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WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Labor, Public Safety, and Urban
Affairs (SC-LPSUA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (July/2012)



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August 28, 2009

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

Dear Mayor and Council Members:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Milwaukee for the fiscal year ended December 31, 2008. This report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee. The report was prepared by the Office of the Comptroller in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. This report presents the financial position of the City of Milwaukee and its component units. The CAFR reflects the actual financial activity of the past year rather than proposed activity for a future year, as presented in the City's Annual Budget.

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

An independent firm of licensed certified public accountants, KPMG LLP, has audited the City of Milwaukee's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Milwaukee for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Milwaukee's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP.

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

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Milwaukee was incorporated as a city on January 31, 1846, pursuant to the laws of the territory of Wisconsin. The City, in operation under a Home Rule Charter since 1874, provides for a council-mayor form of

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

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

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

LOCAL ECONOMY

Geographically, Milwaukee consists of 95.8 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is an hour and thirty minutes east of its state capital, Madison. It is the 23rd largest city in the United States with a 2007 U.S. Census estimated population of 602,191. Milwaukee also is an international seaport. Due to its large population, it is the largest city in the State and also the only city of the First Class within the State of Wisconsin. The City represents approximately 40% of the population of the greater metropolitan area. Based on the last U.S. Census, the population in the four-county-retail-trade-area surrounding Milwaukee is 1.5 million 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. Forty-eight percent of the counties of Milwaukee, Washington, Waukesha and Ozaukee residents are under the age of 35.

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. The service sector (service, finance, insurance, real estate and retail trade) employs over 69% of the workforce. Manufacturing firms employ 17% of the work force. The area is not dominated by any large employers. Less than 2% of the

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manufacturers have employment levels greater than 500. Less than 1% of the employers in finance, insurance and services have more than 500 employees.

Metropolitan area firms are engaged primarily in the manufacture of machinery. Contrary to Milwaukee's reputation as a brewery capital, less than one percent of the City's industrial outputs are related to brewing. In recent years, the metro region has a reputation as a center for precision manufacturing. It leads the nation in the production of industrial controls, X-ray equipment, steel foundry parts, and mining machinery.

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

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

In addition to pursuing new business, the City takes an active role in guiding economic development to serve the community. The City manages a number of programs intended to assist in local business retention efforts, provide permit assistance to new businesses and seek out appropriate sites for these businesses. The City has recently established its 41st Business Improvement District and Tax Incremental District (TID) #72. Forty-eight TID's remain active. In addition, the City manages various Development Fund Projects to promote urban renewal throughout the City.

In December 2008, metro Milwaukee area moved up in rank from #18 to #16 as one of the top 20 areas for businesses, according to MarketWatch. Cities were ranked according to eight categories including number of local Fortune 1000 companies, population and job growth. Milwaukee outpaced such cities as St. Louis, Indianapolis, Los Angeles and Chicago.

Some of the City's noteworthy revitalization efforts were realized during 2008. The transformation of a challenging 17-acre former metal foundry on the south-side of Milwaukee was turned into the Stadium Business Park. The Stadium Business Park is home to ten companies and 450 employees. In addition, the first Park East ribbon-cutting ceremony was held in January 2008 to celebrate completion of the first building to rise in the Park East corridor. The Flatiron is a six-story building combining 38 condominiums with retail space. This \$10 million development will add vitality to the Park East gateway as it adds to Milwaukee's tax base. July, 2008 also saw the opening of the Harley Davidson Museum, a major new tourist attraction. This \$95 million development is located at the east end of the Menomonee Valley corridor with a museum spanning 130,000 square feet. This facility is expected to attract 350,000 visitors annually.

More than \$800 million in projects are underway or proposed for sites throughout the Park East corridor located on the northern edge of downtown Milwaukee. Site preparation work is just beginning on the Aloft Hotel site in the center of the Park East Corridor. The \$27 million development will feature a 160-room Aloft Hotel. The project is expected to open in November 2009 with the creation of 75 new jobs. The Menomonee Valley Industrial Center is another major undertaking. Charter Wire began construction in 2008 of a new \$20 million production facility in the City's Menomonee Valley Industrial Center. The Valley Industrial Center is the home of 723 jobs and counting. Charter Wire plans to build a 160,000 square foot modern manufacturing plant of shaped steel wire products. More than a dozen projects throughout the Menomonee Valley will create 2,100 jobs when completed. The Brewery is a major reinvention of the 21-acre downtown

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Milwaukee's former Pabst Brewery Company which shut down the Milwaukee facility in 1996. The main parking structure will be completed by fall of 2009; two of the buildings are being renovated into commercial space; the former keg house has been remodeled into 95 apartments. Inland, a commercial real estate services firm, recently moved into 13,800 square feet at what was once the Pabst boiler house. Other portions of the complex are still being marketed or are under negotiations.

Tourism is also a major contributor to the local economy. Milwaukee's arts, entertainment, professional sports, restaurants, parks, conventions, and businesses attract about six million visitors a year. There are about 20 major annual festivals hosted in Milwaukee. Summerfest is promoted as the world's largest music festival and attracts about one million attendees each year. Some of Milwaukee's ethnic festivals include the largest Native American festival in the country, America's largest Polish festival, America's largest Italian festival, America's largest 3-day German festival and the largest Irish festival in the world. Despite the recession, tourism spending in the Greater Milwaukee area in 2008 surpassed tourism spending in the area in 2007, according to an annual tourism economic impact study by Davidson-Peterson, Inc. Traveler expenditures increased to 3.3% to an estimated \$2.663 billion for the year (compared to \$2.579 billion in 2007). The travel industry supported 66,331 full-time equivalent jobs in 2008 (up from 64,854 in 2007), and contributed \$426 million in local and state taxes (up from \$410 million in 2007). Tourism in 2008 increases were in part due to several key additional attractions, including Potawatomi Bingo Casino expansion, the opening of the Harley-Davidson Museum and the Iron Horse Hotel, and special one-time events such as the Harley-Davidson 105th anniversary celebration, the bronze Fonz dedication on the RiverWalk and the commissioning of the USS Freedom on the lakefront.

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

The City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. However, the General Fund's reserve for tax stabilization decreased from its 12/31/07 balance of \$62.7 million to \$42.4 million at 12/31/08. With the expected lost of additional state shared revenues, a potential increase in the city's contribution to the Employees Retirement System due to investment losses in 2008 and with record snowfalls in 2008 of 107 inches which resulted in an appropriation deficit of over \$2.6 million in 2008, have all contributed to the City developing a 2009 Budget Management Plan to immediately reduce expenditures and increase revenues. This plan has the following objectives: 1) achieve an expenditure lapse of at least \$13 million in 2009 to regenerate the reserve for tax stabilization account (TSF); 2) achieve at least 200 full-time operating and maintenance funded position vacancies in the general city employee category by December 2009 in order to reduce the City's 2010 budget exposure for salary and unemployment compensation expenditures; 3) Ensure that sufficient operating funding is available for snow and ice removal operations in the fourth quarter of 2009; and, 4) enable a cancellation of all or part of the debt related to the \$2.7 million of 2009 contingent borrowing that occurred as a result of exceedingly high snow and ice operational expenditures during 2008. Initiatives already implemented include a strict hiring freeze, a large increase in a snow and ice removal fee, other significant fee increase and a two day mandatory furlough.

ECONOMIC OUTLOOK

The U S Census Bureau estimated the City of Milwaukee's 2007 population at 602,191.

During 2008, the City's unemployment rate averaged approximately 7.2%: compared to the State of Wisconsin average of 4.7% and the United States average of 5.8%.

Retaining the City's high "investment grade" bond ratings is of prime importance and serves to maintain low borrowing costs. The low costs of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The City continues to maintain high investment grade ratings of AA+ from Fitch; Aa2 from Moody's and AA from Standard & Poor's received on the City's 2009 General Obligation Promissory Notes and its General Obligation Bonds. These ratings have been maintained during the recent slow economic growth and continued frozen state aids. As the ratings indicate, the City's capacity to meet its financial commitments on outstanding obligations is strong. The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, strong growth in assessed value, and a diverse tax base. The City also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued.

The property tax rate for 2009 purposes is \$8.09 compared to \$8.01 per \$1,000 of assessed value for 2008, with the 2009 total city property tax levy of approximately \$237 million increased \$9.5 million compared to \$227.5

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million in 2008. The estimated assessed value increased approximately 3.1% from 2008 to 2009. The property tax levy will provide \$123.7 million in revenue for the general city purposes budget in 2009 compared to \$104 million for 2008 general city purposes. The property taxes revenue reported in the General Fund was \$141.6 million for 2008 compared to \$137.3 million for 2007. Property taxes revenue funding as a portion of total General Fund budgetary expenditures for 2008 was 23.6% compared to 2007 of 23.5% as depicted in Exhibits E-1.

The City of Milwaukee Water Works is a municipally owned water utility regulated by the State of Wisconsin Public Service Commission (PSC). The PSC regulates the rates at which water is sold by the Milwaukee Water Works. An inflation based rate increase of 3.4% became effective in September 2006. The Public Service Commission approved an additional 6% rate increase effective June 1, 2007. The rate increases were the first since 2002. By PSC rule, the Water works may not seek another increase until 2009.

In 2008, Wisconsin passed the Great Lakes Compact, a historic cooperative effort across the Great Lakes states and provinces of Canada to protect and preserve the Great Lakes for generations to come. The Compact outlines criteria by which communities that "straddle" the intercontinental divide would be allowed to use Great Lakes water. New Berlin is one such community. The eastern one third of New Berlin was already a wholesale customer of the Water Works. The middle third of New Berlin is outside of the intercontinental divide, but is served by the Milwaukee Metropolitan Sewerage District. Thus, its wastewater is returned to Lake Michigan. This portion of New Berlin had been served by groundwater, but concerns about radon prompted New Berlin's leadership to consider other alternative water supplies. Consistent with the Great Lakes Compact and the recommendations of the Integrated Water Infrastructure Review Workshop, the Barrett Administration negotiated a deal to sell water to the middle third of New Berlin, in exchange for not only Water Works revenue, but also an additional \$1.5 million intergovernmental agreement, the first of its kind in Milwaukee. The Common Council approved this deal and the \$1.5 million of revenue for 2009 reduces the property tax levy for Milwaukee residents. Beginning in late 2010, the agreement is expected to generate more than \$680,000 in annual Water Works' revenue from New Berlin, which will mitigate future water rate increases.

City fees established by the Common Council include sewer user fee, storm-water fee, solid-waste fee, sewer maintenance fee (which includes leaf pickup and street sweeping), snow and ice control fee and special garbage pickups (greater than four cubic yards). For 2009, the Solid Waste Fee increased \$18.48 annually, from \$33 a quarter to \$37.62. A single family residence paid \$132 total in 2008 and will pay \$150.48 in 2009. The Snow & Ice Control fee was reduced from \$0.6522 per property frontage foot in 2008 to \$0.5283 per foot in 2009. A single family residence that paid \$28.70 in 2008 will pay \$23.25 in 2009, a reduction of \$5.45. The Storm Water Management Fee was increased from \$8.00 quarterly in 2008 to \$11.82 quarterly in 2009. The average single family residence that paid a total of \$32.00 in 2008 will pay \$47.28 in 2009, an increase of \$15.28. The Sewer Maintenance Fee was increased from \$1.036 per 100 CCF of water in 2008 to \$1.12 per 100 CCF of water in 2009. The average single family residence that paid \$72.93 total in 2008 will pay \$78.85 in 2009, an increase of \$5.92. It should be noted that the change of these types of fees for service alleviates pressure on the tax levy, since the City's costs for providing these critical services is shifted away from the property tax levy and it more equitably spread onto all properties, including tax exempt properties.

In order to accelerate the City's maintenance and replacement of its nearly 1,000 miles of residential city streets, the Common Council implemented a \$20.00 Vehicle Registration Fee in 2008. This fee is added on to the State of Wisconsin's annual vehicle registration fee. This \$20.00 fee is expected to generate more than \$6 million in 2009; and, in accordance with state law, the City can only use it for transportation purposes. The implementation of this fee serves a dual purpose. It will increase funding for street maintenance and replacement, while relieving property owners of expensive and unpopular special assessments.

The Federal Housing and Economic Recovery Act of 2008 is anticipated to provide approximately \$9.2 million in funding to the City of Milwaukee. Since the grant funding is anticipated for 2008, this will be treated as a 2008 grant. The grant provides assistance for the redevelopment of abandoned and foreclosed homes and residential properties. Allowable activities include purchasing and rehabilitating abandoned and foreclosed homes in order to see, rent or redevelop the homes, demolishing blighted structures, and redeveloping demolished or vacant properties.

MAJOR CAPITAL PROJECTS

The 2009 capital budget includes funds for various infrastructure and building projects. For 2009, the City capital improvements budget, not including enterprise funds and grants and aid funding, totals \$125.8 million, a decrease of 9.82% or \$13.7 million from 2008 budget of \$139.5 million. Funding of \$43.8 million for various tax incremental district and

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development projects comprises 34.8% of the total capital budget for 2009. The Department of Public Works budget for bridges (\$6 million), local street resurfacing/reconstruction (\$10.3 million), major streets (\$4.2 million), street lighting (\$7.8 million) and major equipment purchases (\$5.9 million) total \$34.2 million or approximately 27.2% of the total 2009 capital budget. With the continuing funding for the Foundation and Hollow Walk Project for City Hall (\$1.8 million, representing 1.4% of the City funded portion of the capital budget), these projects account for approximately 63% of the total 2009 capital budget.

With the recent completion of the City Hall Restoration Project, the City Hall Foundation and Hollow Walk Project will commence in late 2009. Ongoing investigation has found significant foundation settling, particularly on the three sides of the northern half of the building. City Hall was built on a foundation of wood pilings as was common in the late 1890's. As pilings have deteriorated, settling has occurred. Work to repair and underpin the existing pile caps and install monitoring wells is necessary to correct this condition. In conjunction with the foundation work, the sidewalks, hollow sidewalk areas, and the associated interior walls will be repaired and restored. The 2008 capital budget included \$1.2 million to conduct a detailed evaluation to determine condition changes since the last analysis in mid-2004. The 2009 capital budget includes \$1.8 million to commence initial construction in late 2009. Considerable project risk exists due to the large portion of the foundation that is buried and not directly observable. After work is complete, the building's foundation is expected to perform its support function into the long term future.

The 2009 capital projects budget includes \$6 million for bridge construction/reconstruction, an increase of \$1.5 million compared to 2008. Bridge conditions are measured using a sufficiency rating ranging from 0 to 100. Ratings are conducted every two years through physical bridge safety inspections. Bridges with a rating below 50 are inspected annually. In 2007, 88.3% of the rated bridges had a sufficiency rating above 50. Currently, 18 bridges have sufficiency ratings less than 50. The six year capital plan addresses 12 of these bridges. The remaining six bridges are safe and operable, but non-safety related issues such as design in street and sidewalk capacity contribute to their lower sufficiency rating.

Street related activity of \$25.7 million in the 2009 budget (including new streets, resurfacing/reconstruction, alleys, sidewalks, street lightings, traffic controls, conduits and manholes) increased \$2.3 million; a 10% change from the 2008 budget of \$23.3 million.

The Water Works Enterprise Fund capital improvements budget for 2009 for water main replacement totals \$16.8 million; a 3.1% increase from the 2008 budget of \$16.3 million; and will add 14 miles of water mains.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except the Debt Service Fund, the Water Works Enterprise Fund and component entities which maintain separate cash and investments. Cash temporarily idle during the year and under the control of the City Treasurer was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and commercial paper (all of which are permissible under State Statutes). The average interest earnings rate for City funds invested by the City Treasurer was approximately 2.7% in 2008 as compared to 5.1% in 2007. The City continued to use the State of Wisconsin Local Government Investment Pool to provide flexibility for short-term investments while maintaining high standards of safety and liquidity. In 2008, the average daily investable balance was \$218.2 million as compared to \$244.2 million in 2007, a 10.6% decrease. The investable balance generates interest earnings for the City, which is used to offset the property tax levy.

During 2008, the City continued its prudent use of financing techniques and investment instruments to maximize its investment return while meeting on-going cash flow needs. The City's use of cash flow borrowing in anticipation of State Shared and State Equalization Aid Revenues totaled \$300 million, compared to \$244.2 million in 2007. The financing was accomplished through two separate offerings -- \$90 million General Obligation Cash Flow Promissory Notes in March 2008 for City purposes and \$210 million School Revenue Anticipation Notes in August 2008 for school purposes. The timing of these offerings provided the City with an opportunity to earn additional interest on investments and still comply with the requirements of the Tax Reform Act of 1986. The second borrowing represented a joint effort with Milwaukee Public Schools to finance school operations on an interim basis pending its receipt of State Equalization Aids and is not a general obligation of the City.

In addition, the City will continue its use of the State of Wisconsin's Clean Water Fund to finance sewer maintenance capital projects which began in June 2007. Over \$35 million of loans were obtained during 2008. The Clean

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Water Fund provides below market interest loans to communities to finance storm-water control projects. This financing strategy will save ratepayer's money, as Clean Water funding and General Obligation bonds have a lower interest rate than revenue bonds. General Obligation debt will finance sewer capital projects that do not qualify for the Clean Water Fund. Also, new for 2008 was the issuance of \$124.6 million of commercial paper to finance various public improvement projects and fiscal requirements of the City.

RISK MANAGEMENT

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

ACKNOWLEDGEMENTS

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

Very truly yours,



W. MARTIN MORICS
Comptroller

RULE VIII.

EXAMINATIONS

- Section 1. The Board shall authorize the holding of examinations for non-exempt positions in the Milwaukee Fire Department and Milwaukee Police Department and shall list the qualifications for the position in an examination announcement bulletin approved by the Board, except when the Board deems other procedures to be appropriate. Non-sworn positions may be filled from City Service Commission eligible lists, by promotion from within the department, by competitive examination, or other method of selection as determined by the Board. (Rev. 7/26/01)

- Section 2. The selection process shall be open to all persons who meet the qualifications for the position as specified in the examination announcement bulletin and who have filed the necessary application by such time as determined by the Board. (Rev. 2/6/03)

- Section 3. Examinations shall be based upon information from job analysis or other information documenting actual job tasks and/or the knowledge, skills, abilities, or other characteristics required to perform job tasks; shall be developed in such a manner as to establish the relationship between the knowledge, skills, abilities, or other characteristics required for successful performance on the test, and those required for successful job performance; and shall be in compliance with applicable professional testing standards to ensure the fairness, reliability and validity of the examination process. (Rev. 7/26/01)

- Section 4. Examinations may consist of one or more tests which the Board may deem necessary and sets forth in the examination announcement bulletin. All tests shall fairly and reliably evaluate the applicant for fitness to hold the position. (Rev. 7/26/01)

- Section 5. Prior to an examination for a position, the Chief of the department shall, if requested, allow and assist the Board or its designee to perform a job analysis of the position. The job analysis may include, but is not limited to, the following: meetings and interviews with incumbents and their supervisors, job observations, ride-alongs, and the administration of questionnaires. (Rev. 7 26/01)

- Section 6. Applicants who obtain a final passing score on any entry-level examination, and who meet one or more of the following criteria, shall be entitled to additional points, not to exceed an aggregate of ten (10) points total (except in the case of disabled veterans receiving 15 points and disabled veterans with disabilities of at least 30% receiving 20 points), to be added to the final passing score of the applicant, as follows: (Rev. 5.17.07)

- (a) Additional points shall be awarded for military service or related military disability as defined within Section 230.16(7) Wis. Stats., applicable to examinations for all entry-level positions. Award of these additional points shall be in conformity with state law. (Rev. 7/26/01)
- (b) Graduates of an accredited two year fire technology program shall be awarded three (3) additional points applicable to the Firefighter examination only. (Rev. 2/6/03)
- (c) Graduates of an accredited four year program in fire science shall be awarded five (5) additional points applicable to the Firefighter examination only. (Rev. 7/26/01)
- (d) Graduates of an accredited two year criminal justice, law enforcement or police science program shall be awarded three (3) additional points applicable to the Police Officer examination only. (Rev. 7/26/01)
- (e) Graduates of an accredited four year criminal justice, law enforcement or police science program shall be awarded five (5) additional points applicable to the Police Officer examination only. (Rev. 7/26/01)
- (f) Bona fide residents of the City of Milwaukee at time of application shall be awarded five (5) additional points applicable to entry-level examinations for Firefighter, Police Officer, Police Aide, and such other entry-level positions as the Board may so designate in the applicable examination announcement bulletin. (Rev. 7/26/01)

Applicants who wish to apply for additional points as outlined above shall be solely responsible for obtaining and providing sufficient documentation on a timely basis to the Board. Any decision as to the sufficiency or timeliness of such documentation shall be within the sole discretion of the Board. (Rev. 7/26/01)

- Section 7.
- (a) Prior to appointment, each candidate for an entry-level position shall undergo a thorough medical examination by medical examiners approved by the Board to determine whether or not the candidate meets the standards of health and physical fitness necessary to successfully perform the essential functions of the position. (Rev. 7/26/01)
 - (b) In the medical examination, the candidate shall be reported to be either medically qualified or medically unqualified. (Rev. 7/26/01)
 - (c) The medical examiners shall immediately report the results of the examination to the Board. There shall be no appeal from the decision of the medical examiners, and any candidate rejected shall not be

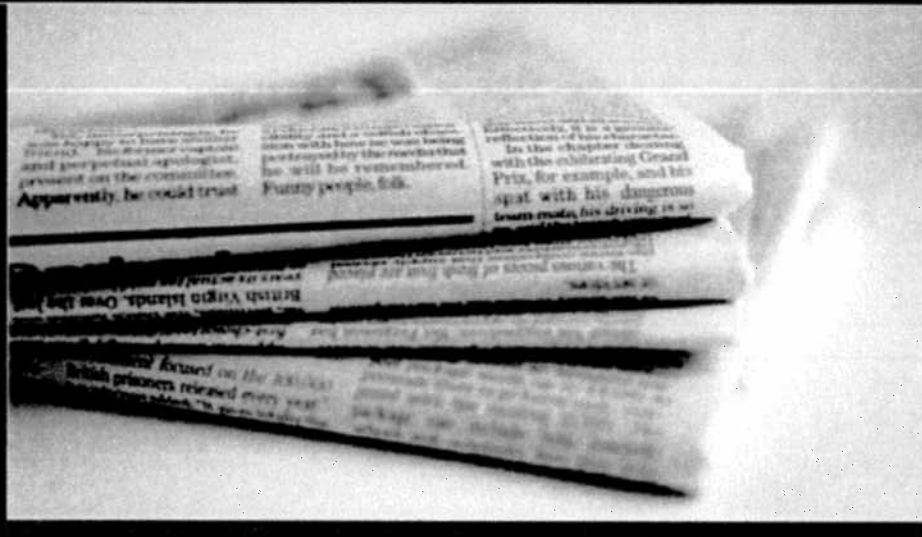
re-examined for the same selection process, unless the Board so decides.
(Rev. 7/26/01)

Section 8. All candidates for entry-level positions must pass a background investigation as to their suitability for a position. The background investigation results will be furnished to the Board, and candidates who fail will be provided an opportunity to appeal to the Board. (Rev. 7/26/01)



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- 3/7/2011 - Changes Made by SB 5 as Passed by the Senate (Article)
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- 6/23/2010 - Military Leave Expanded for Firefighters (Article)
- 3/30/2010 - Fairborn Violated Union President's Rights (Article)
- 3/16/2010 - Court Rules Termination of Union Officers Unlawful (Article)
- 3/8/2010 - Garrity Enforced (Article)
- 10/21/2009 - Losing Worker's Compensation Benefits by "Voluntary Abandonment" (Article)
- 10/5/2009 - SERB Rules Staffing Can Be Submitted to Fact-finding (Article)
- 9/21/2009 - Laid Off Mansfield Firefighters Ordered Reinstated (Article)
- 6/29/2009 - Ricci v. DeStefano -- Firefighters' Reverse Discrimination Claim Upheld (Article)
- 6/10/2009 - Ohio Residency Law (Revised Code 9.481) Upheld (Article)
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- 4/15/2009 - House Bill 694 Invalidated (Article)
- 3/26/2009 - Ohio's Fireman's Rule (Article)
- 12/23/2008 - New FMLA Rules (Article)
- 12/23/2008 - Portsmouth Police Chief Reinstated (Article)

Ohio Residency Law (Revised Code 9.481) Upheld

6/10/2009

Ohio Residency Law (Revised Code §9.481) Upheld;

Home Rule Challenges Rejected

By

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The Ohio Supreme Court, on June 10, 2009, upheld Ohio's public employee residency law, ruling that the state law precludes Ohio cities from requiring that their employees reside within the city limits. In *Lima v. State*, Slip Opinion No. 2009-Ohio-2597, the Court by a 5-2 majority rejected arguments advanced by the cities of Lima and Akron that in barring enforcement of local residency requirements the General Assembly exceeded its authority and violated the cities' home rule authority to "exercise all powers of local self-government" under Article XVIII of the Ohio Constitution. Writing for the majority, Justice Pfeifer cited specific language in Section 34, Article II of the Ohio Constitution stating that the General Assembly may enact laws "providing for the comfort, health, safety and general welfare of all employees; and no other provision of the constitution shall impair or limit this power" in upholding the state law.

REVISED CODE SECTION 9.481

Senate Bill 82, passed by the Ohio General Assembly and signed by then Governor Taft, deals with residency requirements imposed on employees by political subdivisions. The Act, which creates a new section of the Ohio Revised Code, §9.481, generally prohibits political subdivisions from requiring any of its employees to reside in any specific area of the State. The Act does allow political subdivisions to make an exception to this general prohibition. Political subdivisions, through an initiative petition passed by the voters, or by an ordinance or resolution passed by the legislative authority of the political subdivision, may require that employees who are responsible for responding to emergencies or disasters reside in the county where the political subdivision is located or in any adjacent county in Ohio. The law became effective May 1, 2006.

HOME RULE CHALLENGES

Some Ohio cities have charter provisions or ordinances that restrict the freedom of their employees when it comes to their residential choices. Those cities dictate that their employees must live within

12/23/2008 - Firefighters President Reinstated (Article)

6/10/2008 - Drug Testing in the Workplace (Article)

6/10/2008 - Just Cause For Discipline (Article)

6/10/2008 - Coolidge v. Bickers - Job Protection for Injured Workers (Article)

6/10/2008 - Union Representatives and the Unauthorized Practice of Law (Article)

the city boundaries, infringing upon the employees' right to choose where they live and significantly limiting the employees' residential options and negatively impacting important issues such as economic matters, family relations, and school choices. A number of those cities (including Lima, Dayton, Akron, Cleveland, Toledo and others) filed lawsuits asking the courts to declare that, despite the state law, the cities' home rule provisions allowed them to infringe upon the rights of their employees to reside in another jurisdiction.

Those cities were generally unsuccessful at the trial court level. The courts of common pleas ruled that local provisions impinging on employees' right to choose where they live had to yield to the state law allowing employees to reside in any area of the State.

The cities, however, found more success in the courts of appeals. Courts of appeals in Allen, Cuyahoga and Stark counties held that cities could ignore the state law and continue to tell their employees where to live, while the Montgomery County court upheld the state law.

OHIO SUPREME COURT

Appeals were taken to the Ohio Supreme Court, and the validity of the state residency law has now been decided by the Supreme Court. On June 10, 2009, the Court held that the explicit language in Section 34 of Article II of the Ohio Constitution prevails over the home rule provisions of Lima and other cities and, as a result, Revised Code §9.481 is constitutional and municipalities may not require their employees to reside in a particular municipality, other than as provided in §9.481(B)(2)(b). The Court's decision should put an end to cities' attempts to force their employees to live within the city limits.

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129TH GENERAL ASSEMBLY

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SB 82

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(126th General Assembly)
(Substitute Senate Bill Number 82)

AN ACT

To enact section 9.481 of the Revised Code to generally prohibit political subdivisions from imposing residency requirements on certain employees.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That section 9.481 of the Revised Code be enacted to read as follows:

Sec. 9.481. (A) As used in this section:

(1) "Political subdivision" has the same meaning as in section 2743.01 of the Revised Code.

(2) "Volunteer" means a person who is not paid for service or who is employed on less than a permanent full-time basis.

(B)(1) Except as otherwise provided in division (B)(2) of this section, no political subdivision shall require any of its employees, as a condition of employment, to reside in any specific area of the state.

(2)(a) Division (B)(1) of this section does not apply to a volunteer.

(b) To ensure adequate response times by certain employees of political subdivisions to emergencies or disasters while ensuring that those employees generally are free to reside throughout the state, the electors of any political subdivision may file an initiative petition to submit a local law to the electorate, or the legislative authority of the political subdivision may adopt an ordinance or resolution, that requires any individual employed by that political subdivision, as a condition of employment, to reside either in the county where the political subdivision is located or in any adjacent county in this state. For the purposes of this section, an initiative petition shall be filed and considered as provided in sections 731.28 and 731.31 of the Revised Code, except that the fiscal officer of the political subdivision shall take the actions prescribed for the auditor or clerk if the political subdivision has no auditor or clerk, and except that references to a municipal corporation shall be considered to be references to the applicable political subdivision.

(C) Except as otherwise provided in division (B)(2) of this section, employees of political subdivisions of this state have the right to reside any place they desire.

SECTION 2. In enacting section 9.481 of the Revised Code in this act, the General Assembly hereby declares its intent to recognize both of the following:

(A) The inalienable and fundamental right of an individual to choose where to live pursuant to Section 1 of Article I, Ohio Constitution.

(B) Section 34 of Article II, Ohio Constitution, specifies that laws may be passed providing for the comfort, health, safety, and general welfare of all employees, and that no other provision of the Ohio Constitution impairs or limits this power, including Section 3 of Article XVIII, Ohio Constitution.

SECTION 3. The General Assembly finds, in enacting section 9.481 of the Revised Code in this act, that it is a matter of statewide concern to generally allow the employees of Ohio's political subdivisions to choose where to live, and that it is necessary to generally prohibit political subdivisions from requiring their employees, as a condition of employment, to reside in any specific area of the state in order to provide for the comfort, health, safety, and general welfare of those public employees.

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« | »

Ohio Supreme Court Upholds Statute Banning City Residency Requirements

Sue Altmeyer, Electronic Services Librarian, sue.altmeyer@law.csuohio.edu | June 10, 2009 - 09:49

City of Lima v. State of Ohio, (June 10, 2009), 2009-Ohio-2597 (court's opinion summary), upheld Ohio Senate Bill 82 (O.R.C. 9.481), which banned ordinances requiring city employees to live in the city. O.R.C. 9.481 allows cities to require employees to live in the county or an adjacent county, if city residents vote to enact such a requirement.

The cities argued that S.B. 82: (1) exceeded the General Assembly's authority under Section 34, Article II of the Ohio Constitution to pass laws for the "general welfare" of employees; and (2) violated the cities' home rule power granted under Article XVIII of the Ohio Constitution. The Ohio Supreme Court held that the statute was within the Section 34 powers because allowing employees their choice of residency provides for the comfort and general welfare of employees.

As to the home rule argument, the Court held that because the General Assembly had the power to enact the statute pursuant to Section 34, further analysis of the statute under any other provision of the Constitution such as the home rule provisions, was precluded. Section 34 states that "no other provision" of the constitution may impair or limit the legislature's power under Section 34.

Two justices dissented. The dissenting opinion states that Section 34 only grants legislative power over employees' on-the-job work environment, not where employees live during their non-work hours. According to the dissent, the statute violated the home rule provisions of the Ohio Constitution by interfering with the cities' ability to set the terms and conditions of employment for city employees. The terms and conditions of city employment are a local concern, not a state-wide matter. Senate Bill 82 (O.R.C. 9.481) is a not a "general law", with which an ordinance must not conflict, because it only applies to municipal employees, not all employees.

Also see: "Banning Residency Requirements: Has the Ohio Legislature Overstepped its Constitutional Authority to Enact Laws for the General Welfare of All Employees?", Sweet, Brenda -56 Cleveland State Law Review 709

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CITY OF MILWAUKEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000
(Thousands of Dollars)

Exhibit 3

	Amended Budget	Actual on Budgetary Basis	General Fund Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 98,456	\$ 98,458	\$
Other taxes	10,905	12,808	1,903
Licenses and permits	8,759	10,154	1,395
Charges for services	45,324	45,363	(622)
Fines and forfeits	19,306	18,036	(1,270)
Other	12,891	14,358	1,467
Total Revenues	\$ 473,197	\$ 477,629	\$ 4,432
Expenditures:			
Current:			
General government	\$ 160,893	\$ 157,615	\$ 3,278
Public safety	220,732	220,879	(147)
Public works	98,835	100,896	(3,861)
Health	11,688	11,363	325
Culture and recreation	17,519	17,584	(65)
Conservation and development	8,025	7,502	523
Total Expenditures	\$ 515,692	\$ 515,639	\$ 53
Excess of Revenues over (under) Expenditures	\$ (42,495)	\$ (38,010)	\$ 4,485
Other Financing Sources (Uses):			
Proceeds of bonds and notes	\$	\$ 8,071	\$ 8,071
Operating transfers in	11,213	11,213	
Operating transfers out	(365)	(338)	27
Operating transfers to component units	(150)	(150)	
Contributions received	675	536	(139)
Contributions used	(826)	(685)	141
Use of fund balance - reserved for tax stabilization	11,250	11,250	
Total Other Financing Sources (Uses)	\$ 21,797	\$ 29,897	\$ 8,100
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (20,698)	\$ (8,113)	\$ 12,585
Fund Balances - January 1 (Excludes Reserved for Tax Stabilization)	55,085	55,085	
Residual Equity Transfers from Other Funds	36	2	(34)
Residual Equity Transfers to Other Funds	(61)	(9)	52
Fund Balances (Deficits) - December 31	\$ 34,362	\$ 46,965	\$ 12,603

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

CITY OF MILWAUKEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000
(Thousands of Dollars)

Exhibit 2

	General	Special Revenue
Revenues:		
Property taxes	\$ 118,804	\$
Other taxes	12,688	
Special assessments		
Licenses and permits	10,485	
Charges for services	54,594	61,220
Fines and forfeits	4,408	
Other	12,408	998
Total Revenues	\$ 492,356	\$ 62,218
Expenditures:		
Current:		
General government	\$ 162,628	\$ 1,619
Public safety	209,521	13,758
Public works	87,453	3,566
Health	11,237	11,800
Culture and recreation	16,948	2,202
Conservation and development	7,922	28,280
Other		
Capital outlay		
Debt Service:		
Principal retirement		
Interest		
Total Expenditures	\$ 495,709	\$ 61,225
Excess of Revenues over (under) Expenditures	\$ (3,353)	\$ 993
Other Financing Sources (Uses):		
Proceeds of bonds and notes	\$ 7,071	\$ 13,585
Payment to refunded bond escrow agent		
Operating transfers in	24,365	
Operating transfers out	(104)	(13,045)
Operating transfers to component units	(150)	
Contributions received	675	
Contributions used	(462)	
Total Other Financing Sources (Uses)	\$ 31,395	\$ 540
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 28,042	\$ 1,533
Fund Balances - January 1	38,894	21,008
Residual Equity Transfers from Other Funds	1,921	
Residual Equity Transfers to Other Funds	(13)	(56)
Fund Balances - December 31	\$ 68,844	\$ 22,485

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

CITY OF MILWAUKEE
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUND TYPES**
 FOR THE YEAR ENDED DECEMBER 31, 2001
(Thousands of Dollars)

Exhibit 3

	Amended Budget	Actual on Budgetary Basis	General Fund Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 118,804	\$ 118,804	\$ -
Other taxes	12,113	12,688	575
Licenses and permits	8,817	10,485	1,668
Intergovernmental	278,722	278,068	237
Charges for services	55,401	54,594	(807)
Fines and forfeits	5,510	4,408	(1,102)
Other	<u>13,085</u>	<u>12,408</u>	<u>(677)</u>
 Total Revenues	 <u>\$ 492,462</u>	 <u>\$ 492,356</u>	 <u>\$ (106)</u>
Expenditures:			
Current:			
General government	\$ 171,803	\$ 162,628	\$ 9,175
Public safety	210,274	209,521	753
Public works	87,574	87,453	121
Health	11,370	11,237	133
Culture and recreation	17,351	16,948	403
Conservation and development	<u>8,688</u>	<u>7,922</u>	<u>766</u>
 Total Expenditures	 <u>\$ 507,060</u>	 <u>\$ 495,709</u>	 <u>\$ 11,351</u>
 Excess of Revenues over (under) Expenditures	 <u>\$ (14,598)</u>	 <u>\$ (3,353)</u>	 <u>\$ 11,245</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 22,708	\$ 24,365	\$ 1,657
Operating transfers out	(104)	(104)	-
Operating transfers to component units	(150)	(150)	-
Contributions received	675	675	-
Contributions used	(463)	(462)	1
Use of fund balance - reserved for tax stabilization	<u>5,500</u>	<u>5,500</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ 28,166</u>	 <u>\$ 29,824</u>	 <u>\$ 1,658</u>
 Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	 <u>\$ 13,568</u>	 <u>\$ 26,471</u>	 <u>\$ 12,903</u>
 Fund Balances - January 1 (Excludes Reserved for Tax Stabilization)	 40,465	 40,465	 -
Residual Equity Transfers from Other Funds	10	1,921	1,911
Residual Equity Transfers to Other Funds	<u> </u>	<u>(13)</u>	<u>(13)</u>
 Fund Balances (Deficits) - December 31	 <u>\$ 54,043</u>	 <u>\$ 68,844</u>	 <u>\$ 14,801</u>

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

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

Exhibit A-3

	General
Revenues:	
Property taxes	\$ 114,096
Other taxes	2,944
Special assessments	-
Licenses and permits	10,814
<hr style="border: 1px solid black;"/>	
Charges for services	57,749
Fines and forfeits	5,210
Contributions received	21,107
Other	8,706
Total Revenues	<u>\$ 503,694</u>
Expenditures:	
Current:	
General government	\$ 179,023
Public safety	211,163
Public works	88,094
Health	10,552
Culture and recreation	18,791
Conservation and development	7,857
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	<u>\$ 515,480</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (11,786)</u>
Other Financing Sources (Uses):	
General obligation bonds and notes issued	\$ -
Refunding bonds issued	-
Payment to refunded bond escrow agent	-
Issuance premium	-
Transfers in	28,955
Transfers out	(3)
Total Other Financing Sources and Uses	<u>\$ 28,952</u>
Net Change in Fund Balances	\$ 17,166
Fund Balances - Beginning, as Restated	<u>68,844</u>
Fund Balances - Ending	<u>\$ 86,010</u>

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

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2004

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

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

	Governmental Activities		Business-type		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Revenues:						
Program revenues:						
Charges for services	\$ 55,714	\$ 60,825	\$ 180,435	\$ 177,639	\$ 236,149	\$ 238,464
Operating grants and contributions	94,646	82,664	-	-	94,646	82,664
Capital grants and contributions	-	-	2,053	2,236	2,053	2,236
General revenues:						
Property taxes and other taxes	213,014	217,762	-	-	213,014	217,762
State aids for General Fund	284,565	273,865	-	-	284,565	273,865
Miscellaneous	56,815	56,321	482	797	57,297	57,118
Total revenues	704,754	691,437	182,970	180,672	887,724	872,109
Expenses						
General government	166,270	177,761	-	-	166,270	177,761
Public safety	257,207	241,027	-	-	257,207	241,027
Public Works	137,693	150,591	-	-	137,693	150,591
Health	24,679	27,251	-	-	24,679	27,251
Culture and recreation	19,520	29,014	-	-	19,520	29,014
Conservation and development	64,197	57,967	-	-	64,197	57,967
Capital contribution to						
Milwaukee Public Schools	8,904	15,686	-	-	8,904	15,686
Contributions	22,499	20,582	-	-	22,499	20,582
Interest on long-term debt	26,981	24,159	-	-	26,981	24,159
Water	-	-	56,554	54,030	56,554	54,030
Sewer Maintenance	-	-	26,440	24,361	26,440	24,361
Parking	-	-	21,438	22,283	21,438	22,283
Port of Milwaukee	-	-	3,275	2,981	3,275	2,981
Metropolitan Sewerage District User Charges	-	-	31,661	31,233	31,661	31,233
Total expenses	727,950	744,038	139,368	134,888	867,318	878,926
Increase in net assets before transfers	(23,196)	(52,601)	43,602	45,784	20,406	(6,817)
Transfers	18,073	22,622	(18,073)	(22,622)	-	-
Increase in net assets	(5,123)	(29,979)	25,529	23,162	20,406	(6,817)
Net assets – Beginning, as Restated	430,885	425,762	577,722	603,251	1,008,607	1,029,013
Net assets – Ending	\$ 425,762	\$ 395,783	\$ 603,251	\$ 626,413	\$ 1,029,013	\$ 1,022,196

Governmental Activities

Revenues for the city's governmental activities were \$691.4 million, while total expenses were \$744 million for 2004. All revenues, excluding transfers, are only supporting 92.9% of the total expenses; or 96% with transfers; leaving the remaining 4% funded with available fund balances. Comparable data for 2003 indicates 96.8% of all revenues, excluding transfers supported 2003's expenses; 99.3% with transfers.

Property taxes represent 31.5% of the total revenues for 2004 compared to 30.2% for 2003; a 1.3% increase. The slight increase in revenues is primarily due to an increase in collections. State aids for the General Fund of \$273.9 million decreased from 2003 by \$10.7 million or 3.75%. The combined property taxes and state aids comprised approximately 71% of the total revenues for governmental funds in 2004 and in 2003. Charges for services equaled 8.8% of the total revenues in 2004 compared to 7.9% in 2003.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

	Governmental Activities		Business-type		Total Primary Government	
	2004	2005	2004	2005	2004	2005
Revenues:						
Program revenues:						
Charges for services	\$ 60,825	\$ 63,410	\$ 177,639	\$ 178,331	\$ 238,464	\$ 241,741
Operating grants and contributions	82,664	87,718	-	-	82,664	87,718
Capital grants and contributions	-	-	2,236	1,850	2,236	1,850
General revenues:						
Property taxes and other taxes	217,762	224,918	-	-	217,762	224,918
State aids for General Fund	273,865	272,875	-	-	273,865	272,875
Miscellaneous	56,321	82,796	797	1,460	57,118	84,256
Total revenues	691,437	731,717	180,672	181,641	872,109	913,358
Expenses						
General government	177,761	180,975	-	-	177,761	180,975
Public safety	241,027	263,852	-	-	241,027	263,852
Public Works	150,591	155,048	-	-	150,591	155,048
Health	27,251	27,036	-	-	27,251	27,036
Culture and recreation	29,014	19,931	-	-	29,014	19,931
Conservation and development	57,967	57,245	-	-	57,967	57,245
Capital contribution to						
Milwaukee Public Schools	15,686	18,002	-	-	15,686	18,002
Contributions	20,582	25,465	-	-	20,582	25,465
Interest on long-term debt	24,159	22,589	-	-	24,159	22,589
Water	-	-	54,030	58,230	54,030	58,230
Sewer Maintenance	-	-	24,361	26,096	24,361	26,096
Parking	-	-	22,283	22,369	22,283	22,369
Port of Milwaukee	-	-	2,981	3,252	2,981	3,252
Metropolitan Sewerage District User Charges	-	-	31,233	31,537	31,233	31,537
Total expenses	744,038	770,143	134,888	141,484	878,926	911,627
Increase in net assets before transfers	(52,601)	(38,426)	45,784	40,157	(6,817)	1,731
Special item - receipt of loans receivable	-	14,325	-	-	-	14,325
Transfers	22,622	33,631	(22,622)	(33,631)	-	-
Increase in net assets	(29,979)	9,530	23,162	6,526	(6,817)	16,056
Net assets - Beginning	425,762	395,783	603,251	626,413	1,029,013	1,022,196
Net assets - Ending	\$ 395,783	\$ 405,313	\$ 626,413	\$ 632,939	\$ 1,022,196	\$ 1,038,252

Governmental Activities

Revenues for the city's governmental activities were \$731.7 million, while total expenses were \$770.1 million for 2005. All revenues, excluding transfers, are only supporting 94.8% of the total expenses; or 99.3% with transfers; leaving the remaining .7% funded with available fund balances. Comparable data for 2004 indicates 92.4% of all revenues, excluding transfers supported 2004's expenses 96% with transfers.

Property taxes represent 30.7% of the total revenues for 2005 compared to 31.5% for 2004; a .8% decrease. The slight decrease in revenues is primarily due to a decrease in collections. State aids for the General Fund of \$272.9 million decreased from 2004 by \$1.0 million or .37%. The combined property taxes and state aids comprised approximately 68% of the total revenues for governmental funds in 2005 compared to 71% in 2004. Charges for services equaled 8.7% of the total revenues in 2005 compared to 8.8% in 2004.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

	<u>Governmental Activities</u>		<u>Business-type</u>		<u>Total Primary Government</u>	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenues:						
Charges for services	\$ 63,410	\$ 73,528	\$ 178,331	\$ 180,122	\$ 241,741	\$ 253,650
Operating grants and contributions	87,718	91,271	-	-	87,718	91,271
Capital grants and contributions	-	-	1,850	7,780	1,850	7,780
General revenues:						
Property taxes and other taxes	224,918	236,043	-	-	224,918	236,043
State aids for General Fund	272,875	272,417	-	-	272,875	272,417
Miscellaneous	82,796	87,510	1,460	2,058	84,256	89,568
Total revenues	<u>731,717</u>	<u>760,769</u>	<u>181,641</u>	<u>189,960</u>	<u>913,358</u>	<u>950,729</u>
Expenses						
General government	180,975	179,647	-	-	180,975	179,647
Public safety	263,852	263,608	-	-	263,852	263,608
Public Works	155,048	154,644	-	-	155,048	154,644
Health	27,036	27,316	-	-	27,036	27,316
Culture and recreation	19,931	21,506	-	-	19,931	21,506
Conservation and development	57,245	66,092	-	-	57,245	66,092
Capital contribution to						
Milwaukee Public Schools	18,002	14,028	-	-	18,002	14,028
Contributions	25,465	25,412	-	-	25,465	25,412
Interest on long-term debt	22,589	32,131	-	-	22,589	32,131
Water	-	-	58,230	58,074	58,230	58,074
Sewer Maintenance	-	-	26,096	26,605	26,096	26,605
Parking	-	-	22,369	22,609	22,369	22,609
Port of Milwaukee	-	-	3,252	3,671	3,252	3,671
Metropolitan Sewerage District User Charges	-	-	31,537	31,932	31,537	31,932
Total expenses	<u>770,143</u>	<u>784,384</u>	<u>141,484</u>	<u>142,891</u>	<u>911,627</u>	<u>927,275</u>
Increase in net assets before transfers	(38,426)	(23,615)	40,157	47,069	1,731	23,454
Special item - receipt of loans receivable	14,325	-	-	-	14,325	-
Transfers	33,631	33,569	(33,631)	(33,569)	-	-
Increase in net assets	9,530	9,954	6,526	13,500	16,056	23,454
Net assets - Beginning	<u>395,783</u>	<u>405,313</u>	<u>626,413</u>	<u>632,939</u>	<u>1,022,196</u>	<u>1,038,252</u>
Net assets - Ending	<u>\$ 405,313</u>	<u>\$ 415,267</u>	<u>\$ 632,939</u>	<u>\$ 646,439</u>	<u>\$ 1,038,252</u>	<u>\$ 1,061,706</u>

Governmental Activities

Revenues for the city's governmental activities were \$760.8 million, while total expenses were \$784.4 million for 2006. All revenues, excluding transfers, are supporting 97% of the total expenses; or 101.3% with transfers. Comparable data for 2005 indicates 95% of all revenues, excluding transfers and special items supported the 2005 expenses and, 99.4% with transfers.

Property taxes represent 31% of the total revenues for 2006 compared to 30.7% for 2005; a 4.9% increase. The increase in revenues is primarily due to an increase in collections. State aids for the General Fund of \$272.4 million decreased from 2005 by \$.5 million or .18%. The combined property taxes and state aids comprised approximately 66.8% of the total revenues for governmental funds in 2006 compared to 68% in 2005. Charges for services equaled 9.7% of the total revenues in 2006 compared to 8.7% in 2005.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

	<u>Governmental Activities</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>Primary Government</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 73,528	\$ 76,496	\$ 180,122	\$ 187,493	\$ 253,650	\$ 263,989
Operating grants and contributions	91,271	75,074	-	-	91,271	75,074
Capital grants and contributions	-	-	7,780	6,062	7,780	6,062
General revenues:						
Property taxes and other taxes	236,043	243,654	-	-	236,043	243,654
State aids for General Fund	272,417	272,539	-	-	272,417	272,539
Miscellaneous	87,510	84,042	2,058	2,121	89,568	86,163
Total revenues	760,769	751,805	189,960	195,676	950,729	947,481
Expenses						
General government	179,647	204,724	-	-	179,647	204,724
Public safety	263,608	297,711	-	-	263,608	297,711
Public Works	154,644	155,288	-	-	154,644	155,288
Health	27,316	23,102	-	-	27,316	23,102
Culture and recreation	21,506	21,298	-	-	21,506	21,298
Conservation and development	66,092	70,025	-	-	66,092	70,025
Capital contribution to						
Milwaukee Public Schools	14,028	2,788	-	-	14,028	2,788
Contributions	25,412	21,915	-	-	25,412	21,915
Interest on long-term debt	32,131	30,536	-	-	32,131	30,536
Water	-	-	58,074	62,064	58,074	62,064
Sewer Maintenance	-	-	26,605	29,928	26,605	29,928
Parking	-	-	22,609	24,025	22,609	24,025
Port of Milwaukee	-	-	3,671	5,626	3,671	5,626
Metropolitan Sewerage District User Charges	-	-	31,932	32,301	31,932	32,301
Total expenses	784,384	827,387	142,891	153,944	927,275	981,331
Increase in net assets before transfers	(23,615)	(75,582)	47,069	41,732	23,454	(33,850)
Special item - receipt of loans receivable	-	-	-	-	-	-
Transfers	33,569	36,483	(33,569)	(36,483)	-	-
Increase in net assets	9,954	(39,099)	13,500	5,249	23,454	(33,850)
Net assets - Beginning	405,313	415,267	632,939	646,439	1,038,252	1,061,706
Net assets - Ending	\$ 415,267	\$ 376,168	\$ 646,439	\$ 651,688	\$ 1,061,706	\$ 1,027,856

Governmental Activities

Revenues for the City's governmental activities were \$751.8 million, while total expenses were \$827.4 million for 2007. All revenues, excluding transfers, are supporting 91% of the total expenses; or 95.3% with transfers. Comparable data for 2006 indicates 97% of all revenues, excluding transfers and special items supported the 2006 expenses and, 101.3% with transfers.

Property taxes represent 32.4% of the total revenues for 2007 compared to 31% for 2006; a 3.2% increase. The increase in revenues is primarily due to an increase in collections. State aids for the General Fund of \$272.5 million decreased from 2006 by \$.1 million or .04%. The combined property taxes and state aids comprised approximately 68.7% of the total revenues for governmental funds in 2007 compared to 66.8% in 2006. Charges for services equaled 10.2% of the total revenues in 2007 compared to 9.7% in 2006.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2008

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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	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.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2009

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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>Primary Government</u>	<u>2008</u>	<u>2009</u>
Revenues:							
Program revenues:							
Charges for services	\$ 86,410	\$ 91,057	\$ 203,512	\$ 213,032	\$ 289,922	\$ 304,089	
Operating grants and contributions	77,032	73,694	-	-	77,032	73,694	
Capital grants and contributions	-	-	10,203	18,674	10,203	18,674	
General revenues:							
Property taxes and other taxes	257,210	270,191	-	-	257,210	270,191	
State aids for General Fund	271,100	272,337	-	-	271,100	272,337	
Miscellaneous	61,949	47,217	979	120	62,928	47,337	
Total revenues	753,701	754,496	214,694	231,826	968,395	986,322	
Expenses							
General government	208,608	207,504	-	-	208,608	207,504	
Public safety	314,935	331,409	-	-	314,935	331,409	
Public Works	174,629	167,983	-	-	174,629	167,983	
Health	20,830	22,995	-	-	20,830	22,995	
Culture and recreation	20,639	22,901	-	-	20,639	22,901	
Conservation and development	61,693	50,683	-	-	61,693	50,683	
Capital contribution to							
Milwaukee Public Schools	6,474	5,153	-	-	6,474	5,153	
Contributions	22,177	21,026	-	-	22,177	21,026	
Interest on long-term debt	28,368	23,985	-	-	28,368	23,985	
Water	-	-	64,562	67,946	64,562	67,946	
Sewer Maintenance	-	-	29,167	34,847	29,167	34,847	
Parking	-	-	25,078	24,659	25,078	24,659	
Port of Milwaukee	-	-	4,182	3,811	4,182	3,811	
Metropolitan Sewerage District User Charges	-	-	40,219	44,545	40,219	44,545	
Total expenses	858,353	853,639	163,208	175,808	1,021,561	1,029,447	
Increase in net assets before transfers	(104,652)	(99,143)	51,486	56,018	(53,166)	(43,125)	
Transfers	38,052	40,111	(38,052)	(40,111)	-	-	
Increase in net assets	(66,600)	(59,032)	13,434	15,907	(53,166)	(43,125)	
Net assets – Beginning	373,755	307,155	651,688	665,122	1,025,443	972,277	
Net assets – Ending	\$ 307,155	\$ 248,123	\$ 665,122	\$ 681,029	\$ 972,277	\$ 929,152	

Governmental Activities

Revenues for the City's governmental activities totaled \$754 million, while total expenses totaled \$854 million for 2009. All revenues, excluding transfers, are supporting 88% of the total expenses, 93% with transfers. Comparable data for 2008 indicates 88% of all revenues, excluding transfers supported the 2008 expenses and, 92% with transfers.

Property taxes represent 36% of the total revenues for 2009 compared to 34% for 2008, a 2% 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 eight cents (from \$8.01 in 2008 to \$8.09 in 2009 [per \$1,000 of Assessed Value]). State aids for the General Fund of \$272 million increased by \$1 million or 0.4% in 2009. The combined property taxes and State aids comprised approximately 72% of the total revenues for governmental funds in 2009 compared to 70% in 2008. Charges for services equaled 12% of the total revenues in 2009 compared to 11% in 2008.