

Reply to Common Council File No. 010642

From DOA-Budget and Management Division

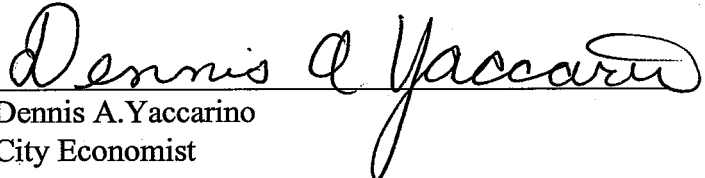
September 16, 2001

Ref: 01017

Common Council file 010642 contains a communication from the Comptroller transmitting a report relative to the financial statement of the City of Milwaukee for the year 2000 which was prepared by KPMG, LLP.

The report from KPMG indicates that the city's financial statement has been reviewed and is without problems. The report further proceeds to discuss the city's fund balance and references a declining balance. It suggests that the city address this declining balance. Unfortunately, the amount listed as the fund balance is misleading. Borrowing to cover the 2000 budget shortfall is not included in this number because it occurred after the year-end. The reported amount assumes that the fund balance was used to cover the shortfall. This is not possible under current law. Therefore, once the borrowed amount is added to the fund balance, it becomes \$25.1million.

**RECOMMENDATION: PLACE COMMON COUNCIL FILE 010642 CONTAINING A COMMUNICATION FROM THE COMPTROLLER TRANSMITTING A REPORT RELATIVE TO THE FINANCIAL STATEMENT OF THE CITY OF MILWAUKEE ON FILE.**

  
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City Economist

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