NEW ISSUES
BOOK ENTRY ONLY

RATINGS:	Fitch	Moody's	Standard & Poor's
Notes:	"F1+"	"MIG-1"	"SP-1+"
Bonds:	"AA+"	"Aa2"	"AA"

(See "Ratings" herein.)

In the opinion of Katten Muchin Rosenman LLP, and of Hurtado, S.C., Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Notes and the Bonds (the "Offered Obligations") will not be includable in gross income for federal income tax purposes. In addition, (i) interest on the Offered Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income; (ii) interest on the Notes is not includible in corporate earnings and profits for purposes of the corporate alternative minimum tax; and (iii) interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Offered Obligations is not exempt from Wisconsin income taxes.

CITY OF MILWAUKEE, WISCONSIN

$147,000,000 GENERAL OBLIGATION CASH FLOW PROMISSORY NOTES, SERIES 2010 R4

$49,420,000 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2010 B5

Dated: Expected Date of Delivery (April 15, 2010) **Due:** As shown on the inside cover

The General Obligation Cash Flow Promissory Notes, Series 2010 R4 (the "G.O. Notes" or "Notes") and the General Obligation Corporate Purpose Bonds, Series 2010 B5 (the "G.O. Bonds" or "Bonds") (collectively, the "Offered Obligations") are direct general obligations of the City of Milwaukee, Wisconsin (the "City" and the "State" respectively), payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate or amount.

The Notes will be dated the Expected Date of Delivery, and will be payable on December 15, 2010. The Notes are being issued for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments. Interest on the Notes shall be payable at maturity. The Notes are **not** subject to optional redemption prior to maturity.

The Bonds will be dated the Expected Date of Delivery, will bear interest payable semiannually on May 1 and November 1 of each year, commencing November 1, 2010 at the rates, and will mature on May 1, in the years and amounts, as detailed on the inside front cover hereof. The Bonds are being issued for the purpose of financing various public improvements and fiscal requirements of the City. The Bonds are subject to optional redemption on any date on or after May 1, 2020, as provided herein.

The Offered Obligations have been offered for sale by competitive bid in accordance with the Official Notices of Sale dated March 18, 2010 and are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and of Hurtado, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, and other conditions specified in the Official Notices of Sale. It is expected that the Offered Obligations will be delivered through the facilities of the Depository Trust Company ("DTC"), New York, New York on or about April 15, 2010 (the "Expected Date of Delivery").

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE OFFERED OBLIGATIONS. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

For Further Information Contact:
W. Martin Morics, City Comptroller and Secretary to Public Debt Commission
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

March 25, 2010

MATURITY SCHEDULES

$147,000,000 GENERAL OBLIGATION CASH FLOW PROMISSORY NOTES, SERIES 2010 R4

The Notes will be dated the Expected Date of Delivery, and will mature on December 15, 2010 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

Amount	Interest Rate	Yield	CUSIP [1] Base 602366
$147,000,000	1.50%	0.30%	MH6

$49,420,000 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2010 B5

The Bonds will be dated the Expected Date of Delivery, will bear interest at the rates shown below, payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2010 and will mature on May 1 in the years and in the amounts shown below. The Bonds are subject to optional redemption on any date on or after May 1, 2020, as provided herein.

Maturing (May 1)	Amount	Interest Rate	Yield	CUSIP [1] Base 602366	Maturing (May 1)	Amount	Interest Rate	Yield	CUSIP [1] Base 602366
2011	$3,470,000	1.50%	0.25%	MJ2	2020	—	—	—	—
2012	3,585,000	2.00	0.93	MK9	2021	$7,105,000	5.00%	3.37%	MN3
2013	3,675,000	3.00	1.22	ML7	2022	7,200,000	5.00	3.45	MP8
2014	290,000	3.00	1.54	MM5	2023	7,340,000	5.00	3.50	MQ6
2015	—	—	—	—	2024	7,560,000	5.00	3.58	MR4
2016	—	—	—	—	2025	7,670,000	5.00	3.67	MS2
2017	—	—	—	—	2026	750,000	5.00	3.75	MT0
2018	—	—	—	—	2027	775,000	5.00	3.80	MU7
2019	—	—	—	—					

[1]The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Offered Obligations. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the sale of these securities and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. These securities have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The purpose of this Official Statement, including the cover page and Appendices, is to set forth certain information concerning the City of Milwaukee (the "City"), located in Milwaukee County, Wisconsin, and to set forth information concerning the following securities issued by the City:

$147,000,000 General Obligation Cash Flow Promissory Notes, Series 2010 R4 (the "G.O. Notes" or "Notes")

$49,420,000 General Obligation Corporate Purpose Bonds, Series 2010 B5 (the "G.O. Bonds" or "Bonds")

The following summary statement is furnished solely to provide limited introductory information regarding the City's Offered Obligations, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

SUMMARY STATEMENT-NOTES

Issuer:	City of Milwaukee, Wisconsin.
Issue:	$147,000,000 General Obligation Cash Flow Promissory Notes, Series 2010 R4.
Dated Date:	The Expected Date of Delivery, which is anticipated to be April 15, 2010.
Principal Due Date:	December 15, 2010.
Interest Payment Date:	Payable at maturity; calculated on the basis of 30-day months and a 360-day year (term of 240 days assuming an April 15, 2010 delivery date).
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The Notes are issued for the purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments ("State Aid Payments").
Security:	Principal and interest on the Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City. The City has also pledged and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the Notes. The City has also pledged all other general fund revenues included in the budget for the current calendar year, which are due the City, which have not been received as of the date of delivery of the Notes and which are not otherwise pledged or assigned. (See "THE NOTES - SECURITY FOR THE NOTES" herein).
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Notes is not exempt from Wisconsin income taxes. (See "TAX MATTERS" herein).	
Redemption Feature:	The Notes are <u>not</u> subject to redemption prior to maturity.	
Official Statement:	The City will provide the original purchaser of the Notes with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the Notes.	
Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois Hurtado, S.C. Wauwatosa, Wisconsin
	Financial Advisor:	Robert W. Baird & Co. Milwaukee, Wisconsin
Paying Agent:	City Official:	City of Milwaukee Comptroller's Office Milwaukee, Wisconsin
Record Date:	December 1, 2010	
Delivery:	Delivery of the Notes will be on or about April 15, 2010 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering price or yield of the Notes are set forth on the inside front cover page of the Final Official Statement.	
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).	

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SUMMARY STATEMENT-THE BONDS

Issuer:	City of Milwaukee, Wisconsin.
Issue:	$49,420,000 General Obligation Corporate Purpose Bonds, Series 2010 B5.
Dated Date:	The Expected Date of Delivery, which is anticipated to be April 15, 2010.
Principal Due Dates:	May 1 of the years 2011 through 2014 and 2021 through 2027.
Interest Payment Dates:	Each May 1 and November 1 commencing November 1, 2010.
Denominations:	$5,000 or integral multiples thereof.
Purpose:	The Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City. Long-term financing will also be provided for projects that have been temporarily financed.
Security:	Principal and interest on the Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from Wisconsin income taxes. (See "TAX MATTERS" herein).
Redemption Feature:	The Bonds maturing on or after May 1, 2021 are subject to optional redemption on any date on or after May 1, 2020. (See "REDEMPTION PROVISIONS" herein.)
Official Statement:	The City will provide the original purchaser of the Bonds with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the Bonds.

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois Hurtado, S.C. Wauwatosa, Wisconsin
	Financial Advisor:	Robert W. Baird & Co. Milwaukee, Wisconsin
Paying Agent:	City Official:	City of Milwaukee Comptroller's Office Milwaukee, Wisconsin

Record Date:	The 15th day of the calendar month next preceding each interest payment date.
Delivery:	Delivery of the Bonds will be on or about April 15, 2010 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.
Reoffering:	The public reoffering price(s) or yield(s) of the Bonds are set forth on the inside front cover page of the Final Official Statement.
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).

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THE NOTES

AUTHORITY AND PURPOSE

The Common Council of the City has authorized the issuance and sale of the Notes for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments, by the adoption of an authorizing resolution on January 20, 2010 in accordance with the provisions of Chapters 67.12(12) of the Wisconsin Statutes.

SECURITY FOR THE NOTES

The Notes shall be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the Notes.

Under and by virtue of Sections 67.05(10) and 67.12(12), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay and for the express purpose of paying the interest on the Notes as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

The City also has pledged, and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the Notes. The City has also pledged other General Fund Revenues included in the budget for the current calendar year which are due to the City, but which have not been received as of the date of delivery of the Notes.

STATUTORY BORROWING LIMITATION

Wisconsin Statutes limit direct general obligation debt the City may issue. The Notes are within these limitations. (See "DEBT STRUCTURE" herein for further details).

THE BONDS

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects and fiscal requirements of the City, and to pay the associated financing costs. The Common Council of the City adopted resolutions on December 22, 2009 which authorize the issuance of the Bonds. In addition, various initial resolutions have been adopted authorizing purposes for bonds that have been combined into the corporate purpose bond issue.

Proceeds of the Bonds are anticipated to be used for various public improvements of the City as follows:

Renewal and Development	$1,689,890
Libraries	775,000
Port of Milwaukee	187,010
Parking	543,100
Police	725,000
Bridges	3,925,000
Streets	2,280,000
Sewers	4,000,000
Water	225,000
Tax Incremental Districts	11,065,000
Refund Commercial Paper	12,985,000
Refund School Lease	11,020,000
TOTAL	$49,420,000

SECURITY FOR THE BONDS

The Bonds shall be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the Bonds.

Under and by virtue of Sections 67.05(10) and 67.12(12), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

MATURITY AND INTEREST RATES

The Bonds are to be dated the Expected Date of Delivery, and will bear interest from that date at the rates, and shall mature each May 1 in the amounts and on the dates as set forth on the inside front cover page of this Preliminary Official Statement. Interest on the Bonds will be payable on November 1, 2010 and thereafter semiannually on May 1 and November 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

REDEMPTION PROVISIONS

The Bonds maturing on or after May 1, 2021 will be subject to redemption prior to their maturity, at the option of the City, on any date on or after May 1, 2020 at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of a record date, which shall be 45 days prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

STATUTORY BORROWING LIMITATION

Wisconsin Statutes limit direct general obligation debt the City may issue. The Bonds do not cause these limitations to be exceeded. (See "DEBT STRUCTURE" herein for further details).

INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools (MPS) funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed $500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Group, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

To the extent possible, the City Treasurer attempts to match investments with anticipated cash flow requirements. No limits have been placed on how much of the portfolio can be invested in any of the above investment categories.

The State of Wisconsin Investment Board ("SWIB") provides the Local Government Investment Pool ("LGIP") as a subset of the State Investment Fund (the "Fund"). The LGIP includes deposits from elective participants consisting of over 1,000 municipalities and other public entities. The Fund also consists of cash balances of participants required to keep their cash balances in the Fund. These required participants include the State General Fund, State agencies and departments and Wisconsin Retirement System reserves. The LGIP portion of the Fund is additionally secured as to credit risk.

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "money market" account. When other investment options provide more favorable results, such options are utilized. As of December 31, 2009, the City had approximately 29.860% ($178,137,105) of its and MPS investments deposited in the LGIP.

SWIB invests the assets of the Fund, which includes assets of the LGIP. Overall policy direction for SWIB is established by an independent, eight-member Board of Trustees (the "Trustees"). The Trustees establish long-term investment policies, set guidelines for each investment portfolio and monitor investment performance.

The objectives of the Fund are to provide (in order of priority) safety of principal, liquidity, and a reasonable rate of return. The Fund includes retirement trust funds cash balances pending longer-term investment by other investment divisions. The Fund also acts as the State's cash management fund and provides the State's General Fund with liquidity for operating expenses. The Fund is strategically managed as a mutual fund with a longer average life than a money market fund. This strategic advantage is made possible by the mandatory investment of State funds for which the cash flow requirements can be

determined significantly in advance. Due to the role played by the Fund, the cash balances available for investment vary daily as cash is accumulated or withdrawn from various funds.

A copy of SWIB's annual report may be obtained by submitting a written request to the State of Wisconsin Investment Board, P.O. Box 7842, Madison, WI 53707-7842.

THE CITY

LOCATION, ORGANIZATION AND GOVERNMENT

GENERAL

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area and a thriving place to live and work. The City is Wisconsin's largest city with a population of approximately 584,000 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") include the principal cities of Milwaukee, Waukesha and West Allis, in the counties of Milwaukee, Ozaukee, Waukesha and Washington, Counties, has a population of nearly 1.5 million.

The Port of Milwaukee provides access to the sea lanes of the world. General Mitchell International Airport is served by domestic and international airlines. Five rail lines serve the City and provide transportation links throughout the United States. The City is also connected with the interstate highway system.

The City was incorporated as a city on January 31, 1846, pursuant to the laws of the territory of Wisconsin. Wisconsin gained statehood in 1848. The City, operating under a Home Rule Charter since 1874, has a council-mayor form of government.

ELECTED OFFICIALS

The Mayor, City Attorney, Comptroller, Treasurer and Common Council members are elected officials of the City. Local elections are non-partisan. The Mayor, City Attorney, Comptroller and Treasurer are elected at-large for identical four-year terms.

The Common Council represents fifteen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 40,000.

CITY OFFICIALS
As of April 15, 2008
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	W. Martin Morics	(1992)
City Treasurer	Wayne F. Whittow	(1976)

COMMON COUNCIL

Ashanti Hamilton	(2004)	Robert W. Puente	(2004)
Joe Davis, Sr.	(2003)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Joseph A. Dudzik	(2002)
Robert J. Bauman	(2004)	James N. Witkowiak	(2004)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Willie C. Wade	(2003)	Willie L. Hines, Jr.	(1996)
Robert G. Donovan	(2000)		

The terms of all the above elected positions expire in April, 2012.

PUBLIC SERVICES AND FACILITIES

The City, employing approximately 7,307 people (some in a seasonal capacity), is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City-owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to borrow directly and issue revenue backed financings.

Other major local governmental units and their related government services are the Milwaukee Public Schools (education); Milwaukee County (parks, airport/mass transit/highways, social services and court system); Milwaukee Metropolitan Sewerage District (wastewater treatment); and the Milwaukee Area Technical College (higher education). Wisconsin Statutes require the City to issue debt for Milwaukee Public Schools. The other governmental units listed each have the statutory authority to issue general obligation debt.

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the "SWPBP District"), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a new baseball facility ("Miller Park") for the National League Milwaukee Brewers baseball club. Miller Park opened in March, 2001. The SWPBP District has issued $199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, $45 million of lease certificates of participation have been issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc.

The second special purpose governmental unit is the Wisconsin Center District ("WC District"), a public entity created by State legislation, which oversees construction/operation of the Midwest Airlines Center, the City's major convention complex. This complex also includes the US Cellular Arena and the Milwaukee Auditorium facilities, formerly known as "MECCA". The Midwest Airlines Center was financed by $185 million of revenue bonds issued by the WC District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the WC District. Phase One of the Midwest Airlines Center was completed during 1998. Phase Two was completed in 1999. In 2001, the WC District issued $30 million of bonds to renovate the Milwaukee Auditorium which was renamed, the Milwaukee Theatre.

In addition to the facilities noted above, the City is home to a modern 17,000+ seat indoor sports and concert venue, the Bradley Center, located in the heart of downtown. This facility serves the National Basketball Association Milwaukee Bucks, the Marquette University Golden Eagles basketball team and the Milwaukee Admirals International Hockey League club. The City also boasts the lakefront Milwaukee Art Museum as well as a major symphony, ballet and opera companies, and other theatre and performing arts.

May 4, 2001 marked the unveiling of Milwaukee Art Museum's new expansion and renovation, which combines art, dramatic architecture and landscape design. The Quadracci Pavilion, the first Santiago Calatrava-designed building in the United States, features a 90-foot high glass-walled reception hall enclosed by the Burke Brise Soleil, a sunscreen that can be raised or lowered creating a unique moving sculpture.

Finally, the Milwaukee area is the site of a number of higher education institutions including Marquette University, the University of Wisconsin – Milwaukee, Alverno College, Mount Mary College and the Milwaukee School of Engineering.

EMPLOYEE RELATIONS

Approximately 6,070 of the City's full-time employees are members of nineteen different bargaining units represented by unions. One labor agreement covering approximately 200 employees expired on December 31, 2006, and two labor agreements covering approximately 1,650 police and firefighters expired on December 31, 2009. The remaining sixteen agreements are in place through December 31, 2011.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

GENERAL

The City, with a 2009 population of 584,000 (preliminary estimate), represents approximately 40% of the population of the greater metropolitan area. Based on the last U.S. Census, population in the four county retail trade area surrounding the City is 1,512,400 and represents 28% of the population of the State of Wisconsin. Over 74% of metropolitan Milwaukee's population is comprised of residents within the working ages of 18 and older.

CITY OF MILWAUKEE
SELECTED ECONOMIC DATA

Year	Population	Adjusted Gross Income Per Return
2009	584,000	N/A
2008	590,870	$33,144
2007	590,190	33,225
2006	590,370	32,370
2005	592,765	30,988
2004	593,920	29,922

Sources: Wisconsin Department of Administration, Demographic Service Center and the Wisconsin Department of Revenue, Division of Research and Analysis.

BUILDING PERMITS

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2004 through December 2009.

General Total

Year	Value	Permits Issued
2004	$294,811,125	2,784
2005	529,251,733	2,599
2006	424,763,947	2,655
2007	336,748,300	2,405
2008	249,992,533	2,067
2009	290,326,431	1,723

Residential Building

	Single Family		Multi-Family		Total		Permits
Year	Value	# Of Units	Value	# Of Units	Value	# Of Units	Issued
2004	$29,896,986	194	$48,346,002	553	$78,242,988	747	244
2005	33,751,976	193	113,713,239	500	147,465,215	693	231
2006	25,146,380	162	95,804,142	519	120,950,522	681	189
2007	24,940,117	160	123,505,408	677	148,445,525	837	187
2008	15,632,811	90	63,975,007	509	79,607,818	599	104
2009	7,269,207	59	37,354,152	409	44,623,359	468	72

Commercial Building

Year	Value	Permits Issued
2004	$63,485,441	89
2005	166,425,515	106
2006	134,084,138	113
2007	82,501,318	105
2008	59,502,236	74
2009	127,122,466	37

Public Building

Year	Value	Permits Issued
2004	$34,176,914	95
2005	51,889,921	49
2006	38,009,733	243
2007	19,791,921	140
2008	9,107,611	85
2009	10,808,648	107

Alterations and Additions

Year	Value	Permits Issued
2004	$118,905,782	2,356
2005	163,471,082	2,213
2006	131,719,554	2,110
2007	86,009,536	1,973
2008	101,774,868	1,804
2009	107,771,958	1,506

Sources: Development Center, Department of City Development. Data accumulated from monthly reports submitted to U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division, Washington D.C.

LEADING BUSINESS AND INDUSTRIAL FIRMS LOCATED WITHIN MILWAUKEE COUNTY

The listing of large employers in the Milwaukee County area follows that reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list, which includes only employers with the majority or all of their employment in Milwaukee County.

Employer	2008 Employment Estimates	Type of Business or Service
Aurora Health Care	25,937	Health care
U.S. Government (Includes Zablocki V.A. Medical Center)	11,100	Government
Milwaukee Public Schools	10,690*	Education
Wheaton Franciscan Healthcare	9,020	Health care
Roundy's Supermarket	8,480	Retail grocer
City of Milwaukee	7,307*	Government
Quad Graphics	7,000	Commercial printing
Kohl's Corporation	6,900	Specialty department stores
GE Healthcare Technologies	6,462	Medical imaging, healthcare services
Wal-Mart Stores	6,229	Discount retail stores and warehouse clubs
Milwaukee County	5,708*	Government
Northwestern Mutual Life	5,100	Insurance
Pro Healthcare, Inc.	4,936	Health care
Medical College of Wisconsin	4,700	Medical school/academic/health care
WE Energies	4,700	Electric/natural gas utility
Froedert Memorial Lutheran Hospital and Community Health	4,365	Health care
Columbia-St. Mary's	4,339	Health care provider
M&I Marshall & Ilsley	4,314	Holding company banking/finance and data services
AT & T Wisconsin	4,300	Communications
Harley-Davidson Motor Company	3,742	Manufacturer, motorcycles
University of Wisconsin-Milwaukee	3,531*	Education
US Bank (formerly Firstar Corporation)	3,350	Finance, banking
Target Corporation	3,318	Discount department store chain
Rockwell Automation (formerly Allen-Bradley)	3,258	Manufacturer, electrical/electronic products
Walgreens Co.	3,240	Retail drugstore chain

Source: The 2009 Business Journal Book of Lists. Employer contacts July 2009.

**Represents estimated 2009 figures*

EMPLOYMENT AND INDUSTRY

During 2009, the City's unemployment rate averaged approximately 11.1%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2005 through December 2009. The information below reflects revisions, corrections, and new inputs from the 2000 census, including the application of the changes to the prior years shown. For further information on the changes, please contact the U.S. Bureau of Labor Statistics, or visit their website at http://www.bls.gov.

ANNUAL UNEMPLOYMENT RATES
(Not Seasonally Adjusted)

Year	City of Milwaukee	Milwaukee - Waukesha-West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2009	11.1% [1]	8.7% [1]	8.5%	9.3%
2008	6.6	4.8	4.7	5.8
2007	7.2	5.1	4.9	4.6
2006	7.0	4.9	4.7	4.6
2005	7.2	5.0	4.8	5.1

[1] *Estimate*

Source: U.S. Department of Labor, Bureau of Labor Statistics.

RECENT MONTHLY UNEMPLOYMENT RATES
(Not Seasonally Adjusted)

Month	City of Milwaukee	Milwaukee - Waukesha-West Allis Metropolitan Statistical Area	State of Wisconsin	United States
December 2009	11.0% [1]	8.6% [1]	8.3% [1]	9.7%

[1] *Preliminary.*

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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

TEN LARGEST TAXPAYERS WITH 2009 ASSESSED VALUATIONS

US Bank Corporation	$ 263,926,353
Northwestern Mutual Life Ins.	213,000,793
Marcus Corp/Milw City Center/Pfister	120,185,927
Metropolitan Associates	111,511,122
NNN 411 East Wisconsin LLC	97,266,997
Crichton-Hauck/Shoreline/Juneau Village	96,441,024
Towne Realty	92,659,346
M & I Marshall & Ilsley Bank	88,383,582
100 E. Wisconsin Ave Joint Venture	77,769,874
Renaissant LaFayette Apts	67,129,278

Source: City of Milwaukee, Assessor's Office January 2010.

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DEBT STRUCTURE

The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City issued any refunding securities for the purpose of preventing default in principal or interest on its debt obligations.

LEGAL DEBT LIMITATIONS

Section 67.03 of the Wisconsin Statutes, as supplemented and amended, limits direct general obligation borrowing by the City to an amount equivalent to five percent of the equalized valuation of taxable property within the City. Section 119.49 of the Wisconsin Statutes, as supplemented and amended, further authorizes referendum approved bonding in an additional amount equivalent to two percent of the equalized taxable property within the City for school capital purposes.

DEBT MARGIN
(Includes the Offered Obligations)

Equalized Value of Taxable Property in the City		$31,266,329,200
Legal Debt Limitation for City Borrowing		
5% of Equalized Value		$ 1,563,316,460
General Obligation Debt Outstanding subject to 5% Limit as of 03/15/10	$792,570,000	
Plus: 2010 R4/B5	196,420,000	
Less: Debt to be refunded	(16,380,000)	
Less: Provision for current year maturities	(40,250,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 03/15/10		$932,360,000
Total Debt Margin for City Borrowing (in Dollars)		$630,956,460
(As a percentage)		40.4%
(As a percentage excluding Cash Flow Notes)		49.8%
Legal Debt Limitation for School Purpose Borrowing		
2% of Equalized Value		$625,326,584
General Obligation Debt Outstanding subject to 2% Limit as of 03/15/10	$14,774,150	
Less: Provision for current year maturities	-	
Net General Obligation Debt Outstanding subject to the 2% Limit as of 03/15/10		$14,774,150
Total Debt Margin for School Purpose Borrowing (in Dollars)		$610,552,434
(As a percentage)		97.6%

DEBT REFUNDED

The City has issued the following series of general obligation refunding bonds that have outstanding escrow amounts:

$159,985,000 General Obligation Refunding Bonds, Series of 2002-A, dated October 15, 2002, for the purpose of refunding portions of seventeen general obligation issues, with a final escrow payment in 2011, with Bank of New York as escrow trustee.

$45,240,000 General Obligation Refunding Bonds, Series 2005 A5, dated June 7, 2005, for the purpose of refunding portions of seven general obligation issues, with a final escrow payment in 2012, with Associated Trust Company, National Association as escrow trustee.

None of the refunded debt is reflected in the "DEBT MARGIN" presentation above.

ANALYSIS OF GENERAL OBLIGATION DEBT OUTSTANDING AS OF MARCH 15, 2010

Public Buildings	$175,567,327
Tax Increment Districts	164,435,646
Schools (5% City Borrowing)	90,247,516
Schools (2% School Purpose Borrowing)	14,774,150
Streets	104,365,825
Sewers	48,214,790
Finance Real & Personal Property Tax Receivables	47,574,537
Police	33,143,586
Blight Elimination/Urban Renewal	22,648,772
Bridges	22,051,317
Fire	18,815,363
Water	15,460,421
Local Improvement Projects/Special Assessments	12,630,232
Parking	12,000,948
Playground/Recreational Facilities	9,189,416
Library	8,760,855
Municipal Expenses	3,573,040
Harbor	3,002,805
Grant & Aid Improvements City Share	845,227
Economic Development	19,193
Industrial Land Bank	13,454
Resource Recovery	4,381
Milwaukee Exposition and Convention Center	3,666
Lakefront Development	1,683
Total	$807,344,150

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

The following indicates the annual requirements of principal and interest on the general obligation debt of the City.

	Total G.O. Debt Service as of 3/15/2010 [1][2]	Series 2010 R4, B5 Principal	Series 2010 R4, B5 Interest	Total Requirements After Issuance
2010	$60,173,160	$147,000,000	$2,647,470	$209,820,630
2011	139,418,157	3,470,000	2,136,675	145,024,832
2012	115,202,156	3,585,000	2,074,800	120,861,956
2013	104,529,686	3,675,000	1,983,825	110,188,511
2014	97,067,008	290,000	1,924,350	99,281,358
2015	89,241,726	—	1,920,000	91,161,726
2016	81,388,525	—	1,920,000	83,308,525
2017	71,838,661	—	1,920,000	73,758,661
2018	63,342,042	—	1,920,000	65,262,042
2019	55,574,589	—	1,920,000	57,494,589
2020	47,777,925	—	1,920,000	49,697,925
2021	34,979,987	7,105,000	1,742,375	43,827,362
2022	26,960,884	7,200,000	1,384,750	35,545,634
2023	22,248,888	7,340,000	1,021,250	30,610,138
2024	11,929,540	7,560,000	648,750	20,138,290
2025	7,100,516	7,670,000	268,000	15,038,516
2026	948,731	750,000	57,500	1,756,231
2027	940,163	775,000	19,375	1,734,538
	$1,030,662,343	$196,420,000	$27,429,120	$1,254,511,463

[1] Assumes: the maximum interest rate of 12.0% on $23,000,000 of variable rate debt (the tax levy requirement);and sinking fund deposits in year due.
[2] Excludes debt to be refunded.

TRENDS OF GENERAL OBLIGATION DEBT
(THOUSANDS OF DOLLARS)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2005	$710,409	$245,016	$465,394
2006	797,462	268,901	528,561
2007	747,298	294,952	452,346
2008	788,579	291,317	497,262
2009	804,474	293,039	511,435

TRENDS OF SELF-SUSTAINING GENERAL OBLIGATION DEBT
(THOUSANDS OF DOLLARS)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes [1]	Water	Sewer [2]	Total Self-Sustaining
2005	$118,997	$13,953	$20,428	$26,323	$27,949	$37,366	$245,016
2006	146,232	12,747	18,449	27,070	23,257	41,146	268,901
2007	143,886	11,733	16,458	28,320	19,895	74,661	294,952
2008	165,217	10,743	14,631	34,136	17,049	49,541	291,317
2009	164,106	11,616	12,994	40,508	17,049	46,766	293,039

*General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

[1] Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.
[2] Amount reflects the portion of GO Sewer Debt paid by the Sewer Utility.
Beginning in 2007, the Sewer Utility paid the full amount of the GO Sewer Debt.

RATIO OF GENERAL OBLIGATION DEBT
To Equalized And Assessed Values And To Per Capita

Year 12/31	Population [1]	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt /Net EV	GO Debt /AV	GO Debt /capita
2005	592,765	$26,256,713,800	$25,222,149,174	$710,409,475	2.71%	2.82%	$1,198
2006	590,370	30,226,985,500	28,354,951,841	797,462,085	2.64	2.81	1,351
2007	590,190	31,887,192,100	29,374,372,962	747,298,112	2.34	2.54	1,266
2008	590,870	32,257,525,000	30,431,675,204	788,579,150	2.44	2.59	1,335
2009	584,000	31,266,329,200	28,994,573,372	804,474,150	2.57	2.77	1,378

[1] Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

The Public Debt Amortization Fund may be used to purchase and prepay City GO Debt. Assuming the unsegregated fund balance is used to prepay City GO Debt at year-end, the following results would have occurred:

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2005	$46,513,313	2.53%	$1,120
2006	48,727,784	2.48	1,268
2007	50,824,739	2.18	1,180
2008	50,916,679	2.29	1,248
2009 [1]	50,916,679	2.41	1,290

[1] 12/31/09 balance is unknown at this time. Assumes balance is unchanged for the year.

COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
MARCH 15, 2010

Governmental Unit	Debt Outstanding As of March 15, 2010	Approximate Percentage Applicable	Milwaukee's Share of Debt As of March 15, 2010
City of Milwaukee [1]	$947,134,150	100.00%	$947,134,150
Area Board of Vocational, Technical and Adult Education, District No. 9	73,275,000	38.49%	28,203,548
County of Milwaukee [2]	666,783,652	46.78%	311,921,392
Milwaukee Metropolitan Sewerage District [3]	858,864,669	50.21%	431,235,950
TOTAL NET DIRECT AND OVERLAPPING DEBT	$2,546,057,471		$1,718,495,040

[1] Includes $108 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

[2] Includes approximately $625,310,823 of low interest loans from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the MMSD.

FUTURE FINANCING

As of March 15, 2010, the City had $648,402,598 authorized unissued general obligation debt, for various corporate and capital improvement purposes, which can be issued at any time. $45 million of the authorized debt is for Qualified School Construction Bonds. In addition, the City has $400,000,000 of unissued revenue anticipation borrowing authorized in the 2010 Budget.

The authorized unissued general obligation debt includes $104 million for sewer purposes. The City intends to borrow as much as possible of that amount from the State of Wisconsin Clean Water Fund Program on a revenue bond basis. The borrowings from the Clean Water Fund program are not general obligation debt, but will be secured by revenues of the City's Sewerage System.

See "FINANCIAL INFORMATION — CITY CAPITAL IMPROVEMENTS PLAN" herein for information on potential future capital needs.

COMMERCIAL PAPER PROGRAM

The City has authorized the issuance of Commercial Paper ("CP") with the General Obligation Commercial Paper Promissory Notes, 2008 Program Series C2, Series R3, and Series T4 (Taxable) (the "Series C2 Notes", "Series R3 Notes", and "Series T4 Notes" respectively, and together, the "CP Notes"). Any combination of Series C2 Notes, Series R3 Notes, and Series T4 Notes, up to an aggregate total of $125,000,000, is authorized to be outstanding at any time. The CP Notes are general obligation debt of the City and are additionally secured by a direct pay letter of credit from State Street Bank that expires on December 1, 2012. The CP Notes are authorized to be outstanding until January 31, 2018.

The CP Notes may be issued at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the CP Note program is to provide interim financing for expenditures pending the City's next long-term financing. As of December 31, 2009, the City had $98,000,000 of Series C2 Notes and $2,000,000 of Series T4 Notes outstanding. All of the currently outstanding CP Notes are planned to be refunded into long-term debt with a portion of this issue and debt issued in February 2010.

AUCTION RATE AND OTHER VARIABLE RATE EXPOSURE

The City has no outstanding Auction Rate securities. The City has no insured debt that has a put option. The City's CP Notes are additionally secured by liquidity facilities provided by State Street Bank. The $23,000,000 outstanding Series 2005 V8 is a 7-day variable rate demand bond secured by a Stand-By Bond Purchase agreement that expires on December 1, 2012. The CP Notes are secured by a direct pay letter of credit that expires on December 1, 2012.

In 2003, the Redevelopment Authority of the City of Milwaukee, on behalf of the MPS, issued $130,850,000 of Taxable Pension Funding Bonds, 2003 Series D in Auction Rate Mode and insured by MBIA. In 2005, the 2003 Series D bonds were converted to Index Bonds ("IB") whose interest rate is reset monthly to 1-month LIBOR + 25 basis points. The IB bond owners do not have an option to put the bonds. The 2003 Series D bonds also have an interest rate swap that pays MPS 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by MPS, effectively converting the IB to a fixed rate with no basis risk. $70,850,000 of the interest rate swaps were with Lehman Brothers Special Financing Inc. ("LBSF"), which filed for bankruptcy in September, 2008. As of November 1, 2009, the interest rate swaps with LBSF had a theoretical market value to MPS of $-14.7 million (a negative dollar amount is the amount MPS would owe in the event of an early termination). The City is working with MPS to replace the interest rate swaps with LBSF.

REVENUE BONDING

The City has issued revenue bonds for its Water and Sewerage Systems and has issued industrial revenue bonds on behalf of borrowers for eligible projects. Additionally, the Housing Authority of the City (the "Housing Authority"), the Redevelopment Authority of the City (the "Redevelopment Authority"), the Milwaukee Economic Development Corporation and related entities also have outstanding obligations. Collectively, the programs of the Housing and Redevelopment Authorities and Milwaukee Economic Development Corporation complement the City financed economic development projects and foster the same development objectives.

Water System Revenue Bonds, Series 1998 — In 1998, the City and the State of Wisconsin entered into a loan agreement under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of December 1, 2009, the outstanding balance was $9.4 million.

Sewerage System Revenue Bonds — In 2001, the City created the Sewerage System with the issuance of $29,095,000 of Sewerage System Revenue Bonds, and in 2003, the City issued an additional $33,885,000 of Sewerage System Revenue Bonds. As of December 31, 2009, total outstanding Sewerage System Revenue Bonds was $48,115,000 with a final maturity in 2023.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. As of December 31, 2009, the City had $48.0 million outstanding under the Program. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See "FUTURE FINANCING").

Industrial Revenue Bonding Program — The City has established guidelines relating to its Industrial Revenue Bonding Program. These guidelines establish criteria for IRB financing. The guidelines delineate that the primary goals of this program are to create additional tax base, additional jobs, or both.

Industrial land, buildings, and machinery and equipment used in the manufacturing process and pollution abatement equipment of new or expanding industries are eligible projects. Since the first IRB issue in 1973, the City has closed 125 issues amounting to approximately $265 million. The City has no responsibility to either secure or redeem IRB debt, and thus neither guarantees nor lends its own credit to these obligations.

Housing Authority of the City of Milwaukee — Most of the Housing Authority bonds and notes are secured by a lien on all revenues of the Housing Authority Low Income Housing Program. The Housing Authority has also issued debt for "stand-alone" projects. The Housing Authority bonds and notes are limited obligations of the Housing Authority and are neither a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

Between the period 1983 and December 1, 2009 the Housing Authority issued revenue bonds of approximately $149 million of which approximately $9.5 million are still outstanding.

Redevelopment Authority of the City of Milwaukee — The Redevelopment Authority is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to the Section 66.1333 (formerly Section 66.431) of the Wisconsin Statutes, as supplemented and amended ("Redevelopment Authority Act").

The Redevelopment Authority has as its purpose the carrying out of blight elimination, slum clearance and urban renewal programs and projects as set forth in the Redevelopment Authority Act, and is authorized under the Redevelopment Authority Act to issue revenue bonds for the financing of such programs and projects and to enter into revenue agreements to provide revenues for the payment of such revenue bonds.

Since its creation, the Redevelopment Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue-producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Redevelopment Authority Act. In connection with the financing of a number of such projects, the Redevelopment Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power.

The majority of these issues are supported solely by the revenues of the various projects. While in each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power, there are certain issues which involve contingent liabilities of the Redevelopment Authority and/or the City.

As of December 31, 2009, the Redevelopment Authority had outstanding: one bond issue with $12,380,000 outstanding that have a Moral Obligation Pledge of the City; and $276,324,122 in seven bond issues for MPS, one secured by a lease, and six secured by loan agreement, with the Milwaukee Board of School Directors ("MBSD"). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City's, or MBSD's, taxing powers. These pledges create only financial obligations of the City, or MBSD, which are subject to annual appropriation. The loan agreement with MBSD includes a pledge of certain state aid payable to MBSD.

The Redevelopment Authority has also issued debt payable from tax increment revenues. See ("TAX INCREMENT DISTRICT FINANCING" herein.)

Milwaukee Economic Development Corporation — As of December 31, 2008, the Milwaukee Economic Development Corporation, or through a related entity, funded loans for 1,045 small businesses and redevelopment projects utilizing $223 million to leverage a total of $1,124 million in investment. 887 loans have been enrolled in the Capital Access Program with covered loan amounts totaling $44 million.

The Milwaukee Economic Development Corporation had notes and debentures payable under the Small Business Administration's Section 503 and 504 loan programs in the amount of $10 million as of December 31, 2008.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over $60 million in bonds have financed projects located within tax increment districts ("TID") of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2009, $164 million general obligation bonds for TID purposes was outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately $42 million of debt secured by tax increment revenues. One of those issues, in the approximate amount of $20 million, has the Moral Obligation Pledge of the City. That bond issue is in variable rate mode secured by a Letter of Credit ("LOC"). The LOC expires in May, 2010, and the bank has indicated that it will not be renewing the LOC. RACM and the City are working on alternatives for the financing. The remaining debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. In 1996, the Wisconsin Legislature passed a property tax relief measure which increased the portion of statewide school revenues funded by State equalization aid to two-thirds from approximately one-half of all funds' budgets. The 2010 Assessed Tax Rate for Milwaukee Public Schools is $10.66 per thousand dollars of assessed value, down from $15.70 in 1995 (amounts are net of the school state tax credit). As a result, tax increment revenues for certain TIDs received by the City have been, and are expected to continue to be, reduced and therefore have the impact of either increasing the time needed to recover incurred project costs, including future debt service requirements; reducing the funding of active and proposed TIDs; or may require the City to fund TID cash flow deficiencies with other City revenues. In connection with the change in the School Aid formula, the State Legislature extended the allowable life of all TIDs established before October 1, 1995 from a maximum 23 years to a maximum 27 years to accommodate the lower school property tax rate. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed-use TIDs and industrial TlDs, which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three-year extension. Extensions are available under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City's general property tax levy.

FINANCIAL INFORMATION

BUDGETING

Each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year which is filed with the Mayor not later than the second Tuesday in May of each year, at which time the Comptroller submits his statement of anticipated non-property tax revenues in accordance with City Charter provisions. Under the City Charter, changes to these non-property tax revenue estimates can be made only by the Comptroller. The Mayor holds hearings on departmental spending requests during July and August at the times and places the Mayor or Common Council by ordinance directs. The Mayor submits a proposed budget to the Common Council on or before September 28th of each year. This budget includes the Comptroller's anticipated non-property tax revenues. Subsequent to receipt of the budget by the Common Council, its Committee on Finance and Personnel reviews the Mayor's proposed expenditure budget. The Mayor and Common Council hold a public hearing on the entire budget no later than the 30th day of October. The Common Council subsequently adopts a property tax levy, but cannot change the Comptroller's anticipated revenues budget. The final budget must be adopted by the 14th of November. The City is under no State or local levy limits with respect to its General, Capital or Debt Service Funds.

CITY CAPITAL IMPROVEMENTS PLAN

The City's 2009-2014 Capital Improvements Plan ("CIP") describes planned capital improvement projects and programs, together with proposed financing. Some school purpose improvements are financed by the City for the Milwaukee Public Schools, but are not included in the CIP.

The six-year City CIP municipal spending plan totals $1,352 million. About $867 million or 64% of planned spending is intended to preserve the City's existing infrastructure facilities (streets, sewers, alleys, bridges, etc.). The remaining 36% is for expansion purposes.

Surface transportation accounts for approximately 30% of the CIP, or about $406 million. 31% ($423 million) is planned for environmental projects including sewer and water improvements plus forestry and subsurface remediation projects. $266 million of capital spending (20%) is planned for economic development projects. These projects are mainly Tax Incremental District related or Port of Milwaukee capital improvements. The remaining 19% ($257 million) is planned for general governmental, health and safety, grant and aid, culture and recreation purposes.

The portion of the six-year CIP to be financed by the property tax levy totals about $385 million (28%). This in turn is composed of direct tax levy funding of $12 million (1%) and tax levy supported debt financing of $373 million (27%). Cash revenues including Federal and State grants, developer financing and other sources, total $358 million (27%) of planned CIP spending. An additional $201 million (15%) is to be financed by City debt to be repaid with tax increment district revenues. The remaining $407 million (30%) of the municipal purpose CIP is to be financed by self-supported debt issued for special assessments, water, sewer and parking purposes.

The Adopted 2010 Capital Improvements Budget totals $178 million compared to a 2009 Budget of $224 million and a 2010 CIP projection of $228 million. Major categories include $63 million of public works projects (streets, buildings, etc.), $44 million of water and sewer projects, and $39 million of economic development projects.

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ADOPTED BUDGET - COMBINED REVENUES - 2010

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Taxes						
Property Tax - General	$89,998,860	—	$69,118,480	$793,000	—	$159,910,340
Provision for Empl Retirement [1]	81,844,193	—	—	—	—	81,844,193
Common Council Cont	5,000,000	—	—	—	—	5,000,000
Total Taxes	176,843,053	—	69,118,480	793,000	—	246,754,533
Revenues						
Taxes	15,248,500	—	—	—	—	15,248,500
Licenses and Permits	12,754,420	—	—	—	—	12,754,420
Intergovernmental Revenues	271,915,149	76,117,944	—	—	—	348,033,093
Charges for Service	129,545,943	—	—	—	—	129,545,943
Fines and Forfeitures	5,255,000	—	—	—	—	5,255,000
Miscellaneous Revenues	3,864,700	15,000,000	—	—	—	18,864,700
Fringe benefits [2]	23,000,000	—	—	—	—	23,000,000
Parking	22,287,000	—	3,600,000	—	19,105,745	44,992,745
Water Works	3,000,000	—	4,725,049	—	83,136,951	90,862,000
Sewer Maintenance Fund	12,190,000	—	9,165,000	—	31,096,500	52,451,500
Retained Earnings	—	—	—	—	37,322,530	37,322,530
Sinking Fund	—	—	193,527,790	—	—	193,527,790
Special Assessments	—	9,072,755	—	770,000	—	9,842,755
Capital Revenue	—	—	—	22,429,125	—	22,429,125
Total Revenues	499,060,712	100,190,699	211,017,839	23,199,125	170,661,726	1,004,130,101
Tax Stabilization						
Transfer from Reserves	13,070,000	—	—	—	—	13,070,000
Sale of Bonds and Notes						
Bonds and Notes				97,351,903	22,287,000	119,638,903
Grand Total	$688,973,765	$100,190,699	$280,136,319	$121,344,028	$192,948,726	$1,383,593,537

[1] Includes employer and employee pension contributions and City employers' share of FICA.
[2] For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

ADOPTED BUDGET – COMBINED APPROPRIATIONS – 2010

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Administration, Dept of	$8,426,553	—	—	$949,400	—	$9,375,953
Assessor's Office	4,278,246	—	—	—	—	4,278,246
City Attorney	6,783,737	—	—	—	—	6,783,737
City Treasurer	2,951,830	—	—	—	—	2,951,830
Common Council - Clerk	7,858,707	—	—	—	—	7,858,707
Municipal Court	3,379,436	—	—	334,000	—	3,713,436
Comptroller	5,066,065	—	—		—	5,066,065
Dept of City Development	3,946,428	—	—	39,402,543	—	43,348,971
Election Commission	2,064,779	—	—	—	—	2,064,779
Employee Relations, Dept of	4,647,890	—	—	—	—	4,647,890
Fire and Police Commission	970,473	—	—	—	—	970,473
Fire Department	99,820,902	—	—	4,056,000	—	103,876,902
Health Department	12,228,339	—	—	100,000	—	12,328,339
Library Board	20,133,502	—	—	4,075,000	—	24,208,502
Mayor's Office	1,099,265	—	—	—	—	1,099,265
Neighborhood Services	14,117,724	—	—	76,141	—	14,193,865
Police Department	216,874,086	—	—	4,188,000	—	221,062,086
Port of Milwaukee	4,890,227	—	—	—	—	4,890,227
DPW-Administration	4,634,569	—	—	500,000	—	5,134,569
DPW-Infrastructure	33,656,488	—	—	36,107,500	—	69,763,988
DPW-Operations	70,533,610	—	—	15,220,444	—	85,754,054
Water Works	—	—	4,725,049	—	114,737,755	119,462,804
Sewer Maintenance Fund	—	—	9,165,000	—	52,455,755	61,620,755
Special Purpose Accounts	156,465,931	—	—	—	—	156,465,931
Pension Funds	116,371,933	—	—	—	—	116,371,933
Debt Service - City	—	—	245,052,341	—	—	245,052,341
Debt Service - Schools	—	—	17,593,929	—	—	17,593,929
Contingency	5,000,000	—	—	—	—	5,000,000
Delinquent Tax Fund	—	15,000,000	—	—	—	15,000,000
Parking	—	—	3,600,000	—	25,755,216	29,355,216
Grant & Aid Fund	—	76,117,944	—	—	—	76,117,944
Special Capital Projects	—	—	—	16,335,000	—	16,335,000
Economic Development	—	9,072,755	—	—	—	9,072,755
Fringe Benefit Offset [1]	(117,226,955)	—	—	—	—	(117,226,955)
Grand Total	$688,973,765	$100,190,699	$280,136,319	$121,344,028	$192,948,726	$1,383,593,537

[1]For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEARS ENDING DECEMBER 31, 2004 THROUGH 2008
(Thousands of Dollars)

Revenues:	2004	2005	2006	2007 [1]	2008
Property Taxes	129,120	135,610	141,102	137,253	141,573
Other Taxes	3,563	3,709	5,202	5,311	4,839
Licenses and Permits	11,530	13,374	13,729	13,704	12,918
Intergovernmental	273,865	272,875	272,417	272,539	271,100
Charges for Services	60,825	63,410	73,528	76,496	86,410
Fines and Forfeitures	5,647	5,893	5,541	5,800	5,277
Other	8,108	12,179	17,353	18,883	12,864
TOTAL GENERAL FUND REVENUES	492,658	507,050	528,872	529,986	534,981
Tax Stabilization Fund Withdrawals	16,870	16,621	16,328	23,175	29,457
Other Financing Sources and Equity Transfers (Net)	34,913	39,444	37,761	43,224	44,466
TOTAL GENERAL FUND REVENUES TAX STABILIZATION FUND WITHDRAWALS AND OTHER FINANCING SOURCES	544,441	563,115	582,961	596,385	608,904
Expenditures:					
General Government	179,542	180,590	178,004	201,021	199,004
Public Safety	231,371	248,366	250,672	257,137	266,370
Public Works	89,562	89,180	86,482	93,956	103,149
Health	10,724	10,656	10,428	10,359	10,118
Culture and Recreation	17,822	16,744	17,882	17,548	16,782
Conservation and Development	3,495	2,767	3,217	3,279	3,456
TOTAL EXPENDITURES	532,516	548,303	546,685	583,300	598,879
SOURCES OVER (UNDER) EXPENDITURES	11,925	14,812	36,276	13,085	10,025
Fund Balance - January 1 (excludes reserved for use during the year)	75,111	70,415	68,899	82,000	61,396
Fund Balance - December 31	87,036	85,227	105,175	95,085	71,421
Fund Balance Components:					
Reserved for Encumbrances & Carryovers	30,288	16,382	15,616	21,376	22,865
Reserved for Inventory	5,684	5,095	6,886	6,252	7,248
Reserved for Mortgage Trust	282	297	280	218	173
Reserved for Environmental Remediation	303	303	303	303	303
Reserved for Next Year's Budget	16,621	16,328	23,175	29,457	22,379
Reserved for Subsequent Years' Budget	33,858	46,822	58,915	37,479	18,453
TOTAL FUND BALANCE	87,036	85,227	105,175	95,085	71,421

[1] In 2007, balances presented on a Budget Basis do not match balances presented on a Generally Accepted Accounting Principles ("GAAP") basis due to borrowing for certain expenditures authorized in the current fiscal year but not completed until the subsequent fiscal year. Budget Basis recognizes the revenues and expenditures in the same fiscal year, whereas GAAP does not recognize the revenues until the year the borrowing actually occurs. On a GAAP basis, the balances for "Reserve for Subsequent Years' Budget" and "Total Fund Balance" in 2007 were $33,247 and $90,853, respectively.

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY
(MILLIONS OF DOLLARS)
JANUARY 1, 2010 TO DECEMBER 31, 2010

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
BALANCE	**77.217**	**86.366**	**11.097**	**(16.905)**	**98.262**	**58.422**	**0.810**	**67.443**	**55.521**	**29.988**	**4.523**	**170.235**	
RECEIPTS													
Property Taxes	2.330	7.097	6.301	3.300	5.987	6.973	54.333	10.096	13.321	12.744	1.851	79.555	203.888
State Aids													
Shared Revenue	-	-	-	-	-	-	42.201	-	-	-	194.013	-	236.214
Highway Aids	6.651	-	-	6.651	-	-	7.338	-	-	6.650	-	-	27.290
Payment Muni. Services	-	1.975	-	-	-	-	-	-	-	-	-	-	1.975
Computer Exemption Aid	-	-	-	-	-	-	2.800	-	-	-	-	-	2.800
Other	11.957	14.244	10.482	8.547	10.474	6.025	10.330	10.880	9.393	8.580	11.851	24.315	137.078
Delinquent Taxes Transfer	29.866	-	-	-	-	-	-	-	-	-	-	-	29.866
Pension Fees	-	3.981	1.990	1.990	1.990	1.990	1.991	1.990	1.990	1.990	1.990	1.991	23.883
City Services Fees	3.235	3.062	2.765	2.087	2.288	2.150	2.082	2.408	2.214	2.982	4.426	4.135	33.834
City PILOTS (Major)	-	-	-	-	-	-	-	-	-	-	-	11.205	11.205
Parking Transfers	-	-	-	-	-	10.768	-	-	-	-	-	10.769	21.537
Summerfest Lease	-	-	-	-	-	-	-	-	-	-	-	1.472	1.472
Street Sweeping	-	-	-	-	-	6.000	-	-	-	-	-	6.190	12.190
Vehicle Registration Fee	-	-	-	-	-	-	0.467	0.467	0.467	0.467	0.467	0.467	2.802
Potawatomi PILOT	-	-	-	-	-	-	-	5.550	-	-	-	-	5.550
Year End Transfers	56.620	-	-	-	-	-	-	-	-	-	-	-	56.620
Note Proceeds [1]	-	-	-	147.000	-	-	-	-	-	-	-	-	147.000
TOTAL RECEIPTS	**110.659**	**30.359**	**21.538**	**169.575**	**20.739**	**33.906**	**121.542**	**31.391**	**27.385**	**33.413**	**214.598**	**140.099**	**955.204**

[1] *Includes delinquent tax financing portion of the G.O. Notes.*

Maximum deficit occurs in July and November.

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY (MILLIONS OF DOLLARS)
(MILLIONS OF DOLLARS) (CONTINUED)
JANUARY 1, 2010 TO DECEMBER 31, 2010

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
DISBURSEMENTS													
Salaries & Benefits	35.911	47.562	41.536	41.846	52.948	38.684	42.533	38.339	35.884	45.957	39.037	43.689	503.926
Services & Supplies	16.499	20.006	8.004	12.562	7.631	4.601	12.376	4.974	17.034	12.921	9.849	3.437	129.894
Employer Pension Contribution	49.100	-	-	-	-	-	-	-	-	-	-	-	49.100
Purchase Tax Delinquents	-	38.060	-	-	-	-	-	-	-	-	-	-	38.060
Contractual Tax Payment	-	-		-	-	48.233	-	-	-	-	-	-	48.233
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	32.000	32.000
Note Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	147.000	147.000
TOTAL DISBURSEMENTS	**101.510**	**105.628**	**49.540**	**54.408**	**60.579**	**91.518**	**54.909**	**43.313**	**52.918**	**58.878**	**48.886**	**226.126**	**948.213**
BALANCE	**86.366**	**11.097**	**(16.905)**	**98.262**	**58.422**	**0.810**	**67.443**	**55.521**	**29.988**	**4.523**	**170.235**	**84.208**	

CITY OF MILWAUKEE
GENERAL FUND
PROJECTED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(MILLIONS OF DOLLARS)

Month Ending	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)	Ending Cash Balance Including Cash Flow Borrowing
January	$77.217	$110.659	$101.510	$86.366	$86.366
February	86.366	30.359	105.628	11.097	11.097
March	11.097	21.538	49.540	(16.905)	(16.905)
April	(16.905)	22.575	54.408	(48.738)	98.262 [1]
May	(48.738)	20.739	60.579	(88.578)	58.422
June	(88.578)	33.906	91.518	(146.190)	0.810
July	(146.190)	121.542	54.909	(79.557)	67.443
August	(79.557)	31.391	43.313	(91.479)	55.521
September	(91.479)	27.385	52.918	(117.012)	29.988
October	(117.012)	33.413	58.878	(142.477)	4.523
November	(142.477)	214.598	48.886	23.235	170.235
December	23.235	140.099	79.126	84.208	84.208
		$808.204	$801.213		

[1] Cash Flow Note Principal received

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(MILLIONS OF DOLLARS)

Month Ending	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)
January	$74.649	$107.334	$60.591	$121.392
February	121.392	29.213	104.318	46.287
March	46.287	24.890	49.020	22.157
April	22.157	141.844 [1]	53.843	110.158
May	110.158	18.154	60.062	68.250
June	68.250	23.496	89.722	2.024
July	2.024	113.112	54.345	60.791
August	60.791	26.719	42.823	44.687
September	44.687	28.058	52.309	20.436
October	20.436	30.751	58.310	(7.123)
November	(7.123)	218.784	55.173	156.488
December [2]	156.488	140.001	219.272 [3]	77.217
		$902.356	$899.788	

Notes:
[1] Cash Flow Note principal received
[2] Estimated
[3] Cash Flow Note principal repaid

CITY OF MILWAUKEE
SCHEDULE OF CASH AND INVESTMENT
BALANCES - ALL FUNDS
2009
(MILLIONS OF DOLLARS)

Month Ending	General Fund [1]	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds [2]	Total
January	$121.392	$212.331	$39.342	$198.083	$571.148
February	$46.287	194.709	47.736	50.472	339.204
March	$22.157	244.122	50.703	69.882	386.864
April	$110.158	204.432	51.178	185.266	551.034
May	$68.250	238.325	46.072	81.143	433.790
June	$2.024	224.910	47.224	56.694	330.852
July	$60.791	223.052	42.845	(5.022)	321.666
August	$44.687	210.226	41.214	(19.591)	276.536
September	$20.436	169.455	41.667	207.195	438.753
October	($7.123)	164.189	40.448	83.168	280.682
November	$156.488	172.804	24.923	41.810	396.025
December (estimate)	$77.217	121.608	(15.271)	435.593	619.147

[1] Balances include Cash Flow Note proceeds and repayment
[2] Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

CITY OF MILWUAKEE
PROJECTED SCHEDULE OF CASH AND INVESTMENT
BALANCES - ALL FUNDS
2010
(MILLIONS OF DOLLARS)

Month Ending	General Fund [1]	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds [2]	Total
January	$86.366	$206.652	$53.827	$199.754	$546.599
February	11.097	175.910	66.354	60.976	314.337
March	(16.905)	177.419	67.453	74.478	302.445
April	98.262	209.422	68.498	197.323	573.505
May	58.422	204.809	69.642	86.598	419.471
June	0.810	183.686	70.427	57.998	312.921
July	67.443	189.869	76.639	(8.025)	325.926
August	55.521	174.288	77.027	(23.238)	283.598
September	29.988	139.778	75.441	219.748	464.955
October	4.523	134.421	75.834	87.340	302.118
November	170.235	129.902	66.613	43.249	409.999
December	84.208	152.600	42.055	441.707	720.570

[1] Balances include Cash Flow Note proceeds and repayment
[2] Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

CITY OF MILWAUKEE
ASSESSED AND EQUALIZED VALUATIONS

	Year 2005 For 2006 Purposes	Year 2006 For 2007 Purposes	Year 2007 For 2008 Purposes	Year 2008 For 2009 Purposes	Year 2009 For 2010 Purposes
Real Property					
Residential	$16,093,549,640	$18,211,503,605	$18,753,914,925	$19,173,232,823	$17,743,825,065
Industrial (Manufacturing)	721,966,100	740,265,100	726,692,200	772,959,900	732,007,800
Mercantile (Commercial)	7,566,086,684	8,498,282,646	8,950,205,395	9,483,547,328	9,485,580,238
Total Real Property	$24,381,602,424	$27,450,051,351	$28,430,812,520	$29,429,740,051	$27,961,413,103
Personal Property	830,118,862	904,900,490	943,560,442	1,001,936,153	983,160,269
Total Assessed Valuations	$25,211,721,286	$28,354,951,841	$29,374,372,962	$30,431,676,204	$28,944,573,372
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee	$26,256,713,800	$30,226,985,500	$31,887,192,100	$32,257,525,000	$31,266,329,200
Ratio of Assessed to Equalized Valuation	96.02%	94.05%	92.12%	94.34%	92.57%

CITY OF MILWAUKEE
ASSESSED TAX RATES
(Per $1,000 of Assessed Valuation)

Unit of Government	2006	2007	2008	2009	2010
City Government	$8.75	$7.99	$8.01	$8.09	$8.89
Milwaukee Public Schools	8.79	8.04	8.84	9.82	10.66
Milwaukee County	4.63	4.37	4.41	4.38	4.66
Milwaukee Area Technical College	1.96	1.89	1.92	1.94	2.06
Milwaukee Metropolitan Sewerage District	1.48	1.39	1.39	1.37	1.43
Gross Tax Rate Per $1,000	25.61	23.68	24.57	25.60	27.70
Less: State Tax Credit	($1.11)	($1.27)	($1.43)	($1.57)	($1.72)
Net Tax Rate	$24.50	$22.41	$23.14	$24.03	$25.98

CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS
($ Amounts in Thousands)

Budget	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
Year	Levy	Collections	% of Levy	Amount	% Collected
2004	$240,643	$235,012	97.66%	$5,319	99.87%
2005	248,267	242,587	97.71	5,111	99.77
2006	261,685	255,818	97.76	5,184	99.74
2007	265,319	257,350	97.00	5,709	99.15
2008	286,180	277,119	96.83	0	96.83

COLLECTION PROCEDURES

If no payment of property taxes is received in January, the taxes become delinquent as of February 1st. If the taxes are not paid when due under the 10-month installment plan, they become delinquent for legal purposes on November 15th.

A letter is mailed to the taxpayer shortly after February 1st, telling of the delinquency and suggesting partial payments if full payment cannot be made. As directed by Chapter 74 of the Wisconsin Statutes interest at the rate of 1 percent per month is charged from the preceding January 1st. Periodic follow-up letters continue to be mailed.

Taxpayers are given every opportunity to pay their delinquent taxes and satisfactory agreements are arranged to bring this about. If a property owner continues to remain delinquent and the Treasurer's Office is unable to reach an arrangement by which the owner will pay the taxes, the Treasurer's Office starts foreclosure proceedings. The City enforces its own delinquent tax collections.

Taxes are foreclosed under Section 75.521 of the Wisconsin Statutes, which permits a legal action to be commenced one year from the date of delinquency. An exception to this provision is that legal action on owner occupied dwellings may be deferred up to two years if authorized by Common Council action.

The rate of current tax collections continues at an historically high level. Current collections for 2008 were approximately 96.8 percent of the total tax levied.

INSURANCE

The City has property insurance with the State of Wisconsin Local Government Property Insurance Fund. This insurance is subject to a $25,000 deductible. The City is uninsured for liability. Under Wisconsin law, the City's exposure in tort liability is limited to $50,000 in non-automobile cases and $250,000 in automobile cases. The City does carry a wharfinger's liability policy on its port with coverage up to $10 million and a deductible of $500,000. The City follows a policy of requiring contract service providers to provide the City with indemnification and insurance as may be deemed appropriate by the City.

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PENSION SYSTEM

EMPLOYES' RETIREMENT SYSTEM

The Employes' Retirement System ("System") of the City is established pursuant to Section 36 of the Milwaukee City Charter.

Membership in the System consists of specified classes of part-time and all full-time municipal employees including elected officials. Persons employed as teachers are specifically excluded from membership. Membership in the System totals 11,737 active and 4,147 vested, inactive members at December 31, 2007. There were 10,984 retirees and beneficiaries receiving benefits as of December 31, 2007.

Funding of the System, a defined benefit plan, is derived from employee and employer contributions. Current employee contributions to the System are based on a percentage of compensation as follows:

General Municipal[(1)]	5.5%
Elected Officials	7.0%
Police	7.0%
Fire	7.0%

[(1)] Including non-certified School Board, Milwaukee Area Technical College, and all Milwaukee Metropolitan Sewerage District and Wisconsin Center District employees.

The City pays the employee's share of the pension contributions as well as the employer's share of pension contributions, which are actuarially determined based upon normal cost and amortization of past service liability. The actuarial cost method for determining these items was changed from the "aggregate cost method" to the "projected unit credit method" as of January 1, 1995.

For the year ended December 31, 2008, required member contributions totaled $33.9 million and required employer contributions totaled zero dollars. As of December 31, 2008, Net Assets Held in Trust for Pension Benefits totaled $3.4 billion, compared to $5.2 billion on December 31, 2007. This decrease is primarily due to relatively unfavorable conditions in most of the financial markets during 2008. Total Assets Under Management as of September 30, 2009 were $3.9 billion.

The Milwaukee City Charter requires that an actuarial study of the System be performed at least once every five (5) years for the purpose of reviewing assumptions. The last actuarial study was completed by Buck Consultants covering experience from January 1, 2002 to December 31, 2006.

The latest actuarial valuation was as of January 1, 2009 and showed an Accrued Liability of $4.113 billion, Market Value of Assets of $3.400 billion, and a Funded Ratio Based on Market Value of Assets of 82.7%. On January 1, 2008, the amounts were $3.958 billion, $5.232 billion, and 132.2%, respectively.

The Governmental Accounting Standards Board ("GASB") Statement No. 25 Disclosure of "Schedule of Funding Progress" indicates an Actuarial Value of Assets of $5.192 billion as of January 1, 2008 and an Actuarial Accrued Liability of $3.958 billion as of that date. This results in a Funded Ratio of 131.2%.

FIREMEN'S ANNUITY AND BENEFIT FUND

The Firemen's Annuity and Benefit Fund was established in 1923 pursuant to Chapter 423 of the 1923 Laws of Wisconsin. In 1947, the Firemen's Annuity and Benefit Fund was closed to new entrants. The final pre-1947 member retired in 1989.

The Principal Mutual Life Insurance Company made a proposal to provide annuities guaranteeing benefit payments to entrants and widows, exclusive of duty disability benefits, beginning in February 1990 in consideration of a single premium payment on January 31, 1990, in the amount of $20,419,207. The Retirement Board of the Firemen's Annuity and Benefit Fund and the Common Council authorized acceptance of the proposal and payment of the required premium on December 19, 1989. The Retirement Board and the Firemen's Annuity and Benefits Fund ceased to exist. The City will be liable to pay retirement benefits if the insurance company defaults on its obligations under the policy.

POLICEMEN'S ANNUITY AND BENEFIT FUND

As of January 3, 2006, the Policemen's Annuity and Benefit Fund board has been dissolved and the Fund is being administered by the Employes' Retirement System.

OTHER POST-EMPLOYMENT BENEFITS

According to the City's Comprehensive Annual Financial Report ("CAFR"), the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions effective for fiscal year 2007. This Statement requires the City to account for and report the value of its future other post-employment benefits ("OPEB") obligation currently rather than on a pay-as-you-go basis. The actuarially required contribution ("ARC") is $73.1 million. The City's total annual OPEB pay-as-you-go obligation is $32.9 million, which increases the net OPEB obligation for 2008 at $340.2 million. Please see the CAFR at www.milwaukee.gov for more information.

LEGAL MATTERS

LITIGATION STATEMENT

The City, its boards, officers and employees, have been defendants in numerous lawsuits over the years. Experience has shown that a relatively small number of suits commenced are reduced to judgment. The City does not carry a blanket policy of insurance against tort liability. In addition, Section 893.80 of the Wisconsin Statutes limits the amount recoverable against a political corporation, its officers, officials or employees for acts done in their official capacity to $50,000 in tort liability for non-automobile cases and $250,000 in automobile cases.

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of $1 million, existing on March 1, 2010.

Kaye v. City of Milwaukee, et al. Kaye, a real estate developer, brought this case against the City, its Redevelopment Authority, other agencies, City and Redevelopment officials and employees under the Racketeer Influenced Corrupt Organizations Act, 18 U.S.C. § 1961, *et. seq.*, and the Wisconsin Organized Crime Control Act, Wis. Stat. §946.80, *et. seq.*

Kaye's complaint alleges he attempted to bid on certain real property then owned by the City and located at 1152-1158 Kane Place. His bid was not considered, because the property had been "promised" to Ms. Kohler, who was then Vice Chair of the City Planning Commission. He claims that the City, and specifically the Redevelopment Authority, made special exceptions to bid, sale, zoning and other requirements for Ms. Kohler due to her status as a public official. Specifically, he alleges that Ms. Kohler, in her capacity as Vice Chair of the City Planning Commission, agreed with Mr. Fowler, then a Redevelopment Authority Commissioner, to "swap" the Kane Place property for another parcel of property located at 2951-2965 N. Humboldt Avenue. As a quid pro quo for Mr. Fowler approving the Redevelopment Authority's sale of the Kane Street property to Ms. Kohler, she, through the City Planning Commission, approved the sale of the Humboldt Avenue property to Alterra Coffee Roasters, Inc., a company in which Mr. Fowler is a principal shareholder.

Kaye further alleges that, around this same time, Alderman D'Amato, the East Village Association, Inc. ("EVA"), and certain private citizens, including Ms. Kohler, were seeking enactment of an ordinance that would establish a "Conservation District Overlay" over a portion of the Third Aldermanic District. The conservation district would limit the types of real estate development that could occur therein. The conservation district was opposed by the plaintiff and others. As part of their opposition efforts, Kaye and others became members of the EVA and sought to elect their own slate of directors. He alleges that Alderman D'Amato, Ms. Kohler, and the then-officers of EVA engaged in a fraudulent scheme to manipulate the EVA election in order to retain control of the board from opponents of the conservation district. He alleges that the opposition members were permitted to believe that the election would be conducted by a simple majority vote. At the time of the election, however, the opposition members were informed for the first time that a new voting method, a variant of cumulative voting that emphasized voting coalitions, would be used. The existing officers and directors of the EVA, along with Alderman D'Amato and Ms. Kohler, were able to organize a voting coalition, including by means of e-mail, which plaintiff alleges to have been an act of wire fraud. The opposition members, surprised by the change in voting method, could not organize in time and were unsuccessful in wresting control of the EVA board.

Kaye also alleges that citizens opposing the conservation district placed yard signs expressing that opposition in various places in the Third Aldermanic District. Plaintiff alleges that Alderman D'Amato (or one of his aides, the complaint conflicts itself on this point) removed such a sign from the property of Jill Bondar, one of the leaders of the opposition group. Kaye further alleges that Alderman D'Amato left Ms. Bondar a voice mail in which he implicitly threatened criminal prosecution for her conduct and that of other members of the opposition group in putting up the yard signs.

According to Kaye, the allegations plead predicate acts of racketeering sufficient to allege that the defendants violated both RICO, the Racketeer Influenced Corrupt Organizations Act, 18 U.S.C. § 1961, *et. seq.*, and the Wisconsin Organized Crime Control Act, Wis. Stat. § 946.80, *et. seq.* Plaintiff asserts claims under 18 U.S.C. §§ 1962(b), (c) and (d). Section 1962(b) makes it unlawful for any person to acquire or maintain any interest in or control of any "enterprise" through a "pattern of racketeering." Section 1962(c) makes it unlawful to conduct or participate in the affairs of an "enterprise" through a "pattern of racketeering." Section 1962(d) makes it unlawful to conspire to violate RICO. The complaint asks for over $5,000,000 in compensatory and punitive damages.

The attorneys for the City and the other defendants moved to dismiss the complaint for failure to state a claim upon which relief can be granted, which was granted by the court. Mr. Kaye has appealed that decision to the United States Court of Appeals for the Seventh Circuit. The Court of Appeals sent the case back to the District Court to enter a final order.

The district court entered an order dismissing his case without prejudice and permitting Kaye 30 days to file an amended complaint. That order was signed on February 13, 2008. Kaye filed an amended complaint, which the court again dismissed. On January 13, 2009, Kaye filed an appeal. On February 3, 2009, the District court entered an order against Kaye dismissing the appeal and awarding attorney's fees and expenses to Ms. Kohler, Mr. Fowler, and Mr. D'Amato pursuant to Fed. R. Civ. P. 11. Mr. Kaye appealed this order to the United States Court of Appeals for the Seventh Circuit. On December 4, 2009, the Seventh Circuit affirmed the judgment of the district court and on December 16, 2009, Mr. Kaye filed a petition for rehearing with the Seventh Circuit. On January 13, 2010, the Seventh Circuit returned the case to the District Court for a decision regarding sanctions against Mr. Kaye. Mr. Kaye has 90 days to appeal the Seventh Circuit's decision to the United States Supreme Court.

Milwaukee Police Supervisors Organization (MPSO) v. City of Milwaukee and the Milwaukee Employes' Retirement System (ERS). This case is a clone of an earlier case that was filed and subsequently voluntarily dismissed. That case was brought by the Milwaukee Police Association (MPA represents police officers; the MPSO represents police supervisors.) The MPA case alleged that the ERS was prohibited by City Ordinance from spending more than $3 million to purchase and install a computer information system. The suit alleged that the City was liable to pay any of those expenses in excess of $3 million. It is estimated that the total cost of the ERS information system is approximately $25 million. The dispute in the case was over the interpretation of a section of the City ordinance that transferred all administrative, operational, and investment expenses from the City to the ERS. This change was made as a part of a larger settlement of various disputes between the City and the MPA called the Global Pension Settlement. The MPA voluntarily dismissed the lawsuit in 2005. The MPSO has filed this lawsuit making the same allegations. Another union, the Association of Law Enforcement Allied Services Personnel (ALEASP) has joined this lawsuit as a plaintiff. Both the City and the ERS view the allegations as without merit and are vigorously defending the lawsuit. Discovery continues. On November 11, 2009, each defendant filed its motion for summary judgment. Hearing on the motions is scheduled for April 14, 2010.

Frank Jude, Jr., et al. v. City of Milwaukee, et al. On October 24, 2004, Frank Jude, Jr. attended a party hosted by a Milwaukee police officer and attended by a number of other off-duty police officers. At some point, a number of the off-duty officers became involved in an altercation with Mr. Jude. Jude claims that he was beaten for no reason. He suffered severe

injuries. The officers claim that they became involved with Jude only after they suspected that he had stolen a badge from one of them. They also claim that Jude resisted their efforts to obtain physical control of him. On-duty police officers were also called to the scene and Jude claims that they, too, used excessive force on him and failed to stop the use of excessive force by those off-duty officers who were striking Mr. Jude. In addition to issues concerning the cause of the altercation, its actual participants, and its course, there is a substantial question of whether the off-duty and on-duty officers involved in the matter were acting within the scope of their employment. Mr. Jude's complaint also alleges that the City is directly liable under a theory that the City violated his constitutional rights by, among other things, condoning a culture where officers were cavalier in their conduct.

The police chief fired most of the officers involved in the incident. The county prosecutor charged three of the off-duty officers with crimes, but in April, 2006, two were found not guilty and the jury could not reach a final verdict as to the battery charge against the third officer. The third officer was subsequently convicted in an unrelated case of making a bomb threat against his former police district station. The District Attorney did not retry the third officer on the battery charge. Federal authorities also reviewed the matter and indicted seven of the off-duty officers and one of the on-duty officers with federal civil rights crimes. The federal authorities entered into plea agreements with one of the on-duty officers and three of the off-duty officers. The officers agreed to plead guilty to civil rights violations and all of them but one to testify against the other officers in the government's case. The four remaining officers went to trial in July, 2007. Three of the officers were found guilty and one was acquitted.

Four lawsuits have been filed relative to this matter. Mr. Jude and his wife sued the City and several individuals relative to his beating. The City has settled with three other individuals who attended the party with Mr. Jude and alleged that they were unlawfully arrested and that excessive force was used. Mr. Jude is seeking more than $25 million dollars in damages. The City has answered the suit and maintains that none of the individually named defendant officers, both on and off duty, were acting within the scope of their employment with regard to the subject events. The City has also denied all requests by the individual officer defendants for representation. Discovery has not yet begun, but a full discovery and litigation process is anticipated. The court approved a one-year discovery period, with an extra 180 days for expert discovery. Dispositive motions are due December 1, 2009. On August 31, 2009, Mr. Jude filed an amended complaint adding Nicole (Martinez) Belmore as a defendant. Ms. Belmore was an on-duty officer who responded to the scene. Ms. Belmore was acting in the scope of her employment and has been provided outside counsel. No criminal conduct has ever been alleged with respect to her. Discovery, including expert testimony has been extended through November 1, 2010 and dispositive motions are due December 31, 2010.

U.S. Oil v. City of Milwaukee. U.S. Oil has filed a new lawsuit against the City for refund of $914,000 plus interest of its 2006, 2007 and 2008 real estate taxes, raising different issues for each of the years. The City has done substantial preparation for this new case as a result of similar filings by U.S. Oil in prior years.

Chaunte Ott v. City of Milwaukee, et al. In this 2009 civil rights action, Ott claims that he was wrongly convicted in 1996 of the 1995 murder of a girl. Ott spent 13 years in prison until recent DNA testing linked the murder victim to another individual. Ott claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Ott also claims that supervisory individuals in the department permitted such alleged misconduct to occur as a matter of practice.

Robert Lee Stinson v. City of Milwaukee, et al. In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with a dental expert to produce false evidence. Stinson also claims that supervisory individuals in the police department permitted such alleged misconduct to occur as a matter of practice.

Javier v. Glover. In this civil rights action, the plaintiffs claim that an off-duty Milwaukee police officer violated their civil rights when in March 2005 he fatally shot Wilbert Javier Prado. The officer, Alfonzo Glover, subsequently committed suicide after he was charged criminally with Prado's murder. In this ensuing civil litigation, the city has vigorously contested the plaintiffs' claims that Glover was acting within the scope of his employment and under color of law at the time of the shooting. The court recently ruled, however, not only that the issue of action under color of law presented a jury question but also that the plaintiffs could recover punitive damages even though the officer is deceased. The case is now set for trial in June 2010.

LEGAL OPINIONS

The legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Offered Obligations. Drafts of the legal opinions for the Offered Obligations are included herein as Appendix B.

RATINGS

The City has requested ratings on the Offered Obligation from FITCH Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

FITCH Ratings has assigned a rating of "F1+" on the Notes and "AA+" on the Bonds. Moody's Investors Service, Inc. has assigned a rating of "MIG-1" on the Notes and "Aa2" on the Bonds. Standard & Poor's Ratings Group has assigned a rating of "SP-1+" on the Notes and "AA" on the Bonds.

The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Offered Obligations.

TAX MATTERS

Summary of Bond Counsel Opinion in connection with the Offered Obligations

Bond Counsel is of the opinion that under existing law, interest on the Offered Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Offered Obligations will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that (i) interest on the Offered Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income; (ii) interest on the Notes is not includible in corporate earnings and profits for purposes of the corporate alternative minimum tax; and (iii) interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Offered Obligations is not exempt from Wisconsin income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Offered Obligations in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Offered Obligations. These requirements relate to the use and investment of the proceeds of the Offered Obligations, the payment of certain amounts to the United States, the security and source of payment of the Offered Obligations and the use of the property financed with the proceeds of the Offered Obligations.

Offered Obligations Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Offered Obligations is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Offered Obligations is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Offered Obligation, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Offered Obligation, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Offered Obligation on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Offered Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Offered Obligations at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Offered Obligations. In addition, owners of Offered Obligations should consult their tax advisors with respect to the state and local tax consequences of owning the Offered Obligations; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Offered Obligations. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of proceeds of the Offered Obligations that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Offered Obligations and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Offered Obligations.

Rebate of Arbitrage Profit. Unless the City qualifies for an exemption, earnings from the investment of the "gross proceeds" of the Offered Obligations in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Offered Obligations are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Offered Obligations, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Offered Obligations.

Covenants to Comply

The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Offered Obligations.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Offered Obligations may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the City's agreements with the owners of the Offered Obligations require neither acceleration of payment of principal of, or interest on, the Offered Obligations, nor payment of any additional interest or penalties to the owners of the Offered Obligations.

Federal Income Tax Consequences in connection with the Offered Obligations

Pursuant to Section 103 of the Code, interest on the Offered Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Offered Obligations that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE OFFERED OBLIGATIONS.

Cost of Carry. Owners of the Offered Obligations will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Offered Obligations. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Except as set forth under "Summary of Bond Counsel Opinion in connection with the Offered Obligations" above, interest on the Offered Obligations is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Offered Obligations is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

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Individual Owners. Receipt of interest on the Offered Obligations may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Offered Obligations may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Offered Obligations may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Offered Obligations.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Offered Obligations held by such a company is properly allocable to the shareholder.

The opinions of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Offered Obligations are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Offered Obligations are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Offered Obligations.

STATE TAX MATTERS

Interest on the Offered Obligations is not exempt from State of Wisconsin income tax or franchise tax.

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Offered Obligations as “qualified tax-exempt obligations” for purposes of Section 265 (b)(3) of the Code.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Commission”), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Offered Obligations to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access ("EMMA") system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. The City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the City to comply with the Undertaking will not constitute an event of default on the Offered Obligations (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

FINANCIAL ADVISOR

Robert W. Baird & Co. has been retained as Financial Advisor to the City in connection with the issuance of the Offered Obligations. The Financial Advisor has requested and the City has consented to the Financial Advisor submitting bids for the Offered Obligations.

UNDERWRITING

The Offered Obligations were purchased at competitive bidding conducted on March 25, 2010.

The award of the Notes was made to J.P. Morgan Securities Inc., New York, New York, its co-managers and associates.

The award of the Bonds was made to PNC Capital Markets, Philadelphia, Pennsylvania, its co-managers and associates.

The public reoffering yields of the Offered Obligations are detailed on the inside front cover of the Final Official Statement.

CLOSING DOCUMENTS AND CERTIFICATES

Simultaneously with the delivery of and payment for the Offered Obligations by the Underwriters thereof, the City will furnish to the Underwriters the following closing documents, in form satisfactory to Bond Counsel:

(1) a signature and no litigation certificate;

(2) a tax certificate;

(3) a certificate of delivery and payment;

(4) the opinions as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest thereon for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, in substantially the forms as set forth in Appendix B;

(5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);

(6) a Continuing Disclosure Certificate; and

(7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

To the best of its knowledge, the information in this Official Statement does not include any untrue statement of a material fact, nor does the information omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Additional information may be obtained from the undersigned City Comptroller upon request.

W. Martin Morics, City Comptroller and Secretary
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321

/s/ W. Martin Morics

City Comptroller and Secretary
City of Milwaukee, Wisconsin

March 25, 2010

APPENDIX A

Audited Annual Financial Report of
the City of Milwaukee, Wisconsin
for the Year Ended December 31, 2008

Selected Sections of the Comprehensive Annual Financial Report

The complete Comprehensive Annual Financial Report
can be downloaded at the City Comptroller's web page at:

www.milwaukee.gov

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement.

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INTRODUCTORY SECTION

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

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Housing Authority of the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, the Milwaukee Economic Development Corporation, and the Neighborhood Improvement Development Corporation, which represents 100 percent of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 10 through 34, 96 and 97, respectively, are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management

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member firm of KPMG International, a Swiss cooperative.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

KPMG LLP

Milwaukee, Wisconsin
July 30, 2009, except for the financial statements and related
note disclosures for the discretely presented component
units as to which the date is October 7, 2009

Within this section of the City of Milwaukee Comprehensive Annual Financial Report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2008. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This *Management Discussion and Analysis* (MD&A) should be read in conjunction with the City's basic financial statements, which follow this discussion. Additional information is available in the letter of transmittal, which precedes Management's Discussion and Analysis. The MD&A focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

- The assets of the City of Milwaukee exceeded its liabilities at the close of fiscal year 2008 by $972 million (net assets); $307 million in governmental activities and $665 million in business-type activities. Governmental activities' unrestricted assets are a deficit of $396 million. This indicates that the City is financing long-term liabilities as they come due rather than when they are incurred. The City's net assets decreased 5.2% compared to the previous year of $1,025 million.

- Net assets must be viewed in the context that the vast majority of the City's net assets are capital assets, and, that most capital assets do not generate revenues nor can they be sold to generate liquid capital. Total net assets are comprised of the following:
  - Capital assets, net of related debt, of $1,166 million include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Net assets of $155 million are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - Unrestricted ($349) million.

- The City's total 2008 year-end other post-employment benefits (OPEB) obligation is $78.4 million; an increase of 105% from the 2007 obligation of $38.2 million. The obligation is based on an actuarial valuation as of July 1, 2007, which indicates substantial increases through 2016.

- Total liabilities of the City increased by $155 million to $1,644 million. The long-term portion of total liabilities ($1,031 million) consists of $78 million for OPEB, $892 for outstanding debt and $61 million for compensated absences, claims, and judgments.

- The City had governmental expenses of $695 million more than its combined program revenues. General revenues and transfers of $628 million resulted in a $67 million decrease of net assets for the year. Business-type activities had an increase of net assets of 2% over 2007; generating $13 million of program revenues, general revenues and transfers greater than its expense at year end.

- For governmental activities, program revenue supported 19% of the total expenses for 2008. Property taxes and other taxes represented 30% of the primary government's governmental activities' expenses, state aids for the General Fund equaled 31% and miscellaneous revenues and transfers supported 12% of the expenses. As a result of 2008 activity, expenses exceeded revenues and transfers by 8%.

- For business-type activities, program revenue supported 131% of the expenses for 2008; and, in total exceeded the expenses by $51 million. Miscellaneous revenue net of transfers out reduced this excess to $13 million for the year.

- The City's total governmental funds reported total ending fund balances of $203 million this year. Compared to the prior year ending fund balance of $185 million, an increase of $18 million resulted by year end 2008; a 10% increase.

- The General Fund reported a positive fund balance for the year of $73 million. Compared to $91 million in 2007; the 2008 balance decreased 20%. This decrease is a result of total expenditures and other financing uses totaling $18 million more than the total actual revenues and other financing sources. This ending fund balance is 10% of the total General Fund expenditures including transfers, and 12% of the total General Fund revenues including transfers.

- The operating expenditures of the General Fund were $1 million less than budgeted. This favorable variance is a result of savings from general government departments of nearly $3 million with a combined savings in the aggregate of $1 million in the culture and recreation departments, public safety departments, health department, and conservation and development department. These positive variances were offset by a deficit in the public works departments of nearly $3

million. The positive savings included $.4 million due to unrealized claims and $.3 million due to reduced payments for group life insurance premiums as a result of reduced salary levels. The combined savings from the Comptroller, Employees' Retirement and Department of Employee Relations resulted in a favorable variance in various fringe benefit costs that were allocated to capital projects rather than to general fund accounts, and thus saved $1 million for the year. All other departments saved in the aggregate of $1.3 million. The Department of Public Works Operations Department incurred a deficit of $2.6 million relating to snow removal and cleanup efforts. December 2008 was the second snowiest December on record. Over 35.3 inches of snow fell in December compared to a normal average snow fall of 11.7 inches. The City plans to issue debt in 2009 to offset this deficit.

- General obligation bonds and notes payable increased by $32 million during the current fiscal year from $728 million to $760 million. The key factors contributing to this increase were scheduled and early retirement of general obligation debt of $207 million and the issuance of $239 million in new general obligation bonds and notes for the continuing funding of capital projects and the issuance of debt on behalf of the Milwaukee Public Schools.

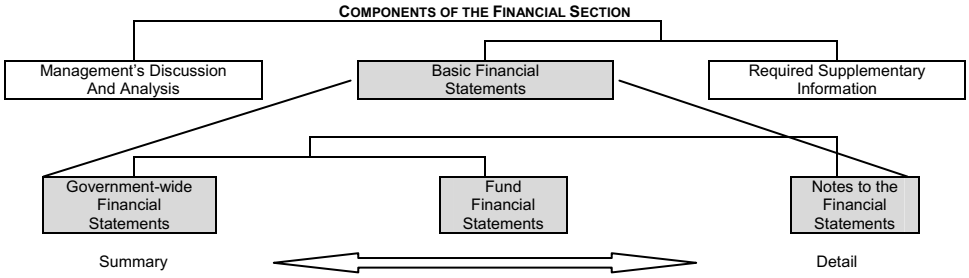
- The City issued General Obligation Cash-flow Promissory Notes for $90 million rather than Revenue Anticipation Notes in advance of receipt of the State Shared Revenues. With the receipt of these revenues, an amount equal to the debt was transferred to the Debt Service Fund (the legal fund established to pay the debt). .

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FIGURE A-1

COMPONENTS OF THE FINANCIAL SECTION



The basic financial statements include two kinds of statements 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 that 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.

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

FIGURE A-2

MAJOR FEATURES OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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. Over time, increases or decreases in the City's net assets indicate 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 also needed to assess the overall health of the City.

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

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as the water, sewer user charge, sewer maintenance, parking, and port. User charges or fees primarily support these activities.
- The *component units* include four other entities in its report. The Housing Authority and the Redevelopment Authority of the City of Milwaukee, Milwaukee Economic Development Corporation and the Neighborhood Improvement Development Corporation. Although legally 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 pension and other employee benefit trusts and various miscellaneous private purpose trusts. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets in Exhibits C-1, C-2 and H-1. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted. Required supplementary information is presented in Exhibit E-1.

Combining and Individual Fund Statements and Schedules and Miscellaneous Financial Data

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Current and other assets	$ 741,042	$ 796,030	$ 110,140	$ 109,611	$ 851,182	$ 905,641
Capital assets	941,943	955,475	721,340	755,598	1,663,283	1,711,073
Total assets	1,682,985	1,751,505	831,480	865,209	2,514,465	2,616,714
Long-term obligations	781,408	878,734	142,856	151,810	924,264	1,030,544
Other liabilities	527,822	565,616	36,936	48,277	564,758	613,893
Total liabilities	1,309,230	1,444,350	179,792	200,087	1,489,022	1,644,437
Net assets:						
Invested in Capital assets, net of related debt	558,328	559,343	581,594	607,122	1,139,922	1,166,465
Restricted	116,516	143,951	9,528	10,935	126,044	154,886
Unrestricted	(301,089)	(396,139)	60,566	47,065	(240,523)	(349,074)
Total net assets	$ 373,755	$ 307,155	$ 651,688	$ 665,122	$ 1,025,443	$ 972,277

Net assets of the City's governmental activities decreased 17.8% to $307.2 million for 2008. These net assets are restricted as to use in the amount of $143.9 million or are invested in capital assets in the amount of $559.3 million (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. Although the City's investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net assets deficit ($396.1 million) 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, and debt not issued for City capital assets. The City will include these amounts in future years' budgets as they come due.

The net assets of business-type activities increased 2.1% to $665.1 million in 2008. The City generally can only use these net assets to finance the continuing operations of the specific enterprise activity it relates to.

Long-term obligations for both governmental and business-type activities increased 12.5% and 6.3% respectively from 2007 due primarily by an increase in the issuance of long-term debt and the recording of the OPEB obligation.

Total assets, including capital assets increased $102.2 million or 4.1% from 2007. Capital assets of the primary government increased 2.9% from the previous year. For 2008, the Water Works and the Sewer Maintenance Funds have 92% of the City's total capital assets related to business-type activities. These are the City's two largest enterprise funds (business-type). The Water Works capital assets (51%) consist primarily of water mains and related water facilities and plants; and, the Sewer Maintenance Fund (41%) includes all the various sewer mains and connections.

Changes in net assets. The calculation of revenues less expenses is the change in net assets. The City's total program and general revenues totaled $753.7 million for the governmental activities. Of revenues, 34% comes from property and other taxes and 46% comes from intergovernmental revenues (state aids, federal and state grants). Charges for services category represents only 12% of the total revenues, and the remaining 8% coming from licenses, permits, fines and forfeits and miscellaneous other sources.

The City's governmental activity expenses cover a range of services, with 37% related to public safety (fire and police, neighborhood services). The City's general expenses exceeded its program revenues for governmental activities by 81%; total general revenues combined with program revenue and transfers resulted in a negative change in net assets of $66.6 million or 7.8% of total general expenses for governmental activities. The margin for business-type activities had 30.9% of program revenues greater than expenses and a 6.7% margin of total revenues more than expenses and transfers out. 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.

Table 2
Changes in Net Assets
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues:						
Charges for services	$ 76,496	$ 86,410	$ 187,493	$ 203,512	$ 263,989	$ 289,922
Operating grants and contributions	75,074	77,032	-	-	75,074	77,032
Capital grants and contributions	-	-	6,062	10,203	6,062	10,203
General revenues:						
Property taxes and other taxes	243,654	257,210	-	-	243,654	257,210
State aids for General Fund	272,539	271,100	-	-	272,539	271,100
Miscellaneous	84,042	61,949	2,121	979	86,163	62,928
Total revenues	751,805	753,701	195,676	214,694	947,481	968,395
Expenses						
General government	204,724	208,608	-	-	204,724	208,608
Public safety	297,711	314,935	-	-	297,711	314,935
Public Works	157,701	174,629	-	-	157,701	174,629
Health	23,102	20,830	-	-	23,102	20,830
Culture and recreation	21,298	20,639	-	-	21,298	20,639
Conservation and development	70,025	61,693	-	-	70,025	61,693
Capital contribution to Milwaukee Public Schools	2,788	6,474	-	-	2,788	6,474
Contributions	21,915	22,177	-	-	21,915	22,177
Interest on long-term debt	30,536	28,368	-	-	30,536	28,368
Water	-	-	62,064	64,562	62,064	64,562
Sewer Maintenance	-	-	29,928	29,167	29,928	29,167
Parking	-	-	24,025	25,078	24,025	25,078
Port of Milwaukee	-	-	5,626	4,182	5,626	4,182
Metropolitan Sewerage District User Charges.	-	-	32,301	40,219	32,301	40,219
Total expenses	829,800	858,353	153,944	163,208	983,744	1,021,561
Increase in net assets before transfers	(77,995)	(104,652)	41,732	51,486	(36,263)	(53,166)
Transfers	36,483	38,052	(36,483)	(38,052)	-	-
Increase in net assets	(41,512)	(66,600)	5,249	13,434	(36,263)	(53,166)
Net assets – Beginning	415,267	373,755	646,439	651,688	1,061,706	1,025,443
Net assets – Ending	$ 373,755	$ 307,155	$ 651,688	$ 665,122	$ 1,025,443	$ 972,277

Governmental Activities

Revenues for the City's governmental activities were $753.7 million, while total expenses were $858.4 million for 2008. All revenues, excluding transfers, are supporting 87.8% of the total expenses; 92.2% with transfers. Comparable data for 2007 indicates 90.6% of all revenues, excluding transfers supported the 2007 expenses and, 95% with transfers.

Property taxes represent 34.1% of the total revenues for 2008 compared to 32.4% for 2007; a 5.6% increase in this category. The increase in revenues is primarily due to an increase in collections; however, the City of Milwaukee's share of the Tax Rate increased two cents (from $7.99 in 2007 to $8.01 in 2008 [per $1,000 of Assessed Value]). State aids for the General Fund of $271.1 million decreased from 2007 by $1.4 million or .5%. The combined property taxes and state aids comprised approximately 70.1% of the total revenues for governmental funds in 2008 compared to 68.7% in 2007. Charges for services equaled 11.5% of the total revenues in 2008 compared to 10.2% in 2007.

Governmental activities had expenses increase 3.4% in 2008 to $858.4 million from $829.8 million in 2007. Expenses for general government, which comprise 24.3% of the total expenses, increased 1.9% in 2008. Public safety expenses represent the largest category of governmental activities or 36.7% of the total expenses for 2008 which is an increase of 5.8% over 2007. Due to the excessive snowfall during 2008, public works expenses increased 10.7% over 2007.

Chart 1
2008 Expenses and Program Revenues - Governmental Activities

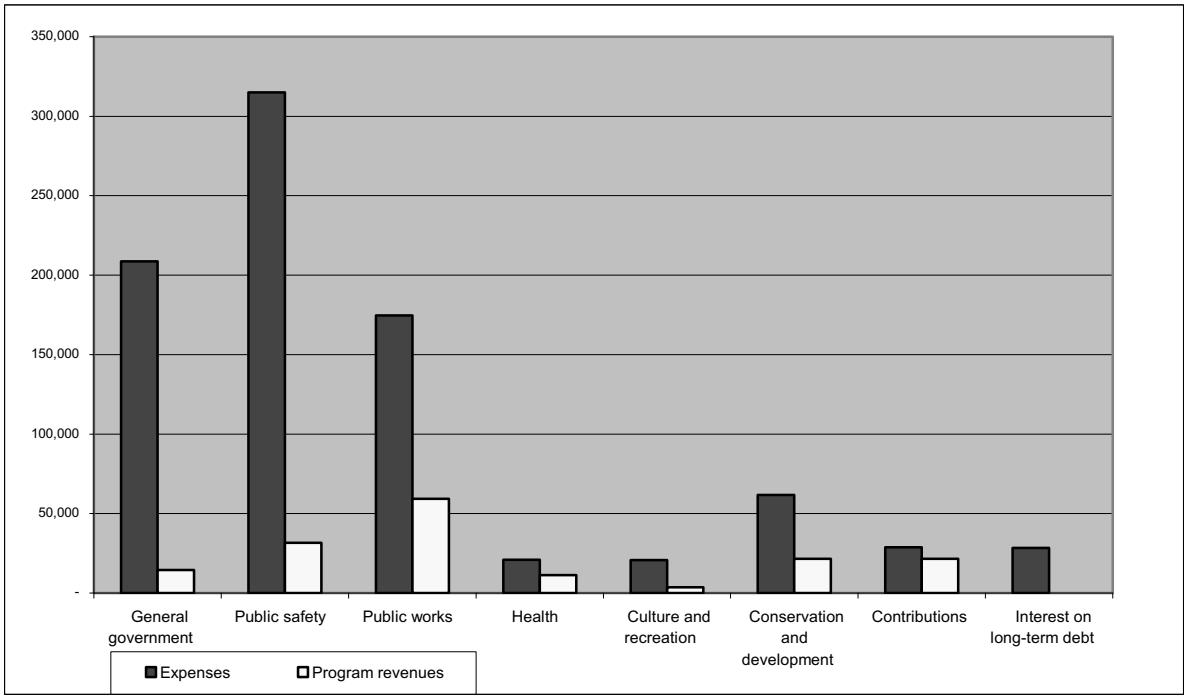


Table 3 presents the cost of each of the City's largest programs as depicted in the Chart 1 above, as well as each program's net costs (total cost less the revenues generated by the activities). General government includes most city departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Governmental Activities
(Thousand of Dollars)

	Total Cost of Services		Net Cost of Services	
	2007	2008	2007	2008
General government	$ 204,724	$ 208,608	$ 190,243	$ 194,038
Public safety	297,711	314,935	271,271	283,373
Public works	157,701	174,629	108,024	115,234
Health	23,102	20,830	10,375	9,556
Culture and recreation	21,298	20,639	17,244	17,120
Conservation and development	70,025	61,693	48,104	40,103
Contributions	24,703	28,651	2,433	7,119
Interest on long-term debt	30,536	28,368	30,536	28,368
Total Governmental Activities	$ 829,800	$ 858,353	$ 678,230	$ 694,911

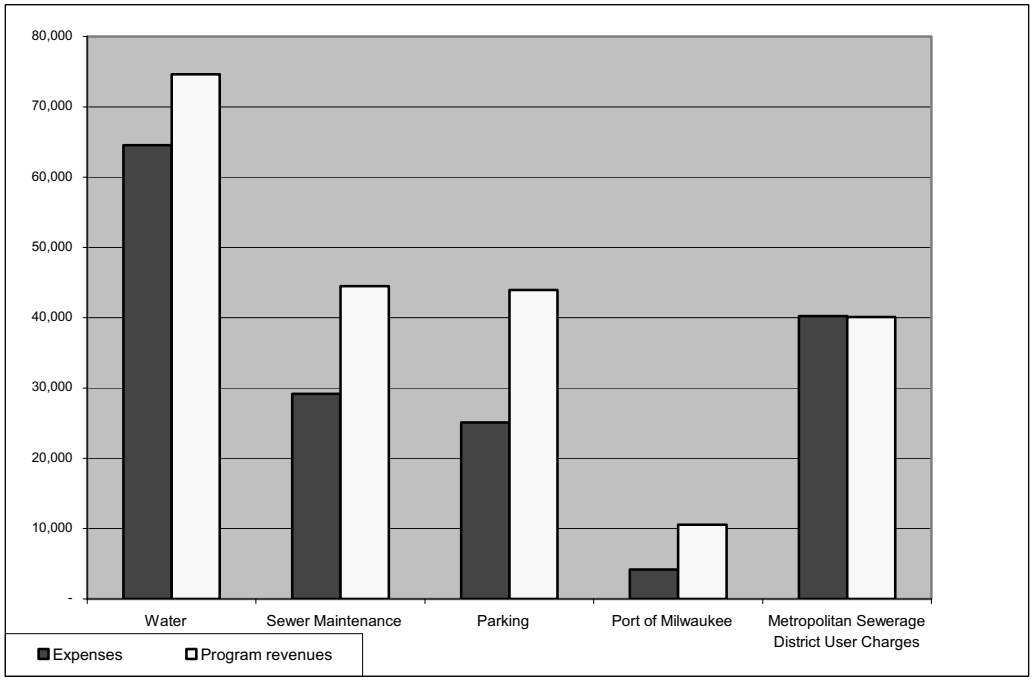
The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities increased in 2008 to $694.9 million from $678.2 million in 2007 or 2.5% change. For 2008, Public Safety's net cost of services represents the largest category of total expenses at 40.8%, an increase of 4.5% in net cost of services compared to 2007. The total costs of services for all governmental activities increased overall by 3.4%. This indicates that total program revenue for the purposes is not increasing in proportion to the total cost of governmental services.

Business-type Activities

The three major enterprises or business-type activities are water, sewer maintenance and parking operations. The Water Works had operating expenses of $63.4 million and operating income of $10.2 million. The Sewer Maintenance had operating income of $20.0 million after generating expenses of $20.7 million. The City parking facilities operating expenses during 2008 were $24.5 million with net operating income of $19.1 million.

Total revenues on Table 2 shows an increase of $19 million in 2008 compared to 2007, or 9.7%. Total expenses and transfers of all enterprise funds of the City increased $10.9 million, from $190.4 million in 2007 to $201.3 million in 2008. This resulted in a change in net assets activity for the year 2008 of an increase of $8.2 million compared to 2007. The 2008 year-end Total Net Assets increased by $13.4 million or 2.1%.

Chart 2
2008 Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

Governmental Funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. In particular, the Reserved for Tax Stabilization in the General Fund may serve as a useful measure for the City's net resources available for financing subsequent year's budget to help stabilize the tax rate. Types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As the City completed the year, its Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of $202.9 million, an increase of $17.8 million or 9.6% over last year. A major contributor to this increase was the issuance of additional general obligation debt in the Capital Projects Funds. As a result, the expenditures for various capital projects in advance of the issuance of debt produced a beginning of year net fund deficit of $67.2 million but improved to a deficit fund balance at year end 2008 of $37.4 million. Debt issued for capital projects totaled $124.7 million in 2008 compared to $21.3 million in 2007. At year end, the capital projects with a fund deficit were Bridges ($1,922,000), Library ($123,000), Public Buildings ($1,450,000), Sewers ($1,833,000), Urban Renewal ($851,000), Streets ($3,911,000), and Tax Incremental Districts ($16,526,000). The fund balance deficit of $12,158,000 for special assessment capital projects remained relatively unchanged. This deficit is due to the financing of capital projects prior to the issuance of the special assessment bills. If over $125, these bills are payable over six years. Other capital projects such as fire, playgrounds and recreation, police and special projects netted a positive fund balance at year end of $1,423,000.

The total reserves of the General Fund decreased 19.7% to $73.0 million from $90.9 million in 2007. Of this amount, $22.4 will finance the 2009 budget, with $20.0 available for 2010 and subsequent years' budgets. The year 2007 showed a $14.3 million reduction.

Chart 3 and 4 graphically depict the spending by function and revenues by source for all governmental funds. Revenues for governmental functions overall totaled $753.9 million in the fiscal year ended December 31, 2008, which represents an increase of approximately 0.8% compared to the fiscal year ended December 31, 2007. Expenditures for governmental funds totaled $1,014.7 million, an increase of 3.6%. In the aggregate, expenditures exceeded revenues by $260.8 million, or approximately 34.6%. Other financing sources closed the gap, leaving a total net increase in governmental fund balances of $17.8 million for the year compared to a decrease of $85.5 million in 2007. Other financing sources include proceeds from issuance of debt, transfers from enterprise funds and receipt of loans receivable transferred from the Neighborhood Improvement Development Corporation component unit.

Chart 3
2008 City Spending by Function - Governmental Funds

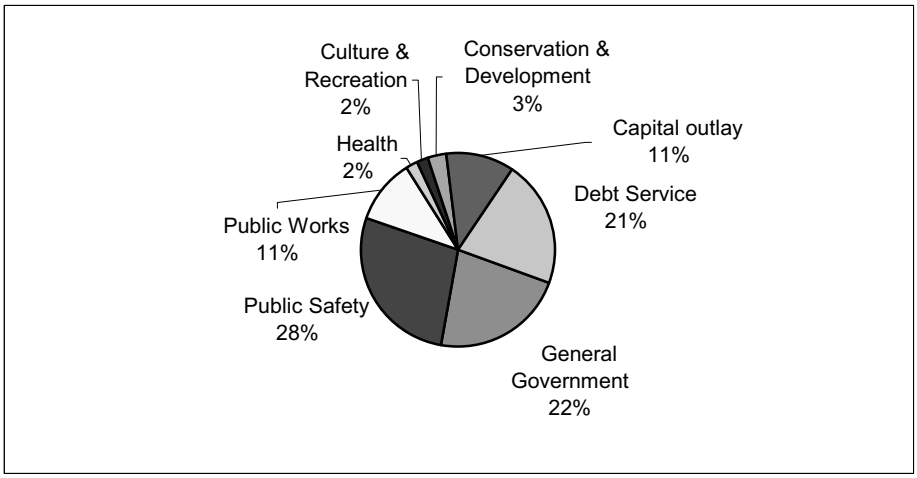
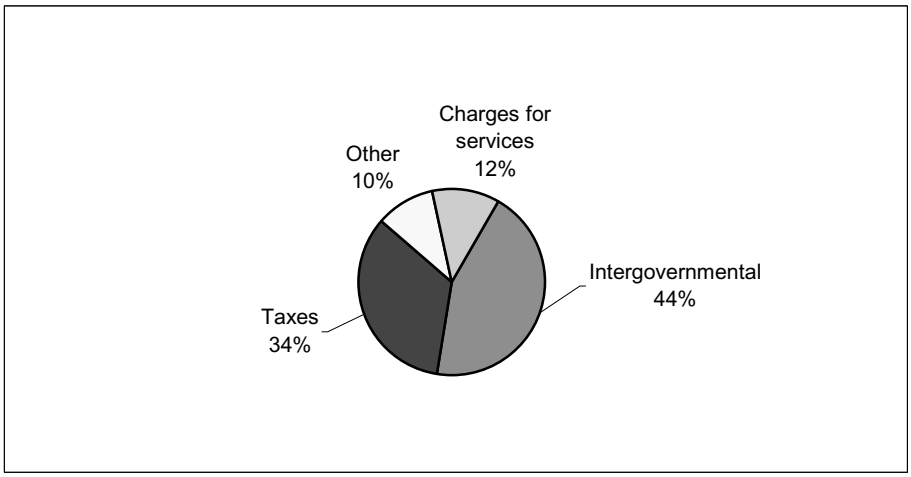


Chart 4
2008 Revenues by Source - Governmental Funds



Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund decreased by $17.8 million or 19.6%. Revenues and other financing sources totaled approximately $695.1 million and expenditures and other financing uses totaled approximately $712.9 million - detailed in Table 4 below. While revenues remained consistent with the prior year (increasing by 0.77% over 2007), expenditures increased 2.6% over 2007, with expenditures exceeding revenues by 11.6%. Other Financing Sources (consisting of debt proceeds and transfers in from other funds), exceeded Other Financing Uses (consisting of transfers out to other funds) by $46.5 million. In addition, $29.5 million was withdrawn from the Reserve for Tax Stabilization to fund the 2008 General Fund budget. This was an increase of $6.3 million from 2007.

Total General Fund revenues for 2008 totaled $556.5 million. The largest revenue category is intergovernmental at $271.1 million with 48.7% of the total revenue. The second largest revenue source is Property Taxes with $141.6 million or 25.4%. Charges for Services, which includes revenues for services provided by City departments, comprises 15.5% or $86.4 million. These three categories combined comprise 89.7% of the total revenues for 2008. The largest increase in revenues compared to 2007 was the Charges for Services category with a 13.0% increase.

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

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

Revenues and Other Financing Sources

Revenues:	**2007**	**2008**	**% Change**
Property taxes	$ 137,253	$ 141,573	3.15%
Other taxes	5,311	4,839	-8.89%
Licenses and permits	13,704	12,918	-5.74%
Intergovernmental	272,539	271,100	-0.53%
Charges for services	76,496	86,410	12.96%
Fines and forfeits	5,800	5,277	-9.02%
Contributions received	22,270	21,532	-3.31%
Other	18,883	12,864	-31.88%
Total Revenues	552,256	556,513	0.77%
Other Financing Sources			
Debt proceeds	66,000	91,600	
Transfers in	40,561	47,019	15.92%
Total Revenues and Other Financing Sources	658,817	695,132	5.51%
Excess of Revenues over Expenditures	(52,804)	(64,385)	21.93%
Net Change in Fund Balance	$ (14,322)	$ (17,846)	24.61%

Expenditures and Other Financing Uses

Expenditures:	**2007**	**2008**	% Change
General government	$ 222,781	$ 221,023	-0.79%
Public safety	257,137	266,370	3.59%
Public works	93,956	103,149	9.78%
Health	10,359	10,118	-2.33%
Culture and recreation	17,548	16,782	-4.37%
Conservation and development	3,279	3,456	5.40%
	-	-	
Total Expenditures	605,060	620,898	2.62%
Other Financing Uses			
Transfers out	68,079	92,080	35.25%
Total Expenditures and other Financing Uses	$ 673,139	$ 712,978	5.92%

Beginning in 2006, the City began issuing General Obligation Cash-Flow Promissory Notes rather than Revenue Anticipation Notes in advance of receipt of the State Shared Revenues. For 2008, $90 million was issued. With the receipt of these revenues, an amount equal to the debt was transferred to the Debt Service Fund (the legal fund established to pay the debt).

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

retirement of the public debt. The General Obligation Debt Service Fund increased its fund balance from $56.8 million to $71.2 million or 25.5%. Total revenues of the General Obligation Debt Service increased from $88.1 million in 2007 to $102.0 million in 2008. Revenues combined with *Other Financing Sources* totaled $247.7 million; expenditures combined with *Other Financing Uses* totaled $233.2 million; resulting in a *Net Change in Fund Balance* for year end 2008 of $14.5 million. The Public Debt Amortization Fund showed a decrease of 14.8% from $70.2 million to $59.8 million at year-end for its fund balance due to net transfers out of $17.8 million combined with an overall increase of total revenues over expenditures of $7.4 million.

Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. At year end, 2008 showed a fund balance deficit of $37.4 million (an increase in the fund balance of $29.8 million compared to a fund balance deficit of $67.2 million in 2007). In 2008, total debt proceeds amounted to $124.7 million as compared to $21.3 million in 2007, a 485.5% increase. Total revenues decreased 28% from $26.8 million to $19.8 million; expenditures decreased from $127.3 million to $114.8 million or 9.8%. The issuance of bonds and notes during 2008 for capital purposes combined with revenues and transfers were sufficient to cover the current year's expenditures in total and thereby reduced the 2008 year end deficit in fund balance by $29.8 million.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status, but in more detail.

At the end of the fiscal year, the total unrestricted net assets for all enterprise funds were $47.1 million. This was a decrease from $60.6 million at December 31, 2007 or 22.3%. This decrease consists of $8.4 million in Water Works, $7.4 million in Sewer Maintenance, and offset by an increase of $0.8 million in Parking and $1.5 million in the nonmajor enterprise funds.

Total operating revenues of the enterprise funds increased 8.6% from 2007 - $186.8 million to $202.9 million in 2008; total operating expenses increased to $152.9 million in 2008 from $143.7 million in 2007 or 6.4%. The Water Works is the largest enterprise activity for the City, comprising approximately 36.2% of the total operating revenues. The Sewer Maintenance Fund comprises 20.1% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2008 Water Works and Sewer Maintenance operating revenues increased 1.4% and 7.9%, respectively; all other enterprise funds combined increased by 15.9%. Water Works nonoperating revenues for 2008 are mainly composed of interest income. Investment income decreased by 60.7%, or $1,037,000 from 2007. Other miscellaneous nonoperating revenue also decreased from $304,000 to $194,000 in 2008. These miscellaneous revenues (fees for servicing of branch water mains and water tapping services) decreased 36.2% from 2007.

The Water Works incurred total operating and nonoperating expenses of $64.6 million for 2008 compared to $62.1 million for 2007. Excluding depreciation expense, operating expenses increased over the previous year by $2.5 million or 5.3%. The nonoperating expenses (interest expense) of the Water Works decreased by $193,000 due to the declining principal balances on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds increased 7.9% over 2007.

General Fund Budgetary Highlights

Over the course of the year, the Common Council adopted five resolutions which increased the General Fund appropriations due to greater than anticipated revenues. These increased budgets provided departments additional appropriation authority due to revenue increases related to the additional spending. These appropriations were: $116,059 and $58,030 for the Department of City Clerk funding support of City Cable Channel equipment upgrades and other cable purposes; $188,956 for the Department of Public Works from a Federal Emergency Management Agency (FEMA) grant to address a spring flood; $440,650 for snow and ice removal costs for the February 2008 snow storm, and $2,025,000 due to a rate increase relating to snow and ice control and apartment garbage collection fees.

The original budget for expenditures includes the adopted budget plus the encumbrances carried over from 2007 less the encumbrances carried over to 2009. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2007 by the Common Council less those appropriations authorized for carryover to 2009. 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. As detailed in Required Supplementary Information Section,

Exhibit E-1 shows both the original 2008 General Fund expenditure budget of $592.1 million and the final budget of $600.0 million. This is a 2.3% increase over the final 2007 budget of $586.5 million. The original General Fund revenue budget totaled $535.6 million with the final budget increasing by $2.8 million to $538.4 million. This is a 2.6% increase over the final 2007 revenue budget of $525.0 million.

For the fiscal year ended December 31, 2008, the General Fund revenue budget exceeded actual revenues by $3.5 million. However, actual 2008 General Fund revenues exceeded that of the prior year. General Fund actual revenues totaled $556.5 million in 2008, a $4.2 million (+0.8%) increase over 2007. Property Taxes and Charges for Services increased by 3.2% and 13.0%, respectively. Noteworthy increases over 2007 actual revenue include a $9.9 million increase in Charges for Services ($3.6 million in snow and ice removal fees and $0.9 million in pavement cut services provided to the Water Works and Sewer Maintenance enterprise funds). All other categories (Other Taxes, Licenses and permits, Intergovernmental, Fines and forfeits and Other) decreased in ranges of 0.5% to 31.9% for a total decrease of $9.2 million. A major "Other" revenue decrease was interest on investments, declining by $6.0 million or 31.9%. The average interest earnings rate was 2.743% compared to 5.095% in 2007 with a decrease in the average investable balance from $244.2 million in 2007 to $218.2 million in 2008.

The year 2008 also produced an unexpended budget surplus of $1.2 million.The general government category contributed $2.8 million; public works reduced the surplus by $2.5, and public safety, health culture and recreation and conservation and development, in the aggregate, added $.9 million. Of the $2.8 million saved by general government departments, $.4 million was saved by City Attorney collection contract due to unrealized claims. The combined savings from the Comptroller, Employees' Retirement and Department of Employee Relations resulted in a surplus in various fringe benefit costs that were allocated to capital projects rather than to general fund accounts, and thus saved $1.1 million for the year. The Employees' Retirement incurred a budgetary savings of $.3 on Group Life Insurance Premiums due to reduced salary levels. Minor savings in other general government departments make up the remaining savings of $1 million. The Department of Public Works Operations Department incurred a deficit of $2.6 million relating to snow removal and cleanup efforts. December 2008 was another record setting year for snowfall.

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

The City's General Fund's beginning fund balance of $90.9 million as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance differs from the General Fund's budgetary fund balance reported in the budgetary comparison schedule by the amount of the budgeted withdrawal from the Reserve for Tax Stabilization of $29.5million. Also, for 2008, expenditures of the Public Works category exceeded appropriations in the General Fund in the net amount of $2.5 million. Of this amount, the Department of Public Works-Operations Division's snow plowing operations were overdrawn $2.6 million. The Council has approved the issuance of short-term promissory notes to fund this deficit in 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2008 total $1,711.1 million (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. The total increase in the City's capital assets for the current fiscal year was $47.8 million or 2.9%. Governmental activities' capital assets increased $13.5 million or a 1.4% increase from 2007. Business-type activities' capital assets increased $34.3 million or 4.8% at the end of 2008. A schedule comparing the assets by type for 2007 and 2008 for both governmental and business-type activities is depicted in Table 5 below. The net change in assets as detailed in Note 4 reports that additions were $26.2 million and deletions were $12.7 million for 2008 for governmental activities. The Sewer Maintenance Fund had a net change in capital assets that resulted in an increase of $25.5 million. Of the sewer maintenance fund's net assets at year end, 84.3% relate to the sewer mains infrastructures. Infrastructure net assets of the Water Works comprise 65.9% of its total net assets with 27.8% consisting of machinery and equipment. The total net change in all water works net assets was an increase of 1.8%.

Debt issued to finance tax incremental districts (TID) consists of $157.9 million outstanding at year end. The majority of these expenditures have no related assets for TID, so net increases in TID debt reduce unrestricted net assets by an equal amount. In addition, debt issued for school purposes at year end was $87.8 million. The Milwaukee Public Schools (MPS) is a separate governmental entity. By State Statutes, MPS cannot issue its own debt. As a result, the City issues debt for schools purposes. The City has the option of providing funds from its treasury or issue debt to finance school construction, operations and/or maintenance. The City chooses to issue debt. The MPS's assets are not an asset of the City and, as a result, reduced unrestricted net assets by an equal amount.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Capital assets not being depreciated:						
Land	$ 163,769	$ 163,797	$ 16,115	$ 18,167	$ 179,884	$ 181,964
Construction in progress	106,357	123,768	52,699	61,966	159,056	185,734
Capital assets being depreciated:						
Buildings	194,137	194,782	85,000	85,421	279,137	280,203
Infrastructure	1,337,345	1,355,649	664,521	713,333	2,001,866	2,068,982
Improvements other than buildings	11,198	11,573	27,300	7,717	38,498	19,290
Machinery and equipment	145,659	162,573	211,792	212,266	357,451	374,839
Nonutility property	-	-	5,316	5,509	5,316	5,509
Accumulated depreciation	(1,016,522)	(1,056,667)	(341,403)	(348,781)	(1,357,925)	(1,405,448)
Total	$ 941,943	$ 955,475	$ 721,340	$ 755,598	$ 1,663,283	$ 1,711,073

Debt

At year-end, the City had $760.6 million in general obligation bonds and notes, $49.7 million in State loans, and $61.2 million in revenue bonds outstanding as itemized in Table 6.

New debt (excluding refunding bonds) issued for general obligation bonds and notes totaled $239.0 million, of which $1.6 million related to Sewer Maintenance, Parking, and Port Enterprises.

The City continues to maintain high investment grade ratings from the three major rating agencies. A rating of AA+ from Fitch Ratings, AA from Standard and Poor's Corporation, and Aa2 from Moody's Investors Service, Inc, were received on the City's July 2008 general obligation bonds issues.

The City's gross general obligation debt per capita, excluding enterprise fund debt, was $1,038 at the end of 2007, and $1,127 at the end of 2008; a 8.6% increase from the prior year. As of December 31, 2008, the City's outstanding net general obligation debt for governmental activities was 2.09% of the City's total taxable value of property. (Statistical Section - Table 9) The legal debt limit is 7% of equalized property value, including Milwaukee Public Schools debt, which also is issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit and has reached about 43.2% of this limit. The City issues general obligation notes to purchase a portion of General Fund delinquent taxes. During 2008, notes were issued in the amount of approximately $21.1 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
General obligation bonds and notes (backed by the City)	$ 669,404	$ 725,670	$ 58,936	$ 34,970	$ 728,340	$ 760,640
State loans	-	-	14,369	49,653	14,369	49,653
Revenue bonds (backed by specific fee revenues)	-	-	64,711	61,170	64,711	61,170
Total	$ 669,404	$ 725,670	$ 138,016	$ 145,793	$ 807,420	$ 871,463

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total property taxes levied for all funds of the City in 2008 for 2009 purposes increased $.08 per thousand dollars of assessed valuation to a rate of $8.09. The 2007 for 2008 rate increased $.02 (from $7.99 to $8.01).

The property tax levy will provide $123.7 million revenue for the general city purposes budget in 2009. This represents an increase of $19.7 million from 2008 or 18.9%. The total City tax levy increased from $227.5 million for 2008 to $237 million for 2009 or a $7.4 million increase. The 2009 budget includes $87.2 million in revenue from charges for services, an increase of $6.6 million. This category of funding encompasses revenue received for services provided by City operating departments. The Solid Waste Fee is the largest revenue source in this category and is expected to generate $28.5 million for 2009. This fee represents 32.7% of the total charges for services in the 2009 budget. The Street Sweeping and Leaf Collection Fee is expected to generate $10.1 million for 2009; a 102% increase from 2008 due to a rate increase. This Fee now comprises 11.5% of the total charges for services for 2009 compared to 6.2% in 2008.

Estimated intergovernmental revenues, primarily from the State of Wisconsin, are projected to total $272.3 million; a slight increase of $1 million from 2008 or less than one-half of one percent.

The 2009 adopted City Budget is about $1.4 billion with the budget for the General Fund at $667.1 million. The General Fund budget increased 3.9% over the 2008 budget of $642.1 million. In 2009, the City will expend $114.9 million for health insurance and related costs compared to $109.9 million budgeted for 2008, an increase of 4.6%. Another major increase from 2008 is the cost of salaries and wages, including pending labor contract settlements and cost of living rate increases, direct salaries, vacation pay, holiday pay and other salary related payments. This increase totals $13 million over 2008, or a plus 3.6%. Estimated Full-time Equivalent (FTE) employment for all General Fund departments reflects a decrease of 66 FTE with the Fire Department having a decrease of 36 FTE and the Library Department decreasing by 21 FTE's for 2009.

The City remains in sound financial condition, as demonstrated by the financial statements and schedules included in this report. However, the General Fund reserve for tax stabilization decreased from its 12/31/07 balance of $62.7 million to $42.4 million at 12/31/08. With expected limitations on additional state shared revenues, a potential increase in the City contribution to the Employees Retirement System and record snowfalls resulting in a shortfall for this purpose of over $2.6 million, the City is currently taking action to restrain spending and increase revenues in 2009. Initiatives include a hiring freeze, significant fee increases and a mandatory furlough during 2009. This plan is further explained in the Letter of Transmittal section of this report.

The unemployment rate for 2008 is 7.9%, a 21.5% increase over the previous year The per capita income for the most recent fiscal year available (2007) was $35,852 - a 5.1% increase from 2006.

The City's population over the last five years is depicted in the table below. This data is estimated from the Wisconsin Department of Revenue used in the distribution of State Shared Taxes and differs from the U.S. Census Bureau.

2004	593,920
2005	592,765
2006	590,370
2007	590,190
2008	590,870

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, 2008

(Thousands of Dollars)

Exhibit 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 244,043	$ 51,823	$ 295,866	$ 57,404
Investments	6,126	-	6,126	3,559
Receivables (net):				
Taxes	198,563	-	198,563	-
Accounts	18,745	38,562	57,307	1,983
Unbilled accounts	1,135	14,629	15,764	-
Special assessments	14,216	-	14,216	-
Notes and loans	53,700	-	53,700	90,920
Accrued interest	606	38	644	3,689
Due from component units	18,434	-	18,434	-
Due from primary government	-	-	-	118
Due from other governmental agencies	230,513	1,073	231,586	17,552
Inventory of materials and supplies	7,519	2,331	9,850	-
Inventory of property for resale	26	-	26	7,925
Prepaid items	354	447	801	897
Deferred charges	2,050	422	2,472	1,115
Other assets	-	286	286	504
Total Noncapital Assets	796,030	109,611	905,641	185,666
Capital assets:				
Capital assets not being depreciated:				
Land	163,797	18,167	181,964	54,187
Construction in progress	123,768	61,966	185,734	2,301
Capital assets being depreciated:				
Buildings	194,782	85,421	280,203	480,524
Infrastructure	1,355,649	713,333	2,068,982	789
Improvements other than buildings	11,573	7,717	19,290	1,531
Machinery and equipment	162,573	212,266	374,839	3,277
Nonutility property	-	5,509	5,509	-
Accumulated depreciation	(1,056,667)	(348,781)	(1,405,448)	(232,498)
Total Capital Assets	955,475	755,598	1,711,073	310,111
Total Assets	1,751,505	865,209	2,616,714	495,777

CITY OF MILWAUKEE

Exhibit 1 (Continued)

STATEMENT OF NET ASSETS

December 31, 2008

(Thousands of Dollars)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable	$ 43,413	$ 16,205	$ 59,618	$ 7,066
Accrued expenses	32,871	3,199	36,070	6,512
Accrued interest payable	10,737	1,027	11,764	-
Internal balances	(27,795)	27,795	-	-
Due to component units	118	-	118	-
Due to other governmental agencies	502	-	502	2,175
Deferred revenue	295,770	51	295,821	1,146
Revenue anticipation notes payable	210,000	-	210,000	-
Other payables	-	-	-	-
Other liabilities	-	-	-	6,937
Due to primary government:				
Due within one year	-	-	-	765
Due in more than one year	-	-	-	17,669
Long-term obligations:				
Due within one year	94,417	11,250	105,667	5,278
Due in more than one year	784,317	140,560	924,877	134,381
Total Liabilities	1,444,350	200,087	1,644,437	181,929
NET ASSETS				
Invested in capital assets, net of related debt	559,343	607,122	1,166,465	186,985
Restricted for:				
Debt Service	143,778	10,935	154,713	14,196
Temporarily restricted	-	-	-	8,184
Other purposes	173	-	173	-
Unrestricted	(396,139)	47,065	(349,074)	104,483
Total Net Assets	**$ 307,155**	**$ 665,122**	**$ 972,277**	**$ 313,848**

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, 2008

(Thousands of Dollars)

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	$ 208,608	$ 12,589	$ 1,981	$ -
Public safety	314,935	17,998	13,564	-
Public works	174,629	53,348	6,047	-
Health	20,830	644	10,630	-
Culture and recreation	20,639	1,443	2,076	-
Conservation and development	61,693	388	21,202	-
Capital contribution to Milwaukee Public Schools	6,474	-	-	-
Contributions	22,177	-	21,532	-
Interest on long-term debt	28,368	-	-	-
Total Governmental Activities	858,353	86,410	77,032	-
Business-type Activities:				
Water	64,562	73,731	-	900
Sewer Maintenance	29,167	40,724	-	3,779
Parking	25,078	43,961	-	-
Port of Milwaukee	4,182	5,017	-	5,524
Metropolitan Sewerage District User Charges	40,219	40,079	-	-
Total Business-type Activities	163,208	203,512	-	10,203
Total Primary Government	$ 1,021,561	$ 289,922	$ 77,032	$ 10,203
Component units:				
Housing Authority	$ 85,254	$ 19,876	$ 48,509	$ 11,833
Redevelopment Authority	11,772	5,997	5,021	3,263
Milwaukee Economic Development Authority	4,830	3,505	772	-
Neighborhood Improvement Development Corporation	636	459	1,296	-
Total Component Units	$ 102,492	$ 29,837	$ 55,598	$ 15,096

General revenues:

Property taxes and other taxes .....

State aids for General Fund .....

Miscellaneous .....

Transfers .....

Total General Revenues and Transfers .....

Change in Net Assets .....

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

Net Assets - Ending .....

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

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (194,038)		$ (194,038)	
(283,373)		(283,373)	
(115,234)		(115,234)	
(9,556)		(9,556)	
(17,120)		(17,120)	
(40,103)		(40,103)	
(6,474)		(6,474)	
(645)		(645)	
(28,368)		(28,368)	
(694,911)		(694,911)	
-	$ 10,069	10,069	
-	15,336	15,336	
-	18,883	18,883	
-	6,359	6,359	
-			
-	(140)	(140)	
-	50,507	50,507	
(694,911)	50,507	(644,404)	
			$ (5,036)
			2,509
			(553)
			1,119
			(1,961)
257,210	-	257,210	-
271,100	-	271,100	-
61,949	979	62,928	7,695
38,052	(38,052)	-	-
628,311	(37,073)	591,238	7,695
(66,600)	13,434	(53,166)	5,734
373,755	651,688	1,025,443	308,114
$ 307,155	**$ 665,122**	**$ 972,277**	**$ 313,848**

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CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008
(Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and cash equivalents	$ 74,671
Investments	173
Receivables (net):	
Taxes	128,946
Accounts	17,764
Unbilled accounts	1,135
Special assessments	-
Notes and loans	70
Accrued interest	490
Due from other funds	58,576
Due from component units	1,018
Due from other governmental agencies	4,753
Advances to other funds	13,367
Inventory of materials and supplies	7,222
Inventory of property for resale	26
Prepaid items	354
Total Assets	**$ 308,565**
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 27,539
Accrued expenses	32,477
Due to other funds	1,438
Due to component units	1
Due to other governmental agencies	-
Deferred revenue	174,103
Revenue anticipation notes payable	-
Advances from other funds	-
Total Liabilities	235,558
Fund Balances:	
Reserved for debt service	-
Reserved for delinquent taxes receivable	-
Reserved for economic development	-
Reserved for encumbrances, prepaids, and carryovers	22,865
Reserved for inventory	7,248
Reserved for mortgage trust	173
Reserved for environmental remediation	303
Reserved for tax stabilization - 2009	22,379
Reserved for tax stabilization - 2010 and subsequent years' budgets and advances to other funds	20,039
Unreserved:	
Undesignated	-
Special assessment (deficit)	-
Total Fund Balances	73,007
Total Liabilities and Fund Balances	**$ 308,565**

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
$ 112,942	$ 33,849	$ 7,058	$ 15,523	$ 244,043
-	5,953	-	-	6,126
55,576	-	3,826	10,215	198,563
-	-	595	386	18,745
-	-	-	-	1,135
-	-	14,216	-	14,216
13,855	20,005	-	19,770	53,700
74	42	-	-	606
-	-	-	-	58,576
16,889	-	457	70	18,434
210,000	-	3,872	11,888	230,513
-	-	-	-	13,367
-	-	297	-	7,519
-	-	-	-	26
-	-	-	-	354
$ 409,336	**$ 59,849**	**$ 30,321**	**$ 57,852**	**$ 865,923**
$ 7	$ -	$ 11,895	$ 3,972	$ 43,413
20	-	191	183	32,871
2,840	-	18,987	7,516	30,781
-	-	60	57	118
-	-	-	502	502
125,229	-	23,172	9,514	332,018
210,000	-	-	-	210,000
-	-	13,367	-	13,367
338,096	-	67,672	21,744	663,070
71,240	59,849	-	12,689	143,778
-	-	-	8,213	8,213
-	-	-	737	737
-	-	1,423	-	24,288
-	-	297	-	7,545
-	-	-	-	173
-	-		-	303
-	-	-	-	22,379
-	-	-	-	20,039
-	-	(26,913)	14,469	(12,444)
-	-	(12,158)	-	(12,158)
71,240	59,849	(37,351)	36,108	202,853
$ 409,336	**$ 59,849**	**$ 30,321**	**$ 57,852**	**$ 865,923**

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CITY OF MILWAUKEE

Exhibit A-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008
(Thousands of Dollars)

Fund balances - total governmental funds		$ 202,853
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	$ 163,797	
Buildings, net of $74,784 accumulated depreciation	119,998	
Infrastructure, net of $883,878 accumulated depreciation	471,771	
Improvements other than buildings, net of $7,469 accumulated depreciation	4,104	
Machinery and equipment, net of $90,536 accumulated depreciation	72,037	
Construction in progress	123,768	
		955,475
Deferred charges for debt issuance costs are not available to pay for current-period expenditures and therefore are deferred in the funds.		2,050
Some revenues are deferred in the funds because they are not available to pay current period's expenditures.		
Taxes to be collected after year-end	9,471	
Special assessments to be collected after year-end	12,922	
Notes and loans receivable to repay long-term bonds and notes	13,855	
		36,248
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.		
Accrued interest payable	(10,737)	
Bonds and notes payable	(725,670)	
Deferred amount on refunding	5,197	
Unamortized premiums	(22,882)	
Compensated absences	(31,208)	
Net other postemployment benefits obligation	(75,705)	
Claims and judgments	(28,466)	
		(889,471)
Total net assets of governmental activities (Exhibit 1)		**$ 307,155**

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

CITY OF MILWAUKEE Exhibit A-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Thousands of Dollars)

	General
Revenues:	
Property taxes	$ 141,573
Other taxes	4,839
Special assessments	-
Licenses and permits	12,918
Intergovernmental	271,100
Charges for services	86,410
Fines and forfeits	5,277
Contributions received	21,532
Other	12,864
Total Revenues	556,513
Expenditures:	
Current:	
General government	221,023
Public safety	266,370
Public works	103,149
Health	10,118
Culture and recreation	16,782
Conservation and development	3,456
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	620,898
Excess (Deficiency) of Revenues over Expenditures	(64,385)
Other Financing Sources (Uses):	
General obligation bonds and notes issued	91,600
Loans receivable activities	-
Issuance premium	-
Transfers in	47,019
Transfers out	(92,080)
Total Other Financing Sources and Uses	46,539
Net Change in Fund Balances	(17,846)
Fund Balances - Beginning	90,853
Fund Balances - Ending	**$ 73,007**

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
$ 74,201	$ -	$ 7,206	$ 4,657	$ 227,637
20,187	2,720	-	-	27,746
-	-	3,631	-	3,631
-	-	-	-	12,918
1,067	-	7,048	54,130	333,345
1,814	-	-	-	88,224
-	-	-	-	5,277
-	-	-	-	21,532
4,722	4,727	1,916	9,334	33,563
101,991	7,447	19,801	68,121	753,873
296	4	-	3,121	224,444
-	-	-	13,564	279,934
-	-	-	6,047	109,196
	-	-	10,630	20,748
-	-	-	2,076	18,858
-	-	-	28,340	31,796
-	-	114,825	-	114,825
181,102	-	-	-	181,102
33,637	-	-	-	33,637
147	-	-	-	147
215,182	4	114,825	63,778	1,014,687
(113,191)	7,443	(95,024)	4,343	(260,814)
-	-	124,693	21,075	237,368
-	-	-	(518)	(518)
3,694	-	-	-	3,694
142,003	11,192	859	-	201,073
(18,044)	(28,981)	(686)	(23,230)	(163,021)
127,653	(17,789)	124,866	(2,673)	278,596
14,462	(10,346)	29,842	1,670	17,782
56,778	70,195	(67,193)	34,438	185,071
$ 71,240	**$ 59,849**	**$ (37,351)**	**$ 36,108**	**$ 202,853**

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CITY OF MILWAUKEE

Exhibit A-4

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

FOR THE YEAR ENDED DECEMBER 31, 2008

(Thousands of Dollars)

Net change in fund balances - total governmental funds (Exhibit A-3)		$ 17,782
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($60,561) exceeded depreciation expense ($46,556) in the current period less loss on disposals ($473)		13,532
Notes and loans receivable to repay long-term bonds and notes		(1,074)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the funds.		
Taxes accrued in prior years	$ 1,827	
Special assessments deferred revenue beginning of the year $13,930 less deferred at end of the year $12,922	(1,008)	
		819
The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Bonds and notes issued	(237,368)	
Issuance premiums	(3,694)	
Repayments:		
Principal retirement	181,102	
Bond issuance costs	147	
Amortization:		
Issuance costs	(418)	
Premiums	6,587	
Deferred amount on refunding	(1,256)	
		(54,900)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.		
Compensated absences	(424)	
Net other postemployment benefits obligation	(38,828)	
Claims and judgments	(3,445)	
Accrued interest on bonds and notes	(62)	
		(42,759)
Changes in net assets of governmental activities (Exhibit 2)		**$ (66,600)**

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

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2008
(Thousands of Dollars)

Exhibit B-1

ASSETS	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
Current Assets:					
Cash and cash equivalents	$ 18,897	$ -	$ 21,991	$ -	$ 40,888
Restricted cash and cash equivalents	655	1,548	-	-	2,203
Receivables (net):					
Accounts	13,603	12,079	4	12,876	38,562
Unbilled accounts	9,668	2,268	-	2,693	14,629
Accrued interest	34	4	-	-	38
Due from other funds	4,278	537	-	534	5,349
Due from other governmental agencies	-	-	-	1,073	1,073
Inventory of materials and supplies	2,331	-	-	-	2,331
Prepaid items	447	-	-	-	447
Deferred charges	-	422	-	-	422
Other assets	286	-	-	-	286
Total Current Assets	50,199	16,858	21,995	17,176	106,228
Noncurrent assets:					
Restricted cash and cash equivalents	-	8,732	-	-	8,732
Capital assets:					
Capital assets not being depreciated:					
Land	1,936	-	8,440	7,791	18,167
Construction in progress	10,975	46,304	4,687	-	61,966
Capital assets being depreciated:					
Buildings	21,292	-	50,645	13,484	85,421
Infrastructure	331,142	366,635	-	15,556	713,333
Improvements other than buildings	-	-	5,429	2,288	7,717
Machinery and equipment	201,582	4,320	1,645	4,719	212,266
Nonutility property	5,509	-	-	-	5,509
Accumulated depreciation	(188,676)	(106,720)	(32,260)	(21,125)	(348,781)
Net Capital Assets	383,760	310,539	38,586	22,713	755,598
Total Noncurrent Assets	383,760	319,271	38,586	22,713	764,330
Total Assets	433,959	336,129	60,581	39,889	870,558

CITY OF MILWAUKEE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2008
(Thousands of Dollars)

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 3,663	$ 2,116	$ 1,309	$ 9,117	$ 16,205
Accrued expenses	1,769	676	576	178	3,199
Accrued interest payable	313	-	193	52	558
Compensated absences	1,108	-	-	-	1,108
Due to other funds	7,954	12,880	-	12,310	33,144
Deferred revenue	-	-	51	-	51
General obligation debt payable - current	1,989	268	1,722	508	4,487
Revenue bonds payable - current	915	-	-	-	915
Total Current Liabilities	17,711	15,940	3,851	22,165	59,667
Current Liabilities Payable from Restricted Assets:					
Revenue bonds payable	-	4,740	-	-	4,740
Accrued interest payable	-	469	-	-	469
Total Current Liabilities Payable from Restricted Assets	-	5,209	-	-	5,209
Noncurrent Liabilities:					
General obligation debt	15,455	3,666	9,071	2,750	30,942
Revenue bonds payable	9,400	97,523	-	-	106,923
Other post employment benefits obligation	1,581	580	437	97	2,695
Total Noncurrent Liabilities	26,436	101,769	9,508	2,847	140,560
Total Liabilities	44,147	122,918	13,359	25,012	205,436
Net Assets:					
Invested in capital assets, net of related debt	356,001	203,873	27,793	19,455	607,122
Restricted for Debt Service	655	10,280	-		10,935
Unrestricted	33,156	(942)	19,429	(4,578)	47,065
Total Net Assets	**$ 389,812**	**$ 213,211**	**$ 47,222**	**$ 14,877**	**$ 665,122**

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

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CITY OF MILWAUKEE

Exhibit B-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Thousands of Dollars)

	Water Works	Sewer Maintenance	Parking	Nonmajor Enterprise Funds	Total
Operating Revenues:					
Charges for Services:					
Water sales	$ 59,626	$ -	$ -	$ -	$ 59,626
Statutory sewer user fee	-	-	-	38,968	38,968
Sewer maintenance fee	-	40,724	-	-	40,724
Rent	-	-	7,842	5,017	12,859
Fire protection service	6,384	-	-	-	6,384
Parking meters	-	-	3,803	-	3,803
Parking permits	-	-	3,014	-	3,014
Vehicle towing	-	-	6,725	-	6,725
Parking forfeitures	-	-	22,223	-	22,223
Other	7,527	-	-	1,111	8,638
Total Operating Revenues	73,537	40,724	43,607	45,096	202,964
Operating Expenses:					
Milwaukee Metropolitan Sewerage District charges	-	-	-	35,429	35,429
Employee services	-	8,179	7,437	1,888	17,504
Administrative and general	6,631	-	-	42	6,673
Depreciation	13,117	4,409	2,060	1,219	20,805
Transmission and distribution	19,875	-	-	3,318	23,193
Services, supplies, and materials	-	8,155	15,015	1,051	24,221
Water treatment	13,698	-	-	-	13,698
Water pumping	7,271	-	-	-	7,271
Billing and collection	2,789	-	-	1,333	4,122
Total Operating Expenses	63,381	20,743	24,512	44,280	152,916
Operating Income	10,156	19,981	19,095	816	50,048
Nonoperating Revenues (Expenses):					
Investment income	670	309	-	-	979
Interest expense	(1,181)	(3,424)	(550)	(120)	(5,275)
Gain (Loss) on disposal of fixed assets	-	-	(16)	-	(16)
Other	194	(5,000)	354	(1)	(4,453)
Total Nonoperating Revenues (Expenses)	(317)	(8,115)	(212)	(121)	(8,765)
Income before Contributions and Transfers	9,839	11,866	18,883	695	41,283
Capital contributions	900	3,779	-	5,524	10,203
Transfers in	-	-	-	667	667
Transfers out	(8,696)	(9,310)	(18,695)	(2,018)	(38,719)
Change in Net Assets	2,043	6,335	188	4,868	13,434
Total Net Assets - Beginning	387,769	206,876	47,034	10,009	651,688
Total Net Assets - Ending	**$ 389,812**	**$ 213,211**	**$ 47,222**	**$ 14,877**	**$ 665,122**

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, 2008
(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	$ 73,075	$ 39,831	$ 43,771	$ 41,644	$ 198,321
Payments to suppliers	(19,611)	(6,801)	(14,999)	(41,178)	(82,589)
Payments to employees	(24,061)	(7,829)	(7,162)	(1,810)	(40,862)
Payments from other funds	-	7,429	-	3,348	10,777
Payments to other funds	(6,610)	-	-	(391)	(7,001)
Net Cash Provided by Operating Activities	22,793	32,630	21,610	1,613	78,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Miscellaneous nonoperating revenue	194	-	-	-	194
Other nonoperating expenses	-	(5,000)	-	-	(5,000)
Transfers from other funds	-	-	-	667	667
Transfers to other funds	(8,696)	(9,310)	(18,695)	(2,018)	(38,719)
Net Cash Used for Noncapital Financing Activities	(8,502)	(14,310)	(18,695)	(1,351)	(42,858)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions	-	200	-	379	579
Proceeds from sale of bonds and notes	-	36,217	1,228	54	37,499
Proceeds from sale of revenue bonds	-	-	-	-	-
Acquisition of property, plant, and equipment	(19,708)	(26,326)	(1,218)	(32)	(47,284)
Retirement of bonds, notes, and revenue bonds	(3,737)	(23,284)	(2,219)	(483)	(29,723)
Interest paid	(1,243)	(4,063)	(554)	(180)	(6,040)
Other	-	-	354	-	354
Net Cash Used for Capital and Related Financing Activities	(24,688)	(17,256)	(2,409)	(262)	(44,615)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	767	331	-	-	1,098
Net Increase (Decrease) in Cash and Cash Equivalents	(9,630)	1,395	506	-	(7,729)
Cash and Cash Equivalents - Beginning	29,182	8,885	21,485	-	59,552
Cash and Cash Equivalents - Ending	**$ 19,552**	**$ 10,280**	**$ 21,991**	**$ -**	**$ 51,823**

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(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	$ 18,897	$ -	$ 21,991	$ -	$ 40,888
Restricted Cash	655	10,280	-	-	10,935
	$ 19,552	$ 10,280	$ 21,991	$ -	$ 51,823
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	$ 10,156	$ 19,981	$ 19,095	$ 816	$ 50,048
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	13,117	4,409	2,060	1,219	20,805
Changes in assets and liabilities:					
Receivables	(901)	(1,642)	142	(3,379)	(5,780)
Due from other funds	(80)	748	-	583	1,251
Due from other governmental agencies	-	-	-	(73)	(73)
Inventories	14	-	-	-	14
Prepaid items	(354)	-	-	-	(354)
Other assets	(182)	-	-	-	(182)
Accounts payable	625	1,354	15	(5)	1,989
Accrued liabilities	398	351	275	78	1,102
Due to other funds	-	7,429	-	2,374	9,803
Deferred revenue	-	-	23	-	23
Net Cash Provided by Operating Activities	$ 22,793	$ 32,630	$ 21,610	$ 1,613	$ 78,646

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of $.9 million.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing $109,497 with a net value of $0, and, received donated assets in the amount of $3.779 million.

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

CITY OF MILWAUKEE

Exhibit C-1

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008
(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and cash equivalents	$ 357	$ 2,812	$ 327,148
Investments	-	3,140	-
Total Assets	357	5,952	**$ 327,148**
LIABILITIES			
Liabilities:			
Accounts payable	6	2	1,312
Due to other governmental agencies	-	-	325,836
Total Liabilities	6	2	**$ 327,148**
Net Assets			
Employees' pension benefits and other purposes	**$ 351**	**$ 5,950**	

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

CITY OF MILWAUKEE

Exhibit C-2

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Thousands of Dollars)

	Pension and Other Employee Benefit Trusts	Private-Purpose Trusts
Additions		
Contributions:		
Plan members	$ 1,366	$ -
Private donations	-	1,027
Total Contributions	1,366	1,027
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	-	323
Total Additions	1,366	1,350
Deductions		
Benefits	1,288	-
Fees remitted from Trust	-	598
Other	-	217
Total Deductions	1,288	815
Change in Net Assets	78	535
Net Assets - Beginning	273	5,415
Net Assets - Ending	**$ 351**	**$ 5,950**

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

CITY OF MILWAUKEE

Exhibit D-1

COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2008
(Thousands of Dollars)

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 24,779	$ 27,286	$ 3,589	$ 1,750	$ 57,404
Investments	2,959	300	-	300	3,559
Receivables (net):					
Accounts	1,581	261	69	72	1,983
Notes and loans	32,944	18,000	39,491	485	90,920
Accrued interest	3,306	76	196	111	3,689
Due from primary government	-	118	-	-	118
Due from other governmental agencies	1,594	366	15,592	-	17,552
Inventory of property for resale	-	3,888	1,540	2,497	7,925
Prepaid items	852	45	-	-	897
Deferred charges	256	859	-	-	1,115
Other assets	403	-	101	-	504
Total Noncapital Assets	68,674	51,199	60,578	5,215	185,666
Capital assets:					
Capital assets not being depreciated:					
Land and land improvements	40,704	13,483	-	-	54,187
Construction in progress	2,301	-	-	-	2,301
Capital assets being depreciated:					
Buildings	387,536	92,988	-	-	480,524
Infrastructure	-	789	-	-	789
Improvements other than buildings	731	800	-	-	1,531
Machinery and equipment	3,085	-	192	-	3,277
Accumulated depreciation	(226,625)	(5,764)	(109)	-	(232,498)
Total Capital Assets, Net of Depreciation	207,732	102,296	83	-	310,111
Total Assets	276,406	153,495	60,661	5,215	495,777

CITY OF MILWAUKEE

Exhibit D-1 (Continued)

COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2008
(Thousands of Dollars)

	Housing Authority	Redevelopment Authority	Milwaukee Economic Development Corporation	Neighborhood Improvement Development Corporation	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 3,424	$ 2,837	$ 492	$ 313	$ 7,066
Accrued expenses	3,929	2,583	-	-	6,512
Due to other governmental agencies	1,069	956	150	-	2,175
Deferred revenue	20	894	-	232	1,146
Other liabilities	2,989	2,648	969	331	6,937
Total Current Liabilities	11,431	9,918	1,611	876	23,836
Due to primary government:					
Due within one year	706	-	-	59	765
Due in more than one year	-	16,257	1,412	-	17,669
Total Due to Primary Government	706	16,257	1,412	59	18,434
Long-term obligations:					
Due within one year	5,278	-	-	-	5,278
Due in more than one year	43,887	86,347	4,147	-	134,381
Total Noncurrent Liabilities	49,165	86,347	4,147	-	139,659
Total Liabilities	61,302	112,522	7,170	935	181,929
NET ASSETS:					
Invested in capital assets, net of related debt	161,161	25,824	-	-	186,985
Restricted	8,687	4,324	-	1,185	14,196
Temporarily restricted	-	-	8,184	-	8,184
Unrestricted	45,256	10,825	45,307	3,095	104,483
Total Net Assets	**$ 215,104**	**$ 40,973**	**$ 53,491**	**$ 4,280**	**$ 313,848**

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

CITY OF MILWAUKEE

Exhibit D-2

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Thousands of Dollars)

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Housing Authority				
Low income housing	$ 85,254	$ 19,876	$ 48,509	$ 11,833
Redevelopment Authority				
Prevention and elimination of blight	11,772	5,997	5,021	3,263
Milwaukee Economic Development Corporation				
Increase employment and expansion of business	4,830	3,505	772	-
Neighborhood Improvement Development Corp.				
Housing improvements	636	459	1,296	-
Total Component Units	$102,492	$ 29,837	$ 55,598	$ 15,096

General revenues:
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

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
$ (5,036)	$ -	$ -	$ -	$ (5,036)
-	2,509	-	-	2,509
-	-	(553)	-	(553)
-	-	-	1,119	1,119
(5,036)	2,509	(553)	1,119	(1,961)
6,664	615	379	37	7,695
6,664	615	379	37	7,695
1,628	3,124	(174)	1,156	5,734
213,476	37,849	53,665	3,124	308,114
$ 215,104	**$ 40,973**	**$ 53,491**	**$ 4,280**	**$313,848**

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

The component units columns in the government-wide financial statements 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 non-profit organization formed to promote economic development within the City. The principal objective of the corporation is to benefit the community by fostering increased employment through expansion of business and industry within the metropolitan Milwaukee area. MEDC's primary source of funds is interest on loans originally granted through the City.

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

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

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

Related Organizations

Milwaukee Area Workforce Investment Board

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

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

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, 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 fiduciary fund types:

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

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

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

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2008 that will be collected in 2009 are recorded as receivable and deferred revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

- Time deposits maturing within three years in any credit union, bank, savings bank, trust company, or savings and loan association, which are authorized to transact business in the State of Wisconsin.

- Bonds or securities issued or guaranteed by the Federal government.

- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the State of Wisconsin, as well as bonds issued by a local exposition district, a local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.

- Local Government Investment Pool - Investment Fund of the State of Wisconsin. The Local Government Pooled Investment Fund is an external investment pool administered by the State of Wisconsin. The fair value of the City's investment in the fund is the same as the value of the pooled shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of Section 25.50 of the Wisconsin Statutes.

- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.

- Any Security that matures or that may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating, which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, Inc., or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.

- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

F. Property Taxes

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

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

G. Accounts Receivable

Accounts receivables are presented net of allowances. The amount of the General Fund allowance as of December 31, 2008 is $2,280,000.

H. Unbilled Services

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

I. Special Assessments

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

J. Notes and Loan Receivables

The General Fund, the Special Revenue Fund - Community Development Block Grant, and Neighborhood Improvement Development Corporation hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectibility of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the nonmajor governmental fund is $9,362,000 as of December 31, 2008.

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

K. Inventories

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

L. Prepaid Items

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

M. Capital Assets

Capital assets, which 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

N. Pension Contributions

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

O. Compensated Absences

The liability for compensated absences reported in the government-wide, proprietary, and fiduciary fund financial statements consists of unpaid, accumulated vacation, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and 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.

P. Claims and Judgments

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

Q. Bond Premiums, Discounts, and Issuance Costs

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

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

R. Advance Refundings of Debt

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

S. Fund Balances

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

T. Net Assets

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

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

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

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

U. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

V. Use of Estimates

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

W. New Accounting Pronouncements

In 2008, the City implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. As a result of implementing this standard, the City recorded a liability for Pollution remediation obligations of $2,413,000 as of January 1, 2008. This resulted in a reduction of beginning net assets for governmental activities from $376,168,000 to $373,755,000.

In June, 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City will implement this Statement beginning with the year ending December 31, 2010; however, the City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In June, 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City will implement this Statement beginning with the year ending December 31, 2010; however, the City does not expect the implementation of the Statement to have a significant impact on its financial statements.

In February, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy primarily based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. This Statement also clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The City will implement this Statement beginning with the year ending December 31, 2011.

X. Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

2. DEPOSITS AND INVESTMENTS

A. Primary Government

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

As of December 31, 2008, the City's deposits and investments are as follows:

		Investment Maturities (in Years) (Thousands of Dollars)			
	Fair Value	Less than 1	1-5	6-10	Credit Rating
Governmental and Business-type activities:					
Investment type					
Pooled Deposits and Investments	$ 189,731	189,731	-	$ -	see below
Segregated Deposits and Investments					
Interest Checking	15,878	15,878	-	-	not rated
Wisconsin Local Government Investment Pool	81,699	81,699	-	-	not rated
U.S. Treasury strips	5,952	3,232	2,194	526	AAA
Treasuries (Fiscal Agent)	8,732	8,732	-	-	AAA
	$ 301,992	$ 299,272	$ 2,194	$ 526	
Fiduciary activities:					
Investment type					
Investments in the Pool	$ 329,896	329,896	$ -	$ -	see below
Other Deposits	300	300	-	-	not rated
Segregated Deposits and Investments					
Wisconsin Local Government Investment Pool	121	121	-	-	not rated
U.S. Treasury strips	3,140	424	1,617	1,099	AAA
	$ 333,457	$ 330,741	$ 1,617	$ 1,099	

Pooled Deposits and Investments

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

As of December 31, 2008, the City had the following investments and maturities in the Pool**:**

		Investment Maturities (in Years) *(Thousands of Dollars)*			
	Fair Value	**Less than 1**	**1-5**	**6-10**	**Credit Rating**
Pooled Deposits and Investments					
Bank Demand Deposits	$ 65,657	$ 65,657	$ -	$ -	not rated
Other Deposits	888	888	-	-	not rated
Deposits and Investments					
Interest Checking	399,867	399,867	-	-	not rated
Wisconsin Local Government Investment Pool	42,658	42,658	-	-	not rated
Government Money Market	108	108	-	-	AAA
Certificates of Deposits	17,500	17,500	-	-	not rated
	$ 526,678	$ 526,678	$ -	$ -	

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. Per Common Council the City Treasurer shall require collateralization of certificates of time deposit (including interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of $650,000. As of December 31, 2008, the City's bank balances of $456,000 were subject to custodial credit risk as they were neither insured nor collateralized.

Interest Rate Risk

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

Credit risk

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

B. Component Units

Deposits and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and $100,000 for noninterest bearing accounts. An additional $400,000 is covered by the State Deposit Guarantee Fund.

Interest Rate Risk

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

Credit Risk

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

The component units have the following investments on December 31, 2008:

		Investment Maturities (in Years) *(Thousands of Dollars)*				
	Fair value	**Less than 1**	**1-2**	**10-15**	**15 and greater**	**Credit Rating**
Component Units:						
Local Government Investment Pool	$ 26,774	$ 26,774	-	-	-	not rated
U.S. Treasury Money Market Fund	8,966	8,966	-	-	-	Aaa
U.S. Agencies						
Government National Mortgage Association	876	-	-	876	-	Aaa
Certificates of Deposit	300	300	-	-	-	N/A
	$ 36,916	$ 36,040	$ -	$ 876	$ -	

Custodial Credit Risk

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

As of December 31, 2008 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	**Uninsured and Uncollateralized**
Housing Authority	$ 10,202,248	$ 2,363,807
Redevelopment Authority	7,355,849	6,253,091
Milwaukee Economic Development Corporation	3,150,405	1,748,566
Neighborhood Improvement Development Corporation	2,093,365	849,165

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

As of December 31, 2008, the Housing Authority had investments of $876,000 exposed to custodial credit risk as neither insured nor registered and held by the counterparty. The Redevelopment Authority had $8,966,000 of investments exposed to custodial credit risk as uninsured and uncollaterialized as of December 31, 2008.

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, 2008, delinquent property taxes include delinquent sewer and water charges and special assessments by year levied, tax deeded property, and allowance for uncollectible taxes. These delinquent property taxes are reported as part of taxes receivable in the General Fund and Special Revenue Fund - Delinquent Tax and consist of the following:

	City Levy	Purchased Taxes Receivable	Total
	(Thousands of Dollars)		
2003 and prior	$ 960	$ 1,391	$ 2,351
2004	497	723	1,220
2005	656	984	1,640
2006	2,278	3,516	5,794
2007	9,484	15,187	24,671
Total delinquent property taxes receivable	$ 13,875	$ 21,801	35,676
Property taxes receivable on foreclosed property			14,864
Less: Allowance for uncollectible taxes			(16,434)
Net delinquent property taxes receivable, including tax deeded property			$ 34,106

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

Governmental activities	**Balance 01-01-08**	**Additions**	**Deletions**	**Balance 12-31-08**
		(Thousands of Dollars)		
Capital assets not being depreciated:				
Land	$ 163,769	$ 408	$ 380	$ 163,797
Construction in progress	106,357	29,592	12,181	123,768
Total capital assets not being depreciated	270,126	30,000	12,561	287,565
Capital assets being depreciated:				
Buildings	194,137	1,730	1,085	194,782
Infrastructure	1,337,345	19,852	1,548	1,355,649
Improvements other than buildings	11,198	664	289	11,573
Machinery and equipment	145,659	20,496	3,582	162,573
Total capital assets being depreciated	1,688,339	42,742	6,504	1,724,577
Less accumulated depreciation for:				
Buildings	71,381	4,487	1,084	74,784
Infrastructure	855,033	30,394	1,549	883,878
Improvements other than buildings	7,427	323	281	7,469
Machinery and equipment	82,681	11,352	3,497	90,536
Total accumulated depreciation	1,016,522	46,556	6,411	1,056,667
Total capital assets being depreciated, net	671,817	(3,814)	93	667,910
Government activity capital assets, net	$ 941,943	$ 26,186	$ 12,654	$ 955,475

Depreciation expense for governmental activities was charged to functions as follows:	
General government	$ 344
Public safety	7,125
Public works	38,377
Health	172
Culture and recreation	538
Total	$ 46,556

Business-type activities	Balance 01-01-08	Additions	Deletions	Balance 12-31-08
		(Thousands of Dollars)		
Water Works				
Capital assets not being depreciated:				
Land	$ 1,568	$ 368	$ -	$ 1,936
Construction in progress	12,249	17,122	18,396	10,975
Total capital assets not being depreciated	13,817	17,490	18,396	12,911
Capital assets being depreciated:				
Buildings	21,292			21,292
Infrastructure	318,139	14,261	1,258	331,142
Machinery and equipment	201,182	4,135	3,735	201,582
Nonutility property	5,317	2,524	2,332	5,509
Total capital assets being depreciated	545,930	20,920	7,325	559,525
Less accumulated depreciation for:				
Buildings	13,988	675		14,663
Infrastructure	75,947	3,644	1,267	78,324
Machinery and equipment	89,788	8,798	3,680	94,906
Nonutility property	2,926	193	2,336	783
Total accumulated depreciation	182,649	13,310	7,283	188,676
Total capital assets being depreciated, net	363,281	7,610	42	370,849
Water Works capital assets, net	377,098	25,100	18,438	383,760
Sewer Maintenance				
Capital assets not being depreciated:				
Construction in progress	36,800	23,292	13,788	46,304
Total capital assets not being depreciated	36,800	23,292	13,788	46,304
Capital assets being depreciated:				
Infrastructure	346,382	20,363	110	366,635
Machinery and equipment	4,282	38	-	4,320
Total capital assets being depreciated	350,664	20,401	110	370,955
Less accumulated depreciation for:				
Infrastructure	100,802	4,073	110	104,765
Machinery and equipment	1,619	336	-	1,955
Total accumulated depreciation	102,421	4,409	110	106,720
Total capital assets being depreciated, net	248,243	15,992	-	264,235
Sewer Maintenance capital assets, net	285,043	39,284	13,788	310,539

	Balance 01-01-08	Additions	Deletions	Balance 12-31-08
		(Thousands of Dollars)		
Parking				
Capital assets not being depreciated:				
Land	$ 8,440	$ -	$ -	$ 8,440
Construction in progress	3,650	1,037	-	4,687
Total capital assets not being depreciated	12,090	1,037	-	13,127
Capital assets being depreciated:				
Buildings	50,645	-	-	50,645
Improvements other than buildings	5,429	-	-	5,429
Machinery and equipment	1,496	182	33	1,645
Total capital assets being depreciated	57,570	182	33	57,719
Less accumulated depreciation for:				
Buildings	26,234	1,769	-	28,003
Improvements other than buildings	3,252	142	-	3,394
Machinery and equipment	731	149	17	863
Total accumulated depreciation	30,217	2,060	17	32,260
Total capital assets being depreciated, net	27,353	(1,878)	16	25,459
Parking capital assets, net	39,443	(841)	16	38,586
Other business-type activities:				
Capital assets not being depreciated:				
Land	4,853	2,938	-	7,791
Construction in progress	-	-	-	-
Total capital assets not being depreciated	4,853	2,938	-	7,791
Capital assets being depreciated:				
Buildings	13,063	421	-	13,484
Infrastructure–port	19,609	1,603	5,656	15,556
Improvements other than buildings	3,516	142	1,370	2,288
Machinery and equipment	4,831	30	142	4,719
Total capital assets being depreciated	41,019	2,196	7,168	36,047
Less accumulated depreciation for:				
Buildings	6,385	411	-	6,796
Infrastructure–port	14,281	500	6,045	8,736
Improvements other than buildings	1,509	133	26	1,616
Machinery and equipment	3,941	175	139	3,977
Total accumulated depreciation	26,116	1,219	6,210	21,125
Total capital assets being depreciated, net	14,903	977	958	14,922
Other business-type activities, net	19,756	3,915	958	22,713
Business-type activity capital assets, net	$ 721,340	$ 67,458	$ 33,200	$ 755,598

	Balance 01-01-08	Additions	Deletions	Balance 12-31-08
		(Thousands of Dollars)		
Component Units				
Capital assets not being depreciated:				
Land	$ 57,966	$ 5,486	$ 9,265	$ 54,187
Construction in Progress	49,206	5,561	52,466	2,301
Total capital assets not being depreciated	107,172	11,047	61,731	56,488
Capital assets being depreciated:				
Buildings	425,639	55,366	481	480,524
Infrastructure	-	789	-	789
Improvements other than buildings	599	932	-	1,531
Machinery and equipment	4,241	390	1,354	3,277
Total capital assets being depreciated	430,479	57,477	1,835	486,121
Less accumulated depreciation for:				
Buildings	217,666	12,908	1,000	229,574
Infrastructure	-	13	-	13
Improvements other than buildings	128	79	-	207
Machinery and equipment	3,728	276	1,300	2,704
Total accumulated depreciation	221,522	13,276	2,300	232,498
Total capital assets being depreciated, net	208,957	44,201	(465)	253,623
Component units capital assets, net	$ 316,129	$ 55,248	$ 61,266	$ 310,111

5. DEFERRED REVENUE

Deferred revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of the deferred revenue balances in the governmental funds as of December 31, 2008 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
		(Thousands of Dollars)			
Current property taxes	$ 164,784	$ 94,485	$ 6,506	$ -	$ 265,775
Delinquent property taxes	7,469	-	-	2,002	9,471
Unearned revenue	1,850	-	3,744	7,509	13,103
Long-term receivables	-	30,744	-	3	30,747
Unbilled special assessments	-	-	12,922	-	12,922
Total	$ 174,103	$ 125,229	$ 23,172	$ 9,514	$ 332,018

6. SHORT-TERM DEBT

During 2008, the City issued and repaid $90,000,000 of General Obligation Cash Flow Promissory Notes, Series 2008 R5 (G.O. CFNs). The G.O. CFNs were issued for the purpose of financing the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November, 2008.

As of December 31, 2007, the City had outstanding $188,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2008, the City repaid the outstanding balance and issued $210,000,000 short-term RANs for the same purpose. The new notes bear interest at the rate of 3% and will mature on September 3, 2009. 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, 2008 were as follows:

	Balance 01-01-08	Additions	Deductions	Balance 12-31-08	Amounts Due within One Year
		(Thousands of Dollars)			
Governmental activities:					
General obligation bonds and notes					
City	$ 575,900	$ 231,968	$ 169,971	$ 637,897	$ 75,852
Milwaukee Public Schools	93,504	5,400	11,131	87,773	10,376
Deferred amount on refundings	(6,453)	-	(1,256)	(5,197)	-
Unamortized premiums	25,775	3,694	6,587	22,882	-
Compensated absences	30,784	424	-	31,208	2,434
Net other postemployment benefits obligation	36,877	69,801	30,973	75,705	-
Claims and judgments	25,021	11,245	7,800	28,466	5,755
Total governmental activities	$ 781,408	$ 322,532	$ 225,206	$ 878,734	$ 94,417
Business-type activities					
Water Works					
General obligation bonds and notes	$ 19,896	$ -	$ 2,846	$ 17,050	$ 1,989
Deferred amount on refundings	(519)	-	(162)	(357)	-
Unamortized premiums	942	-	191	751	-
Revenue bonds	11,206	-	891	10,315	915
Compensated absences	1,025	83	-	1,108	1,108
Net other postemployment benefits obligation	790	1,903	1,112	1,581	-
Total Water Works	33,340	1,986	4,878	30,448	4,012
Sewer Maintenance					
General obligation bonds and notes	23,635	369	20,070	3,934	268
State Loans	14,369	35,848	564	49,653	2,000
Revenue bonds	53,505	-	2,650	50,855	2,740
Unamortized premiums	1,987	-	232	1,755	-
Net other postemployment benefits obligation	274	735	429	580	-
Total Sewer Maintenance	93,770	36,952	23,945	106,777	5,008
Parking					
General obligation bonds and notes	11,733	1,228	2,218	10,743	1,722
Deferred amount on refundings	(193)	-	(40)	(153)	-
Unamortized premiums	257	-	54	203	-
Net other postemployment benefits obligation	214	536	313	437	-
Total Parking	12,011	1,764	2,545	11,230	1,722
Other Enterprise Funds					
General obligation bonds and notes	3,672	54	483	3,243	508
Deferred amount on refundings	(45)	-	(9)	(36)	-
Unamortized premiums	63		12	51	-
Net other postemployment benefits obligation	45	125	73	97	-
Total Other Enterprise	3,735	179	559	3,355	508
Total business-type activities	$ 142,856	$ 40,881	$ 31,927	$ 151,810	$ 11,250

	Balance 01-01-08	New Issues	Repayments	Balance 12-31-08	Amounts Due within One Year
		(Thousands of Dollars)			
Component Units					
Revenue bonds	$ 111,137	$ -	$ 13,938	$ 97,199	$ 495
Unamortized discounts	(110)	-	(6)	(104)	-
Notes payable	25,742	15,077	100	40,719	4,527
Advance from other organizations	-	-	-	-	-
Compensated Absences	765	89	-	854	256
Net other postemployment benefits	500	491	-	991	-
Total component units	$ 138,034	$ 15,657	$ 14,032	$ 139,659	$ 5,278

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Sewer Maintenance, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2008, general obligation bonds totaling $6,497,505 were issued 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% 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 2008, $153,109,402 has been borrowed and outstanding for forty-seven tax incremental districts (TID). Total debt service requirements associated with these debt issues amounts to $198,299,783. Tax increments received through 2008 total $197,725,798. 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 $87,773,000 of Milwaukee Public School long-term debt outstanding at December 31, 2008 consists of a portion of the City's general obligation bonds and notes that has been designated for school purposes. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2008, the historical costs of the land and buildings as reported by Milwaukee Public Schools was approximately $975,825,000. These assets are excluded from the financial statements of the City.

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 2008, the City received loans from the State for the Clean Water Fund Program permitted under State Statutes to provide financial assistance for specific Sewer Maintenance Enterprise Fund projects for a total of $35,848,000. The loans will be repaid from revenues of the Sewer Maintenance Enterprise Fund.

D. Notes Payable

The City issues installment notes to provide funds for various public improvement projects, cash flow for the school district, and purchases of delinquent taxes. During the year ended December 31, 2008, installment loans totaling $37,125,000 were issued to provide the school district cash flow, finance building projects, and purchase 2007's delinquent taxes.

During 2008, the City issued General Obligation Commercial Paper Promissory Notes 2008 Program Series C2. Notes were issued to finance various public improvements projects and fiscal requirements of the City. The notes are a direct general obligation of the City payable from taxes levied without limitation as to rate or amount. Following is a summary of the General Obligation Commercial Paper Promissory Notes issued (in thousands), which is included in the totals for the general obligation bonds and note in the long-term obligation table in footnote 7(a) above:

Balance 01-01-08	Additions	Deletions	Balance 12-31-08
-	124,600	20,000	104,600

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

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

Further, under the terms of the letter of credit agreement, the City has agreed to meet various covenants, which includes maintaining an above investment grade rating on its outstanding indebtedness. As of December 31, 2008, the City had no outstanding draws on the letter of credit.

E. Debt Service Requirements

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

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Governmental activities					
2009	$ 86,228	$ 30,702	$ -	$ -	$ 116,930
2010	72,131	26,070	-	-	98,201
2011	61,112	22,761	-	-	83,873
2012	56,973	19,843	-	-	76,816
2013	53,598	17,079	-	-	70,677
2014-2018	300,701	50,357	-	-	351,058
2019-2023	85,192	9,638	-	-	94,830
2024-2028	9,735	229	-	-	9,964
Total	$ 725,670	$ 176,679	$ -	$ -	$ 902,349
Business-type activities					
Water Works					
2009	$ 1,989	$ 850	$ 915	$ 260	$ 4,014
2010	2,492	753	939	236	4,420
2011	2,966	634	964	211	4,775
2012	2,492	494	989	185	4,160
2013	2,101	359	1,015	158	3,633
2014-2018	4,988	450	5,493	370	11,301
2019-2020	22	1	-	-	23
Total	$ 17,050	$ 3,541	$ 10,315	$ 1,420	$ 32,326
Sewer Maintenance					
2009	$ 268	$ 176	$ 4,740	$ 3,552	$ 8,736
2010	269	164	4,888	3,391	8,712
2011	272	153	5,038	3,218	8,681
2012	273	141	5,198	3,031	8,643
2013	293	129	5,374	2,829	8,625
2014-2018	1,451	447	29,987	10,744	42,629
2019-2023	1,108	111	31,233	4,396	36,848
2024-2028	-	-	14,050	811	14,861
Total	$ 3,934	$ 1,321	$ 100,508	$ 31,972	$ 137,735
Parking					
2009	$ 1,722	$ 519	$ -	$ -	$ 2,241
2010	1,319	422	-	-	1,741
2011	1,251	360	-	-	1,611
2012	1,094	300	-	-	1,394
2013	973	248	-	-	1,221
2014-2018	3,313	611	-	-	3,924
2019-2023	1,071	100	-	-	1,171
Total	$ 10,743	$ 2,560	$ -	$ -	$ 13,303

Year	General Obligation Debt Principal	General Obligation Debt Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Total Debt Service
	(Thousands of Dollars)				
Other Enterprise					
2009	$ 508	$ 158	$ -	$ -	$ 666
2010	429	133	-	-	562
2011	429	111	-	-	540
2012	388	89	-	-	477
2013	350	70	-	-	420
2014-2018	967	133	-	-	1,100
2019-2023	172	12	-	-	184
Total	$ 3,243	$ 706	$ -	$ -	$ 3,949
Total Component Units					
2009	$ 4,527	$ 1,239	$ 495	$ 3,355	$ 9,616
2010	131	1,180	515	3,330	5,156
2011	142	1,172	535	3,305	5,154
2012	149	1,162	570	3,277	5,158
2013	162	1,152	600	3,247	5,161
2014-2018	6,223	5,505	1,300	15,735	28,763
2019-2023	2,512	4,845	6,784	14,751	28,892
2024-2028	246	4,535	19,005	13,515	37,301
2029-2033	340	4,335	-	13,176	17,851
2034-2038	2,361	3,752	-	13,176	19,289
2039-2043	4,898	3,100	67,395	4,389	79,782
2044-2048	16,547	1,599	-	-	18,146
2049-2053	36	378	-	-	414
2054-2058	2,445	220	-	-	2,665
Total	$ 40,719	$ 34,174	$ 97,199	$ 91,256	$ 263,348

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, 2008, the City's legal debt margin was $1,542,702,000. Of this amount, $637,744,000 was for school purposes and $904,958,000 was for City purposes.

G. Refundings

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, 2008, $144,000,000 of bonds outstanding are considered defeased, which includes debt defeased during the current year.

H. Conduit Debt

From time to time, the City has issued revenue bonds in order to provide financing to private sector entities for the purpose of acquiring, constructing, or rehabilitating housing units and for retiring the existing debt associated with housing units. These obligations are primarily secured by mortgage or revenue agreements on the associated projects and, together with the interest obligation, are payable solely by the developers from leased rentals and other funds or revenues. In addition, these obligations do not constitute indebtedness of the City, as the City has no responsibility for the debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of all revenue bonds outstanding at December 31, 2008 is approximately $48,900,441 for the City and $560,000,000 for RACM.

8. RETIREMENT PLANS

Pension Benefits

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

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, 7%, 7%, and 7% for general City employees, police officers, firefighters, and elected officials, respectively. New hires who are not sworn police/fire must pay 1.6% of pensionable earnings for 8 years to fund the cost of benefit escalators due to the Global Pension Settlement. The City is required to contribute the actuarially determined amount. The City Charter assigns the authority to establish and amend contribution requirements. The City's contributions to the System for the years ending December 31, 2008, 2007, and 2006, were $23,532,000, $23,330,000, and $22,751,000, respectively, equal to the required contributions on behalf of the plan members for each year.

Other Postemployment Benefits

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

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

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

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

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

Funding Policy. The contribution of plan members and the City are established and may be amended by the City. The required contribution for medical, and life insurance for retirees is based on a pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2008, the City and plan members receiving benefits paid approximately $31,820,000 and $1,080,000, respectively, toward medical and life insurance for retirees.

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

ARC	$ 72,900,000
Interest on Net OPEB Obligation	1,700,000
Adjustment to ARC	(1,500,000)
Annual OPEB Cost	73,100,000
Contribution made	32,900,000
Increase in net OPEB Obligation	40,200,000
Net OPEB obligation - beginning of year	38,200,000
Net OPEB obligation - end of year	$ 78,400,000

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

Annual Cost and Net OPEB Liability

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	$ 67,600,000	43.5%	$ 38,200,000
12/31/2008	73,100,000	45.0%	78,400,000

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $880,700,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $880,700,000. The covered payroll (annual payroll of active employees covered by the plan) was $425,400,000 and the ratio of the UAAL to the covered payroll was 207 percent.

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

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

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 10% initially, and reduced by decrements to the ultimate rate of 4.5% after 10 years. The actuarial assumption for inflation is 3% and wage inflation is 3.5%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

Terminal Leave Payments

Upon retirement, employees receive a portion of their unused sick leave as terminal leave, in accordance with labor contracts and Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive between $45 and $65 for each work shift equivalent of unused sick leave. Firefighters whose normal hours of work average 40 hours per week receive between $21 and $30 for each work shift equivalent of unused sick leave. Police officers receive payment for up to 55 days of unused sick leave at base pay. Management pay plan employees are entitled to payment of 30% of unused sick leave (maximum 960 hours) plus one-half of the sick leave days accumulated during the last twelve months of service for up to six additional days for a total maximum of 42 days at the rate of pay at retirement. Substantially all remaining City employees receive up to 30 days for unused sick leave as terminal leave, although some bargaining units receive slightly different benefits in accordance with related labor agreements. In 2008, approximately $9,564,000 was paid for sick leave from all funds. At December 31, 2008, accumulated sick leave earned but not taken totaled approximately $167,133,000 determined on the basis of current salary rates.

Terminal leave pay is funded on a pay-as-you-go basis and provided for in the salary budgets of the respective departments annually. In 2008, terminal leave payments totaled $1,715,000 to employees retiring during the year. As of December 31, 2008, the City has accrued approximately $15,112,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of $31,208,000 with the remainder accrued vacation leave of $16,096,000.

9. FUND EQUITY

Reserved for Tax Stabilization and Advances to Other Funds

The Reserved for Tax Stabilization, $42,418,000 at December 31, 2008, is governed by the City's Code of Ordinances. This reserve includes an amount for advances of $13,367,000 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 $13,367,000 for Tax Stabilization is contingent upon future collection of the special assessments receivable. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the Reserved for Tax Stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budget, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council.

Fund deficit

The Capital Projects Fund had a deficit fund balance of $37,351,000 as of December 31, 2008, which is the result of expending funds for construction in advance of issuing general obligation bonds. The City plans to eliminate the fund deficit through the issuance of general obligation bonds in 2009.

10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2008:

Due To	Due From: General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
		(Thousands of Dollars)			
General Fund	$ -	$ 1,438	$ -	$ -	$ 1,438
General Obligation Debt	-	2,840	-	-	2,840
Capital Projects	18,987	-	-	-	18,987
Nonmajor Governmental Funds	7,516	-	-	-	7,516
Water Works	6,883	-	537	534	7,954
Sewer Maintenance	12,880	-	-	-	12,880
Nonmajor Enterprise Funds	12,310	-	-	-	12,310
Totals	$ 58,576	$ 4,278	$ 537	$ 534	$ 63,925

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

Interfund transfers for the year ended December 31, 2008 were as follows:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	$ 10,421	Funding for debt payments
	Nonmajor Governmental Funds	7,725	Subsidize uncollected property taxes
	Water Works	8,696	Payment in Lieu of taxes
	Parking	1,159	Payment in Lieu of taxes
	Parking	17,000	Subsidy for operations
	Nonmajor Enterprise Funds	2,018	Excess earnings of Port
	Subtotal General Fund	**47,019**	
Debt Service	General	90,000	Funding for cash flow debt
	General	2,076	Funding for debt payments
	Public Debt Amortization	23,890	Funding for debt payments
	Capital Projects	686	Tax Incremental District closeouts
	Nonmajor Governmental Funds	15,505	Funding for debt payments
	Sewer Maintenance	9,310	Subsidy for operations
	Parking	536	Subsidy for operations
	Subtotal Debt Service	**142,003**	
Public Debt Amortization	Debt Service	11,192	Funding for debt payments
	Subtotal Public Debt Amortization	**11,192**	
Capital Projects	Public Debt Amortization	859	Subsidy for operations
	Subtotal Capital Projects	**859**	
Nonmajor Enterprise	General Fund	4	Subsidy for operations
	General Obligation Debt	663	Funding for debt payments
	Subtotal Nonmajor Proprietary	**667**	
	Total Interfund Transfers	**$ 201,740**	

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, 2008:

Component Unit Payable	Primary Government's Receivable (Thousands of Dollars)
Due from HACM for reimbursable expenditues	$ 706
Due from HACM for payment in lieu of taxes	
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	15,486
Due from RACM for reimbursable expenditures	771
Due from RACM for	
Due from MEDC for tax incremental district loans	1,412
Due from NIDC for home and Community Development Block grants	59
Due from NIDC for reimbursements for expenditures	-
Total	$ 18,434

Component Unit Receivable	Primary Government's Payable (Thousands of Dollars)
Due to RACM Community Development Block grants and Home grants	$ 118
Total	$ 118

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2008 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

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

Year	Amount
	(Thousands of Dollars)
2009	$ 3,934
2010	4,100
2011	3,792
2012	3,744
2013	3,779
2014-2018	13,904
2019-2023	7,642
2024-2028	2,709
2029 and beyond	7,606
Total	$ 51,210

13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2008, expenditures exceeded appropriations for services and salaries in the operations division of the Department of Public Works within the General Fund by $2,645,000. The Council has approved the issuance of general obligation debt to provide funding for these over-expenditures.

14. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

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

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

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

The liabilities recorded as long-term debt in the government-wide financial statements at December 31, 2008 are as follows:

General liability claims	$ 8,888,000
Workers' compensation claims	14,705,000
Unemployment claims	1,080,000
Health insurance claims	1,291,000
Pollution remediation obligation	2,502,000

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

	2007	2008
Beginning of year liability	$ 24,991,000	$ 25,021,000
Current year claims and changes in estimates	10,740,000	11,245,000
Claim payments	(10,710,000)	(7,800,000)
End of year liability	$ 25,021,000	$ 28,466,000

The Milwaukee Police Association (MPA) alleged that The Milwaukee Employes' Retirement System (ERS) was prohibited by City ordinance from spending more than $3 million to purchase and install a computer information system. It is estimated that the total cost of ERS information system is approximately $25 million. The MPA suit was subsequently voluntarily dismissed in 2005 and a clone case was brought by the Milwaukee Police Supervisors Organization (MPSO). Another union, the Association of Law Enforcement Allied Services Personnel (ALEASP), has joined the lawsuit as a plaintiff. The dispute in the case is over the interpretation of the section of the City ordinance that transferred all administrative, operational, and investment expenses for the City to ERS. The City is preparing a summary judgment to motion to dismiss the case.

On October 24, 2004, Frank Jude, Kirsten Antonissen, Katie Brown, and Lovell Harris attended a party in the city hosted by a Milwaukee police officer and to which a number of other police officers had been invited. At some point, a number of the off-duty officers became involved in an altercation with Mr. Jude. Jude claims that he was beaten for no reason and he did suffer severe injuries. The off-duty officers claim that they became involved with Jude only after they suspected that he had stolen a badge from one of them. They also claim that Jude resisted their efforts to obtain physical control of him. On-duty police were also called to the scene and Jude claims that they, too, used excessive force on him and failed to stop the use of excessive force by those off-duty officers who were striking Mr. Jude. In addition to issues concerning the cause of the altercation, its actual participants, and its course, there is a substantial question of whether the off-duty officers involved in the matter were acting within the scope of their employment. All above-mentioned cases have been consolidated and all proceedings had been stayed pending the outcome of criminal trials. The county prosecutor charged three of the off-duty officers with crimes, but in April 2006 two were found not guilty and the jury could not reach a final verdict as to one charge against the third. Federal authorities indicted eight officers, with civil rights violations, and those cases, proceeded to trial in July 2007. Three of the officers were found guilty and one was acquitted. The other four officers entered into plea agreements. Now that all criminal trials have concluded, the court approved a one-year discovery period, with an extra 180 days for expert discovery. Dispositive motions are due December 1, 2009.

Environmental Liabilities

The financial reporting impact and effect for the City from the implementation of GASB Statement No. 49 was the recognition in the City's financial statements of an expense and liability of $2.4 million on January 1, 2008. The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PBC pollution, and contaminated properties. The probability-weighted expected cash flow measurement technique is used in determining the amount of liability. This involves determining a range of probabilities or likelihoods that different probable outlays will be necessary and calculating a weighted average of these outlays. There is a potential for changes in the estimated pollution remediation obligation due to third-party contracts and City labor costs changes, amendments to regulatory requirements and rules, and previously unknown conditions. The estimated costs of $563,000 to address PBC pollution could increase if the Environment Protection Agency (EPA) does not approve the City's proposed cleanup methods. The EPA could require the City to do additional testing and remediation, resulting in greater costs to the City. The City qualifies for the State of Wisconsin *Municipal Liability Exemption Program* for contaminated properties. As long as the City is protective of human health environment, clean up is not required. The City generally cleans up contaminated properties based on remediation grants awarded to the City. The City does not expect to receive any non-grant revenues from insurance or other parties to reduce the City's liability for pollution remediation.

During 2008, the City spent $621,000 in pollution remediation-related activities. At December 31, 2008, the City has an outstanding liability of $2.5 million related to pollution remediation obligations.

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 $980,000 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 Cost's,* establishes requirements for disclosure of closure and postclosure requirements for all municipal solid waste landfills receiving solid waste after October 9, 1991. The City's landfills have not accepted waste of this type since 1976 and is therefore not required to accrue for closure and postclosure care in accordance with GASB Statement No. 18.

Construction Commitments

The governmental activities and the Water Works Fund (enterprise) have construction commitments of $31,690,000 and $8,056,000, respectively, for various capital improvement projects at December 31, 2008.

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, 2008.

15. SUBSEQUENT EVENTS

On February 4, 2009, the City issued $93,180,000 of general obligation short-term promissory notes for the purpose of financing various public improvement projects of the City. The notes mature on February 15 of each year beginning 2010 until 2019. Interest is payable on February 15 and August 15 commencing February 15, 2010.

On February 4, 2009, the City issued $17,450,000 of general obligation corporate purpose bonds for the purpose of financing various public improvement projects of the City. These bonds mature on February 15 of each year beginning 2020 until 2024. Interest is payable on February 15 and August 15 commencing February 15, 2020.

On March 17, 2009, the City issued $116,000,000 of general obligation cash flow promissory notes financing the City's operating budget until the receipt of State shared revenues. These notes mature on December 17, 2009 with interest.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILWAUKEE

Exhibit E-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
(Thousands of Dollars)

	Budgeted Amounts		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	$ 149,263	$ 149,263	$ 141,573	$ (7,690)
Other taxes	3,925	3,925	4,839	914
Licenses and permits	12,911	12,911	12,918	7
Intergovernmental	271,264	271,264	271,100	(164)
Charges for services	77,296	80,125	86,410	6,285
Fines and forfeits	5,502	5,502	5,277	(225)
Other	15,443	15,443	12,864	(2,579)
Total Revenues	535,604	538,433	534,981	(3,452)
Expenditures:				
Current:				
General government	218,167	201,798	199,004	2,794
Public safety	254,047	266,729	266,370	359
Public works	89,035	100,621	103,149	(2,528)
Health	10,514	10,279	10,118	161
Culture and recreation	17,081	17,127	16,782	345
Conservation and development	3,226	3,485	3,456	29
Total Expenditures	592,070	600,039	598,879	1,160
Deficiency of Revenues over Expenditures	(56,466)	(61,606)	(63,898)	(2,292)
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	4,246	94,246	90,000
Transfers in	27,186	33,375	42,787	9,412
Transfers out	-	(4)	(92,080)	(92,076)
Contributions received	27,450	27,450	21,532	(5,918)
Contributions used	(27,541)	(28,784)	(22,019)	6,765
Use of fund balance - reserved for tax stabilization	29,457	29,457	29,457	-
Total Other Financing Sources and Uses	56,552	65,740	73,923	8,183
Net Change in Fund Balance	86	4,134	10,025	5,891
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	61,396	61,396	61,396	-
Fund Balance - Ending	**$ 61,482**	**$ 65,530**	**$ 71,421**	**$ 5,891**

Explanation of Differences of Budget to GAAP:
For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is $29.457 million at January 1, 2008.
Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.
See accompanying independent auditors' report.

CITY OF MILWAUKEE

Exhibit E-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Thousands of Dollars)

Retiree Health and Life Insurance

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	-	$ 806,300,000	$ 806,300,000	0.0%	$ 412,731,863	195.4%
7/1/2008	-	880,700,000	880,700,000	0.0%	425,360,370	207.0%

See accompanying independent auditors' report.

Budgets and Budgetary Accounting

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

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

Schedule of Funding Progress – Actuarial Methods and Assumptions

Valuation date	July 1, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level-dollar
Amortization period	30 years (open)
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.5%
Health care inflation rate	10% initial
	4.5% ultimate

REMAINDER OF FINANCIAL SECTION
Combined and Individual Fund Statements and Schedules
Miscellaneous Financial Data

STATISTICAL SECTION

Pages 99-155 Omitted

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APPENDIX B

Draft Form of Legal Opinions

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April 15, 2010

The City Comptroller and the
Commissioners of the Public Debt of the
City of Milwaukee, Wisconsin

We have examined a record of proceedings relating to the issuance of $147,000,000 aggregate principal amount of General Obligation Cash Flow Promissory Notes, Series 2010 R4 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 20, 2010.

The Notes constitute an issue of "promissory notes" under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Notes are dated as of April 15, 2010, bear interest from their date at the rate of one and one-half percent (1.50%) per annum payable at maturity and mature (without option of prior redemption) on December 15, 2010.

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

Interest on the Notes is not exempt from Wisconsin income taxes.

Respectfully submitted,

LG/be

April 15, 2010

The City Comptroller and the
Commissioners of the Public Debt of the
City of Milwaukee, Wisconsin

We have examined a record of proceedings relating to the issuance of $49,420,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2010 B5 (the "Bonds") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on January 18, 2006, December 12, 2006, January 15, 2008, January 16, 2009, December 22, 2009 and March 2, 2010.

The Bonds constitute an issue of "corporate purpose bonds" under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof, and are dated as of April 15, 2010. The Bonds mature on May 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on November 1, 2010 and semiannually thereafter on May 1 and November 1 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2011	$3,470,000	1.50%
2012	3,585,000	2.00
2013	3,675,000	3.00
2014	290,000	3.00
2021	7,105,000	5.00
2022	7,200,000	5.00
2023	7,340,000	5.00
2024	7,560,000	5.00
2025	7,670,000	5.00
2026	750,000	5.00
2027	775,000	5.00

The Bonds maturing on or after May 1, 2021 are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on May 1, 2020 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to

rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Bonds, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted to comply with these requirements.

Interest on the Bonds is not exempt from Wisconsin income taxes.

Respectfully submitted,

LG/be

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APPENDIX C

Master Continuing Disclosure Certificate

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the "Certificate") dated as of March 1, 2004 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the "City") and pursuant to resolution 031384 duly adopted by the Common Council of the City on February 10, 2004 (the "Resolution"). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

ARTICLE I - Definitions

Section 1.1. Definitions. The following capitalized terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the financial information and operating data as described in an Addendum Describing Annual Report (Exhibit B); and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(c) and (d) of this Certificate.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a new Addendum Describing Annual Report shall be executed describing the information to be provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the City may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification, other than modifications prescribed by GASB, shall be provided to each NRMSIR and the SID, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(3) "Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the City.

(4) "GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

(5) "GASB" means the Governmental Accounting Standards Board.

(6) "Material Event" means any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise, if material:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults;
(iii) unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) unscheduled draws on credit enhancements reflecting financial difficulties;
(v) substitution of credit or liquidity providers, or their failure to perform;
(vi) adverse tax opinions or events affecting the tax-exempt status of the Offered Obligations;
(vii) modifications to rights of Security Holders;
(viii) bond calls;
(ix) defeasances;
(x) release, substitution, or sale of property securing repayment of the Offered Obligations; and
(xi) rating changes.

(7) "Material Event Notice" means notice of a Material Event.

(8) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

(9) "NRMSIR" means, at any time, a then existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs and filing information relating to such NRMSIR's are set forth in the Addendum Describing NRMSIRs (Exhibit A) as may be revised from time to time.

(10) "Offered Obligations" means an issue of municipal securities of the City in connection with which the City has executed and delivered a Supplemental Certificate (Exhibit C).

(11) "Official Statement" means the "final official statement" as defined in paragraph (f)(3) of the Rule.

(12) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any amendments and official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(13) "SEC" means the United States Securities and Exchange Commission.

(14) "Security Holders" means the holders from time to time of Offered Obligations.

(15) "SID" means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of this Certificate, there is no SID.

(16) "State" means the State of Wisconsin.

(17) "Unaudited Financial Statements" means the same as Audited Financial Statements, except the same shall not have been unaudited.

(18) "Underwriters" means the underwriter(s) purchasing an issue of Offered Obligations.

ARTICLE II - The Undertaking

Section 2.1. Purpose. This Certificate shall apply to Offered Obligations, and shall constitute a written undertaking for the benefit of the Security Holders, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2. Annual Financial Information. (a) The City shall provide Annual Financial Information for the City with respect to each fiscal year of the City, by no later than nine months after the end of the respective fiscal year, to each NRMSIR and the SID.

(b) The City shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) above to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Section 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the City shall provide Audited Financial Statements, when and if available, to each NRMSIR and the SID.

Section 2.4. Notices of Material Events. (a) If a Material Event occurs, the City shall provide, in a timely manner, a Material Event Notice to (i) either the MSRB or each NRMSIR and (ii) the SID.

(b) Upon any legal defeasance of an Offered Obligation, the City shall provide notice of such defeasance to (i) each NRMSIR or the MSRB and (ii) the SID, which notice shall state whether the Offered Obligations to be defeased have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 2.5. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Material Event Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

Section 2.7. No Previous Non-Compliance. The City represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III - Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) either (1) provided to each NRMSIR existing at the time of such reference and the SID, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from the MSRB.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Material Event Notices. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Offered Obligations.

Section 3.4. Transmission of Information and Notices. Unless otherwise required by law and, in the City's sole determination, subject to technical and economic feasibility, the City shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the City's information and notices.

ARTICLE IV - Termination, Amendment and Enforcement

Section 4.1. Termination. (a) The City's obligations under this Certificate with respect to an Offered Obligation shall terminate upon legal defeasance, prior redemption or payment in full of the Offered Obligation.

(b) This Certificate or any provision hereof, shall be null and void in the event that the City (1) delivers to the City an opinion of Counsel, addressed to the City, to the effect that those portions of the Rule which require the provisions of this Certificate or any of such provisions, do not or no longer apply to the Offered Obligations, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to each NRMSIR and the SID.

Section 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the Comptroller, without the consent of the Security Holders if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby; (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the City shall have received an opinion of Counsel addressed to the City, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the Security Holders; and (4) the City delivers copies of such opinion and amendment to each NRMSIR and the SID.

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate; (2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to each NRMSIR and the SID.

(c) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, other than changes prescribed by GASB, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the City to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Section 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the Security Holders. Beneficial owners of Offered Obligations shall be third-party beneficiaries of this Certificate.

(b) Except as provided in this subparagraph (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the City to comply with the provisions of this Certificate shall be enforceable by the Security Holders, including beneficial owners of Offered Obligations. The Security Holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of Offered Obligations pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Security Holders for purposes of this subsection (b).

(c) Any failure by the City to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1st day of March, 2004.

CITY OF MILWAUKEE, WISCONSIN

By:_____
Comptroller

ADDENDUM DESCRIBING NRMSIRs

This Addendum Describing NRMSIRs (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "Issuer") pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated March 1, 2004. This Addendum describes the filing information relating to the Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission.

Repositories and Contact Information

In December, 2008, the Securities and Exchange Commission modified Exchange Act Rule 15c2-12 to require that Continuing Disclosure filings made after June 30, 2009 shall be made to the Electronic Municipal Market Access ("EMMA"). Pursuant to that modification, continuing disclosure filings will be provided to the Municipal Securities Rulemaking Board for disclosure on the EMMA system, in an electronic format prescribed by the MSRB.

IN WITNESS WHEREOF, I have hereunto executed this Addendum this 1st day of July, 2009.

CITY OF MILWAUKEE, WISCONSIN

By:_____
Comptroller

ADDENDUM DESCRIBING ANNUAL REPORT FOR GENERAL OBLIGATION DEBT OF THE ISSUER

This Addendum Describing Annual Report for General Obligation Debt (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "Issuer") pursuant to the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated March 1, 2004. This Addendum describes the content of Annual Financial Information prepared with respect to general obligation debt of the Issuer. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Content of Annual Financial Information for Issuer:

Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.

In addition to the financial statements, unaudited operating data concerning the following matters shall be presented: (i) revenues received by the Issuer, (ii) expenditures made by the Issuer, (iii) budgets, (iv) selected financial data concerning the General Fund, (v) information concerning interfund borrowings, (vi) pertinent information on significant pending litigation, (vii) balances, debt limit, and trends of outstanding Issuer obligations, and (viii) statistical information on the economic condition of the City of Milwaukee.

IN WITNESS WHEREOF, I have hereunto executed this Addendum this 1st day of March, 2004.

CITY OF MILWAUKEE, WISCONSIN

By:_____
Comptroller

SUPPLEMENTAL CERTIFICATE

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated March 1, 2004. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

$147,000,000 General Obligation Cash Flow Promissory Notes, Series 2010 R4
49,420,000 General Obligation Corporate Purpose Bonds, Series 2010 B5

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT OF THE ISSUER

Date of Issues:

April 15, 2010

IN WITNESS WHEREOF, I have caused this Supplemental Certificate to be executed this 15th day of April, 2010.

CITY OF MILWAUKEE, WISCONSIN

By:_____
Comptroller

WMM:RSL

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.

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

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

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

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

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

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

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

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

A Beneficial Owner shall give notice to elect to have its Offered Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Offered Obligations by causing the Direct Participant to transfer the Participant's interest in the Offered Obligations, on DTC's records, to Agent. The requirement for physical delivery of Offered Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Obligations to Agent's DTC account.

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

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

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

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