$ 215</u>	<u>\$ 7,444</u>	<u>\$ 1,266</u>	<u>\$ 4,053</u>	<u>\$ -</u>	<u>\$ 21,755</u>
<u>7,298</u>	<u>12,020</u>	<u>3,501</u>	<u>3,345</u>	<u>21,397</u>	<u>12,794</u>	<u>3,565</u>	<u>18,725</u>	<u>93,515</u>
<u>\$ (7,279)</u>	<u>\$ (6,351)</u>	<u>\$ (2,282)</u>	<u>\$ (3,130)</u>	<u>\$ (13,953)</u>	<u>\$ (11,528)</u>	<u>\$ 488</u>	<u>\$ (18,725)</u>	<u>\$ (71,760)</u>
\$ 13,234	\$ 10,922	\$ 3,764	\$ 1,285	\$ 16,269	\$ 13,605	\$ 4,215	\$ 18,725	\$ 88,913
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(801)</u>	<u>(4,215)</u>	<u>-</u>	<u>(5,016)</u>
<u>\$ 13,234</u>	<u>\$ 10,922</u>	<u>\$ 3,764</u>	<u>\$ 1,285</u>	<u>\$ 16,269</u>	<u>\$ 12,804</u>	<u>\$ -</u>	<u>\$ 18,725</u>	<u>\$ 83,897</u>
\$ 5,955	\$ 4,571	\$ 1,482	\$ (1,845)	\$ 2,316	\$ 1,276	\$ 488	\$ -	\$ 12,137
<u>(2,777)</u>	<u>4,119</u>	<u>675</u>	<u>3,176</u>	<u>1,055</u>	<u>4,921</u>	<u>(12,385)</u>	<u>-</u>	<u>9,476</u>
<u>\$ 3,178</u>	<u>\$ 8,690</u>	<u>\$ 2,157</u>	<u>\$ 1,331</u>	<u>\$ 3,371</u>	<u>\$ 6,197</u>	<u>\$ (11,897)</u>	<u>\$ -</u>	<u>\$ 21,613</u>

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

Exhibit I-8

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Property Taxes:			
General	\$ 80,785	\$ 76,006	\$ (4,779)
Provision for Employees' Retirement	38,090	38,090	-
Total Property Taxes	<u>\$ 118,875</u>	<u>\$ 114,096</u>	<u>\$ (4,779)</u>
Other Taxes:			
Payment in lieu of taxes	\$ 1,149	\$ 1,240	\$ 91
Interest on city tax certificates and other taxes	1,063	1,704	641
Total Other Taxes	<u>\$ 2,212</u>	<u>\$ 2,944</u>	<u>\$ 732</u>
Licenses and Permits:			
Licenses:			
Business and occupational	\$ 3,161	\$ 3,519	\$ 358
Other	24	127	103
Permits:			
Building	5,331	5,923	592
Zoning	171	238	67
Other	871	1,007	136
Total Licenses and Permits	<u>\$ 9,558</u>	<u>\$ 10,814</u>	<u>\$ 1,256</u>
Intergovernmental:			
State Shares Revenues:			
State shared taxes	\$ 248,120	\$ 248,230	\$ 110
Local street aids	26,600	26,786	186
Payment for municipal services	2,200	2,396	196
Other	5,830	5,656	(174)
Total Intergovernmental	<u>\$ 282,750</u>	<u>\$ 283,068</u>	<u>\$ 318</u>
Charges for Services:			
General government	\$ 13,281	\$ 14,411	\$ 1,130
Public safety	5,589	8,081	2,492
Public works	28,719	31,652	2,933
Health	814	877	63
Culture and recreation	2,261	2,308	47
Conservation and development	322	420	98
Total Charges for Services	<u>\$ 50,986</u>	<u>\$ 57,749</u>	<u>\$ 6,763</u>
Fines and Forfeits:			
Municipal Court	\$ 4,420	\$ 5,210	\$ 790
Other:			
Interest on temporary investments	\$ 4,700	\$ 2,673	\$ (2,027)
Miscellaneous	4,663	6,033	1,370
Total Other	<u>\$ 9,363</u>	<u>\$ 8,706</u>	<u>\$ (657)</u>
Total	<u>\$ 478,164</u>	<u>\$ 482,587</u>	<u>\$ 4,423</u>

See accompanying independent auditors' report.

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Thousands of Dollars)

	Final Budget	2002 Actual				Variance - Favorable (Unfavorable)
		Salaries and Wages	Other Operating Costs	Equipment	Total	
General Government:						
Zoning Appeals	\$ 229	\$ 173	\$ 49	\$ -	\$ 222	\$ 7
Intern Program	46	45	-	-	45	1
Mayor	932	809	36	-	845	87
Common Council - City Clerk	6,533	4,761	1,404	167	6,332	201
Municipal Court	3,289	1,729	1,304	4	3,037	252
City Attorney	10,190	4,308	5,474	66	9,848	342
Administration	8,850	4,431	3,370	313	8,114	736
Employee Relations	88,154	3,131	84,990	10	88,131	23
Election Commission	1,801	666	1,088	4	1,758	43
Comptroller	26,716	2,840	23,493	77	26,410	306
City Treasurer	3,749	1,569	2,019	6	3,594	155
Assessor's Office	3,756	3,296	460	-	3,756	-
Public Debt Commission	521	132	386	-	518	3
Employee's Retirement	3,916	23	645	-	668	3,248
Interest Expense	5,367	-	5,367	-	5,367	-
Non-departmental - unallocated ...	145	-	-	-	-	145
Total General Government	\$ 164,194	\$ 27,913	\$ 130,085	\$ 647	\$ 158,645	\$ 5,549
Public Safety:						
Fire and Police Commission	\$ 880	\$ 668	\$ 208	\$ 2	\$ 878	\$ 2
Fire Department	62,025	57,361	3,859	726	61,946	79
Police Department	136,301	125,217	9,759	1,286	136,262	39
Neighborhood Services	12,409	7,357	4,583	137	12,077	332
Total Public Safety	\$ 211,615	\$ 190,603	\$ 18,409	\$ 2,151	\$ 211,163	\$ 452
Public Works:						
General Office	\$ 3,840	\$ 2,674	\$ 956	\$ 66	\$ 3,696	\$ 144
Infrastructure	18,936	11,152	6,473	51	17,676	1,260
Operations	67,953	40,098	24,131	2,493	66,722	1,231
Total Public Works	\$ 90,729	\$ 53,924	\$ 31,560	\$ 2,610	\$ 88,094	\$ 2,635
Health	\$ 11,429	\$ 8,396	\$ 2,095	\$ 61	\$ 10,552	\$ 877
Culture and Recreation:						
Public Library	\$ 18,791	\$ 12,033	\$ 4,283	\$ 2,475	\$ 18,791	\$ -
Conservation and Development:						
Department of City Development .	\$ 8,434	\$ 2,911	\$ 4,946	\$ -	\$ 7,857	\$ 577
Total	\$ 505,192	\$ 295,780	\$ 191,378	\$ 7,944	\$ 495,102	\$ 10,090

See accompanying independent auditors' report.

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CITY OF MILWAUKEE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 LAST TEN YEARS
(Thousands of Dollars)

Table 1

Year	General Government	Public Safety	Public Works	Health	Culture and Recreation	Conservation and Development	Total
1993	\$ 57,989	\$ 207,615	\$ 108,440	\$ 14,931	\$ 17,715	\$ 6,053	\$ 412,743
1994	51,890	217,673	108,516	16,623	17,862	6,051	418,615
1995	68,928	233,625	105,161	16,484	18,157	6,343	448,698
1996	54,473	244,428	103,226	17,037	18,180	6,515	443,859
1997	62,913	243,235	107,599	16,726	19,666	5,652	455,791
1998	65,306	248,605	102,835	17,882	20,383	7,281	462,292
1999	132,231	205,717	91,817	11,401	16,627	7,271	465,064
2000	157,615	220,879	100,696	11,363	17,584	7,502	515,639
2001	162,628	209,521	87,453	11,237	16,948	7,922	495,709
2002	179,023	211,163	88,094	10,552	18,791	7,857	515,480

NOTE: General Governmental Expenditures included on this table are only of the General Fund.

CITY OF MILWAUKEE
GENERAL REVENUES BY SOURCE
 LAST TEN YEARS
(Thousands of Dollars)

Table 2

Year	Property Taxes	Other Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Contributions & Other	Total
1993	\$ 98,997	\$ 15,749	\$ 6,611	\$ 245,708	\$ 20,050	\$ 11,960	\$ 15,096	\$ 414,171
1994	86,265	14,910	7,115	253,879	19,937	11,778	15,762	409,646
1995	87,315	11,745	6,989	263,659	23,317	12,475	20,864	426,364
1996	84,280	11,112	7,086	268,095	24,907	13,472	18,566	427,518
1997	92,656	10,397	7,599	271,796	25,810	15,578	17,147	440,983
1998	84,042	10,100	8,112	278,965	27,727	16,138	16,736	441,820
1999	89,250	10,283	8,996	277,884	37,598	17,694	9,032	450,737
2000	98,456	12,808	10,154	278,434	45,383	18,036	14,358	477,629
2001	118,804	12,688	10,485	278,969	54,594	4,408	12,408	492,356
2002	114,096	2,944	10,814	283,068	57,749	5,210	29,813	503,694

NOTE: General Revenues included on this table are only of the General Fund.

CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN YEARS
(Thousands of Dollars)

Table 3

For Year	Total Tax Levy (A)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (B)	Total Tax Collections	Collections as Percent of Current Levy	Total Cumulative Delinquent Taxes (C)	Delinquent Taxes as Percent of Current Levy
1993	\$ 420,414	\$ 409,324	97.362	\$ 11,058	\$ 420,382	99.992	\$ 26,499	6.303
1994	412,580	401,286	97.263	13,410	414,696	100.513	24,383	5.910
1995	409,238	399,661	97.660	11,021	410,682	100.353	22,939	5.605
1996	385,496	374,793	97.224	11,467	386,260	100.198	22,175	5.752
1997	350,302	340,270	97.136	8,559	348,829	99.580	23,648	6.751
1998	331,556	322,737	97.340	13,084	335,821	101.286	19,383	5.846
1999	339,318	328,558	96.829	8,574	337,132	99.355	21,569	6.357
2000	324,794	311,022	95.760	11,288	322,310	99.236	24,053	7.405
2001	368,371	355,575	96.526	14,805	370,380	100.545	22,043	5.984
2002	382,873	369,125	96.409	13,926	383,051	100.046	21,865	5.711

(A) *Includes only City and Milwaukee Public Schools levies, adjusted for special assessments placed on tax roll, as well as County delinquent taxes purchased from the County and included in tax levy collections.*

(B) *Collection of delinquent taxes for prior years.*

(C) *Includes current and prior delinquent taxes.*

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CITY OF MILWAUKEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Thousands of Dollars)

Table 4

Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$ 12,205,393	\$ 12,697,662	\$ 1,140,575	\$ 1,350,323	\$ 13,345,968	\$ 14,047,985	95.0%
1994	12,864,898	13,179,199	1,164,836	1,184,507	14,029,734	14,363,706	97.7
1995	12,847,723	13,634,803	1,128,926	1,186,306	13,976,649	14,821,109	94.3
1996	13,714,440	13,911,337	1,136,167	1,129,862	14,850,607	15,041,199	98.7
1997	13,780,412	14,335,277	1,133,725	1,176,580	14,914,137	15,511,857	96.1
1998	14,842,447	15,006,268	1,229,667	1,221,950	16,072,114	16,228,218	99.0
1999	14,900,027	15,905,567	873,823	795,658	15,773,850	16,701,225	94.4
2000	16,646,617	16,429,767	936,378	914,484	17,582,995	17,344,251	101.4
2001	16,792,682	18,375,998	907,102	1,077,832	17,699,784	19,453,830	90.9
2002	18,968,857	19,400,257	897,398	898,130	19,866,255	20,298,387	97.9

NOTE: The Assessed Values are established by the City of Milwaukee Assessor's Office. The Estimated Actual (Equalized) Values are provided by the State Supervisor of Assessments.

CITY OF MILWAUKEE
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
 LAST TEN YEARS

Table 5

Levy for Year (C)	<u>City of Milwaukee (A)</u>		<u>Milwaukee School Board (B)</u>		<u>Milwaukee Area District Board of Vocational, Technical and Adult Education</u>	
TAX RATES PER \$1,000 OF ASSESSED						
1993	\$ 11.50	28.3%	\$ 18.45	45.4%	\$ 2.00	4.9%
1994	10.93	26.9	18.59	45.8	2.09	5.2
1995	10.47	28.5	15.46	42.2	2.04	5.6
1996	10.09	28.6	14.28	40.5	2.10	6.0
1997	9.81	33.3	9.97	33.9	2.01	6.8
1998	9.47	33.2	9.02	31.6	2.11	7.4
1999	9.20	32.5	9.44	33.4	2.01	7.1
2000	9.12	32.5	8.95	31.9	2.16	7.7
2001	9.86	35.2	8.81	31.5	2.00	7.1
2002	10.22	34.6	9.11	30.8	2.23	7.6
Tax Levies						
1993	\$ 148,963		\$ 237,095		\$ 25,755	
1994	142,794		242,620		27,307	
1995	144,049		238,537		28,081	
1996	138,750		221,958		28,967	
1997	143,061		181,336		29,388	
1998	139,417		167,446		31,020	
1999	145,555		181,736		31,847	
2000	141,279		169,562		33,455	
2001	169,678		180,874		34,437	
2002	176,579		186,228		38,499	

- (A) *Excludes allocation of debt service requirement on debt incurred for schools, initially included in the City of Milwaukee. (\$.65 in 2002)*
- (B) *Includes allocation of debt service requirement on debt incurred for schools, initially included in the tax levy of the City of Milwaukee. (\$.65 in 2002)*
- (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.*

<u>County of Milwaukee</u>		<u>State of Wisconsin</u>		<u>Milwaukee Metropolitan Sewerage District</u>		<u>Total</u>					
VALUE AND PERCENT OF TOTAL											
\$	5.48	13.5%	\$	0.20	0.5%	\$	2.99	7.4%	\$	40.62	100.0%
	5.59	13.8		0.21	0.5		3.16	7.8		40.57	100.0
	5.41	14.7		0.21	0.6		3.07	8.4		36.66	100.0
	5.74	16.3		0.21	0.6		2.81	8.0		35.23	100.0
	5.72	19.4		0.20	0.7		1.72	5.9		29.43	100.0
	5.96	20.9		0.21	0.7		1.77	6.2		28.54	100.0
	5.72	20.2		0.20	0.7		1.72	6.1		28.29	100.0
	5.82	20.7		0.21	0.8		1.80	6.4		28.06	100.0
	5.46	19.5		0.20	0.7		1.68	6.0		28.01	100.0
	5.91	20.0		0.22	0.7		1.87	6.3		29.56	100.0

(In Thousands)

\$	70,658	\$	2,656	\$	38,523	\$	523,650
	72,965		2,810		41,234		529,730
	74,326		2,873		42,191		530,057
	78,897		2,964		38,654		510,190
	83,308		3,008		25,110		465,211
	87,779		3,102		26,039		454,803
	90,387		3,246		27,152		479,923
	90,017		3,340		27,876		465,529
	93,946		3,469		28,876		511,280
	102,173		3,891		32,287		539,657

CITY OF MILWAUKEE
SPECIAL ASSESSMENT COLLECTIONS
 LAST TEN YEARS
(Thousands of Dollars)

Table 6

Billing Year	Current Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Billed	Current Assessments Unpaid at End of Billing Year
1993	\$ 4,900	\$ 2,604	53.1	\$ 2,296
1994	4,774	2,896	60.7	1,878
1995	4,094	2,512	61.4	1,582
1996	4,269	2,537	59.4	1,732
1997	2,488	1,506	60.5	982
1998	4,693	2,919	62.2	1,774
1999	3,155	2,090	66.2	1,065
2000	3,271	2,031	62.1	1,240
2001	4,434	2,597	58.6	1,837
2002	4,732	3,218	68.0	1,514

NOTE:

All special assessments are due when billed and may be paid within forty-five (45) days without interest. An election to pay in six annual installments is available at an annual interest rate determined as of June 30 each year per ordinance. The rate for 2002 of 5.83% is calculated on the unpaid balance. Each installment is added to the general tax roll and the method of enforcing collections is the same as for general city taxes with like force and effect.

CITY OF MILWAUKEE
**RATIO OF NET GENERAL LONG-TERM DEBT TO ASSESSED VALUE AND
 EQUALIZED VALUE AND NET LONG-TERM DEBT PER CAPITA
 LAST TEN YEARS**

Table 7

Year	Population (A)	Assessed Value (In Thousands)	Equalized Value (In Thousands)	Gross General Long- Term Debt (B) (In Thousands)	Less Assets Available in Govern- mental Funds (C) (In Thousands)	Net General Long-Term Debt (B) (In Thousands)	Ratio of Net Long- Term Debt to Assessed Value (Percent)	Ratio of Net Long- Term Debt to Equal- ized Value (Percent)	Net General Long- Term Debt Per Capita
1993	629,744	\$ 13,345,968	\$ 14,047,985	\$ 356,778	\$ 53,081	\$ 303,697	2.28	2.16	\$ 482.25
1994	629,296	14,029,734	14,363,706	351,792	51,213	300,579	2.14	2.09	477.64
1995	623,531	13,976,649	14,821,109	353,520	48,359	305,161	2.18	2.06	489.41
1996	620,609	14,850,607	15,041,199	370,517	47,787	322,730	2.17	2.15	520.02
1997	612,740	14,914,137	15,511,857	393,179	44,313	348,866	2.34	2.25	569.35
1998	610,654	16,072,114	16,228,218	432,877	47,424	385,453	2.40	2.38	631.21
1999	608,150	15,773,850	16,701,225	473,089	52,554	420,535	2.67	2.52	691.50
2000	605,572	17,582,995	17,344,251	522,503	51,444	471,059	2.68	2.72	777.87
2001	595,508	17,699,784	19,453,830	566,429	56,025	510,404	2.88	2.62	857.09
2002	595,958	19,866,255	20,298,387	591,155	48,813	542,342	2.73	2.67	910.03

(A) The December 31, 1993 through 2002 populations are estimated from the Wisconsin Department of Revenue population used in the distribution of State Shared Revenues.

(B) Excludes general obligation debt for Port of Milwaukee, Parking and Water Works, reported in their respective funds.

(C) Includes assets available in the General Obligation Debt Service Fund and the Delinquent Tax Special Revenue Fund.

CITY OF MILWAUKEE
COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2002
 (Thousands of Dollars)

Table 8

Assessed Value		\$ <u>19,866,255</u>
Equalized Value		\$ <u>20,298,387</u>
Debt Limit 7 Percent of Equalized Value		\$ 1,420,887
Amount of Debt Applicable to Debt Limit:		
General obligation bonds	\$ 535,803	
General obligation notes	55,352	
Parking bonds and notes	22,589	
Harbor bonds	3,316	
Water Works bonds	42,489	
Water Works revenue bonds	15,331	
Sewer revenue bonds	<u>29,095</u>	
Total Debt		\$ 703,975
Deduct:		
Assets in Debt Service Funds	\$ 40,466	
Water Works revenue bonds (A)	15,331	
Sewer revenue bonds	<u>29,095</u>	
Total Deductions		<u>84,892</u>
Total Amount of Debt Applicable to Debt Limit		<u>619,083</u>
Legal Debt Margin		<u>\$ 801,804</u>

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

Note: *State Statutes (67.03 and 119.49) limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. 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, 2002 was \$405,968 for school purposes and \$395,836 for general purposes.*

CITY OF MILWAUKEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 December 31, 2002
 (Thousands of Dollars)

Table 9

Name of Government Unit	Net Debt Outstanding	Percentage Applicable to City of Milwaukee	City of Milwaukee's Share of Debt
Direct Debt:			
City of Milwaukee (A)	\$ 619,083	100.00	\$ 619,083
Overlapping Debt:			
Milwaukee Area Technical College District	77,313	37.32	28,853
County of Milwaukee	489,152	45.70	223,542
Milwaukee Metropolitan Sewerage Area (B)	551,321	46.87	<u>258,404</u>
Total Direct and Overlapping Debt			<u>\$ 1,129,882</u>

(A) *Excludes \$94,153 of Industrial Revenue Bonds. Includes debt incurred to finance Milwaukee School Board construction.*

(B) *Includes \$271,740 low interest loan from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.*

CITY OF MILWAUKEE
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
LONG-TERM DEBT TO GENERAL EXPENDITURES**
LAST TEN YEARS
(Thousands of Dollars)

Table 10

Year	Principal (A)	Interest (A)	Total Debt Service (A)	Total General Expenditures	Ratio of Debt Service to General Expenditures (Percent)
1993	\$ 42,458	\$ 21,325	\$ 63,783	\$ 412,743	15.5%
1994	46,726	18,174	64,900	418,615	15.5
1995	53,004	18,786	71,790	448,698	16.0
1996	59,038	15,428	74,466	443,859	16.8
1997	58,575	17,154	75,729	455,791	16.6
1998	60,402	17,703	78,105	462,292	16.9
1999	58,645	19,295	77,940	465,064	16.8
2000	60,693	19,855	80,548	515,639	15.6
2001	62,037	21,998	84,035	495,709	16.9
2002	69,311	27,420	96,731	515,480	18.8

(A) *Excludes school debt service. The City is obliged by State Statutes to provide financing for the acquisition of school facilities operated by the Milwaukee Board of School Directors. School debt service is the legal liability of the City of Milwaukee but school expenditures are under control of the Board of Directors.*

CITY OF MILWAUKEE
DEMOGRAPHIC STATISTICS
 LAST TEN YEARS

Table 11

Year	Population (A)	Per Capita Income (B)	Median Age (C)	School Enrollment (D)	Unemployment Rate (E)
1993	629,744	\$ 13,575	30.3	101,189	5.9%
1994	629,296	14,290	30.3	102,560	6.1
1995	623,531	12,450	30.3	103,676	4.8
1996	620,609	12,800	30.3	106,261	5.1
1997	612,740	13,219	30.3	107,043	5.2
1998	610,654	13,436	30.3	105,645	4.8
1999	608,150	13,780	30.3	105,374	4.9
2000	605,572	14,170	30.6	103,541	5.9
2001	595,508	14,147	30.6	103,397	7.4
2002	595,958	Not available	30.6	103,464	8.9

(A) *The December 31, 1993 through 2002 populations are estimated from the Wisconsin Department of Revenue population used in the distribution of State Shared Taxes.*

(B) *Derived from data contained in Sales and Marketing Management magazine for the appropriate year. For the years 1993 through 1994, data was revised by Sales and Marketing Management magazine to conform with 1990 census data. Decline for 1995 resulted from modifications to data calculation*

(C) *Median age of the population is determined only during a census. These figures represent the data collected by the 1990 and 2000 Regular Census.*

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

(E) *State of Wisconsin, Department of Workforce Development.*

CITY OF MILWAUKEE
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
 LAST TEN YEARS
 (Thousands of Dollars)

Table 12

Year	<u>Commercial Construction</u>		<u>Residential Construction</u>		Bank Deposits (A)	<u>Real Property Value</u>		
	Number of Permits	Value	Number of Units	Value		Commercial	Equalized Residential	Nontaxable
1993	57	\$ 41,785	290	\$ 20,084	\$ 11,173,595	\$ 5,175,813	\$ 7,521,850	\$ 3,599,941
1994	68	43,548	203	11,796	11,819,678	5,268,072	7,911,127	3,448,884
1995	71	39,983	390	20,776	13,013,020	5,388,417	8,246,386	3,497,462
1996	77	37,780	183	12,122	16,205,221	5,409,709	8,501,628	3,525,520
1997	86	161,479	345	27,512	17,921,013	5,475,827	8,859,451	3,566,982
1998	79	68,042	589	45,257	20,832,537	5,873,130	9,133,138	3,422,096
1999	95	128,344	203	20,442	15,975,126	6,221,962	9,683,606	3,456,294
2000	88	99,968	352	35,184	17,926,606	6,241,899	10,187,868	3,384,708
2001	99	106,537	542	99,106	23,185,907	7,011,654	11,364,344	3,422,534
2002	89	87,778	697	72,252	20,513,650	7,221,024	12,179,233	3,368,493

(A) *Firstar Bank - Milwaukee was purchased by Firstar Bank - Cincinnati in October, 1999 and is no longer included.*

Sources: *Construction data from City of Milwaukee Department of Neighborhood Services. Bank Deposits are year-end, as reported to U.S. Federal Reserve, Chicago. Equalized Property Value is determined by the State of Wisconsin. Nontaxable Property Value is estimated by the City of Milwaukee, Assessor's Office.*

CITY OF MILWAUKEE
PRINCIPAL TAXPAYERS
 December 31, 2002
 (Thousands of Dollars)

Table 13

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
First Security Bank	Banking	\$ 200,732	1.01
Northwestern Mutual Life Insurance Company	Insurance	166,276	.84
Teachers Insurance & Annuity/ TIAA Realty	Real Estate	100,879	.51
Towne Realty	Real Estate	81,212	.41
M & I Marshall & Ilsley Bank/Metavante Corp.	Banking	78,634	.40
Marcus Corp./Mil. City Center/Pfister	Hotels/Motels/Restaurants	74,043	.37
Miller Brewing	Brewery	69,660	.35
Great Lakes REIT/GLR Milwaukee Center	Real Estate	67,147	.34
Metropolitan Associates	Real Estate	66,607	.33
100 E. Wisconsin Ave Joint Venture	Real Estate	<u>55,950</u>	<u>.28</u>
		<u>\$ 961,140</u>	<u>4.84</u>

Source:

City of Milwaukee Assessor's Office

CITY OF MILWAUKEE
SCHEDULE OF INSURANCE IN FORCE
 December 31, 2002
 (Thousands of Dollars)

Table 14

Type of Coverage and Name of Company	Policy Number	Policy Period	
		From -	To
Liability Insurance			
Various - RACM Properties	Various	Various	
Property/Marine Insurance			
Local Government Property Insurance Fund	140440	01/01/02 - 01/01/03	
OneBeacon	CWJH40210 & CWJH40215	12/31/02 - 12/31/03	
Hartford Steam Boiler	FBP4919044	01/01/02 - 01/01/03	
Hartford Steam Boiler Company	FBP9178675	08/01/02 - 08/01/03	
American International Specialty Lines	COPS1957536	11/01/00 - 11/01/04	
Bond/Crime Insurance			
Kemper	3SM63037603, 3SM63043403	04/16/02 - 04/16/03	
Kemper	3FM929318-04 & 3FM929319-04	07/01/02 - 07/01/03	
Travelers, Chubb	036FF103014125BCM, 8159-97-88	08/02/02 - 08/02/03	
Travelers	036FF103012142BCM	08/28/02 - 08/28/03	
Coregias Ins. Co	POD0017993	03/12/02 - 03/12/03	
Evanston Insurance Company	MG 813292	02/01/02 - 02/01/03	
Comprehensive General Liability			
American Safety Risk Retention Group/HAI	MPL 02-2416-02	06/15/02 - 06/15/03	
Housing Auth. Risk Retention Group (HARRG)/Travelers	50-0029-2000 #01-155-02-2002-57	09/01/02 - 09/01/03	
Fire, Extended Coverage, Vandalism & Malicious Mischief			
HAPI - Housing Authority Property Insurance	28/KTJCMB-199D500-3-2002	09/01/02 - 09/01/03	
Federal Emergency Mgmt. Agency	Various	04/19/02 - 07/07/03	
Automobile			
Travelers	KTN-810-345D8647-PHX-02	01/01/02 - 01/01/03	
HAI	50-0028-02-00-000A	01/01/02 - 01/01/03	
HAI/American Alternative Ins Corp	59A2GL000005-00	07/13/02 - 07/13/03	
Worker's Compensation			
HAI - G. Cham	WC2-J15-994237-022	01/01/02 - 01/01/03	

Table 14 (Continued)

Details of Coverage	Liability Limits	Annual Premium
General Liability	\$ 3,000	\$ 26
Buildings, Personal Property	972,972	214
Wharfinger Liability, Protection & Indemnity	11,000	64
Boiler & Machinery	100,000	49
HACM Boiler	25,000	15
Contractors Operations	10,000	91
Public Official Bond - Treasurer	400	1
Public Employee	1,250	14
Fiduciary - Deferred Compensation Board	20,000	47
Fiduciary - Police Relief	1,000	3
RACM - Public Officials/Employees	5,000	16
Water Testing - Errors & Omissions	1,000	4
Lead Inspector's Professional Liability	1,000	10
Lead Based Paint/Commercial Liability	5,500	172
Law Enforcement	1,000	9
Hous. Authority Directors, Officers/Employment	2,050	57
Pesticide	1,000	2
Housing Projects, Property/Fire	276,994	343
Housing Projects, Flood Insurance	11,787	83
Housing Authority Fleet	1,000	53
HACM - Excess Fleet	700	16
Commercial Liability - VETS	2,000	25
HACM, RACM	600	132

CITY OF MILWAUKEE
MISCELLANEOUS STATISTICAL DATA
 December 31, 2002

Table 15

Date of Incorporation	January 31, 1846
City Charter Adopted	January 31, 1846
Form of Government	Council-Mayor
Area of City	95.8 square miles
Miles of Streets and Alleys	
Streets - Paved	1,418
Streets - Unpaved	14
Alleys	416
Miles of Sewers	
Storm	955
Sanitary	935
Combined	547
Building Permits	
Permits Issued	890
Permit Value	\$ 228,657,085
Fire Protection	
Fire Stations	36
Total Fire Department Employees	1,141
Fire Fighting Force	1,075
Police Protection	
Police Stations	7
Total Police Department Employees (Authorized)	2,952
Employees with Law Enforcement Powers (Authorized)	2,130
Municipal Lock-up Facilities	7
Total Detention Capacity	207
Police Patrol Vehicles	495
Police Patrol Motorcycles	57
Recreation	
Playgrounds, Playfields, Tot Lots, Recreation Centers and Special Facilities Serving Youth/Adult ..	277
Enterprise	
Milwaukee Water Works	
Population Served	832,000
Number of Metered Accounts	160,966
Million Gallons Pumped	46,253
Million Gallons Consumed	39,915
Miles of Mains	1953.95
Hydrants	19,730
Plant Capacity in Million Gallons per Day	
Supply Pumping Stations	760
Major Pumping Stations	687
Repumping Stations	318

CITY OF MILWAUKEE
MISCELLANEOUS STATISTICAL DATA
 December 31, 2002

Table 15 (Continued)

Lights	
Street	66,861
Alley	8,787
 Employees: Average Number During 2002	
Total Employees - Civil Service and Exempt	7,721
Exempt Employees - Excluding Summer Youth Employment Training Program and Election Workers	286
 Elections	
Registered Voters - February 2002	319,940
Registered Voters - April 2002	317,221
Special Election Registered Voters - April 2002	332,030
Special Election Registered Voters - June 2002	321,752
Special Election Registered Voters - July 2002	321,673
Registered Voters - September 2002	331,137
Special Election Registered Voters - October 2002	334,940
Registered Voters - November 2002	334,786
Votes Cast in	
Special Primary Election - February 19, 2002	26,509
Special General Election - April 2, 2002	68,305
Special Spring General Election - April 30, 2002	88,945
Special Primary Election - June 18, 2002	2,285
Special Primary Election - June 25, 2002	4,634
Special General Election - July 16, 2002	4,398
Fall Primary Election - September 10, 2002	84,625
Special Fall General Election - October 8, 2002	1,550
Fall General Election - November 5, 2002	141,351
Percentage of Registered Voters Voting in	
2002 Special Primary Election	8.29%
2002 Special General Election	21.53%
2002 Special Spring General Election	26.79%
2002 Special Primary Election71%
2002 Special Primary Election	1.44%
2002 Special General Election	1.37%
2002 Fall Primary Election	25.56%
2002 Special Fall General Election46%
2002 Fall General Election	42.22%
Population (A)	
1998	610,654
1999	608,150
2000	605,572
2001	595,508
2002	595,958

(A) The 1998-2002 populations are estimated from the Wisconsin Department of Administration population used in the distribution of State Shared Taxes.