

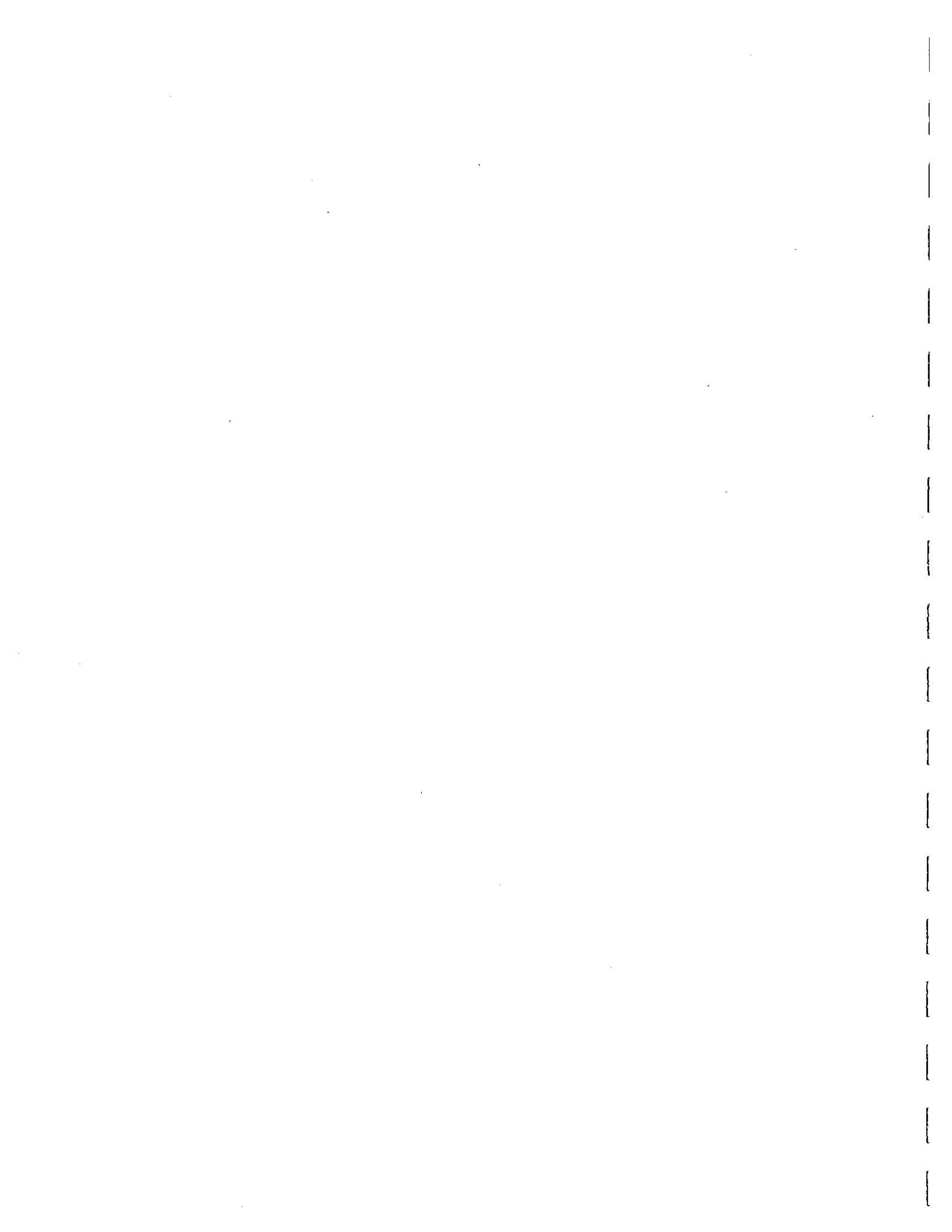
# **City of Milwaukee**

## **Comparative Revenue and Expenditure Report**



**W. Martin Morics**  
**Comptroller**

**October 2008**



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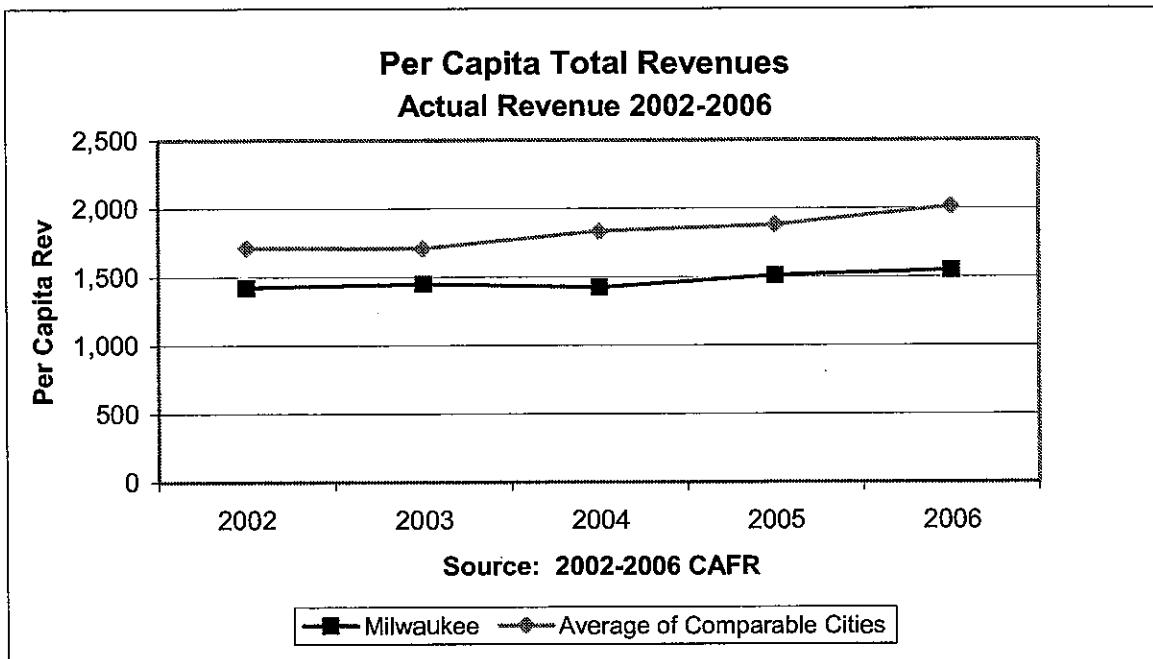
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## Introduction

The discussion over whether taxes are too high, should be frozen, or cut, often centers on the level of taxation, with little discussion or analysis of what services are being provided, or how much these services should cost. When confronted with diminishing resources, as well as increasing costs, the basic and difficult question is: What to cut? In other words, the decision to limit property taxes is not the tough decision. The tough decision is which services should be reduced or eliminated, and how we should pay for the services that remain.

Thus the concept for this report was born. There is much information available on what we as a city spend, but little organized information as to how that compares to our peers. After all, if taxes are too high, someone should be prepared to say "Relative to what?" This report attempts to be not critical or judgmental, but explanatory, providing some important facts for the reader's consideration. The data presented in this report deals only with city revenues and expenditures. The funding and costs of public schools, county government, vocational schools and sewerage districts are outside the scope of this report.

In this fifth edition of the Comparative Revenue and Expenditure Report trends are emerging. One trend is that the revenue stream for the City of Milwaukee is growing more slowly than revenue of its peer cities. The chart below indicates the variance between various sources of revenue for Milwaukee and its peer cities. The variance has grown over the five year span of this report.



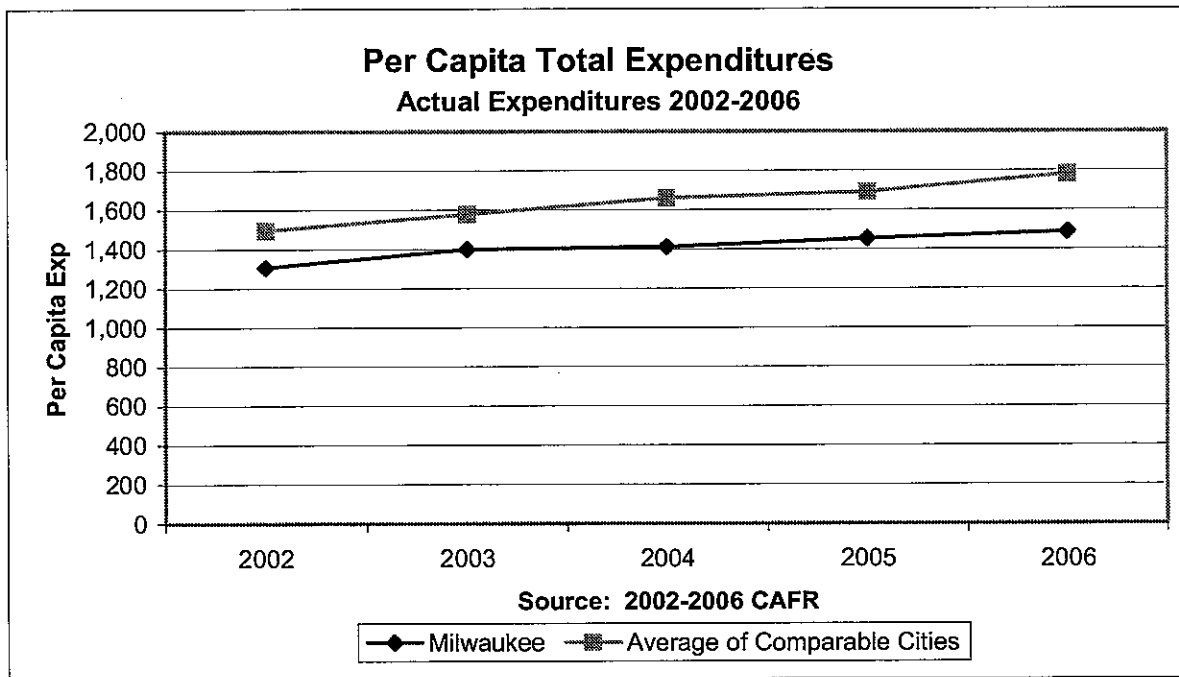
With respect to revenues in general and local taxes in particular, the City of Milwaukee continues to rank at the bottom of the list among the nine peer cities. As the chart below illustrates, the City of Milwaukee receives the lowest amount of local taxes when all taxes (property, sales, income, and other) are taken into consideration.

<b>2006 Per Capita Revenues *</b>		
<b>Local Taxes</b>		
	<b>Amount</b>	<b>Prior Year Ranking</b>
Cincinnati, OH	\$ 1,182	1
Pittsburgh, PA	1,096	2
Charlotte, NC	927	3
Cleveland, OH	826	4
Columbus, OH	796	5
Oklahoma City, OK	737	6
Portland, OR	703	7
Toledo, OH	580	8
Sacramento, CA	564	9
<b>Milwaukee, WI</b>	<b>395</b>	<b>10</b>
Average of Comparable Cities	\$ 781	
* Source: 2006 CAFR		

Sales and use taxes, local income taxes, business taxes, and entertainment taxes are all part of the revenue mix to one degree or another in the nine peer cities to which Milwaukee is compared. These are real and substantial taxes but taxpayers aren't as "tuned in" to them as they are to the property tax bill.

In the 2004 Report (2002 CAFR data), local taxes and governmental aids for the City of Milwaukee were 13% less than the average of the 10 comparable cities. By the 2008 Report that had grown to 20%. Charges for services were almost 31% below the 10 city average in the 2004 report and by the 2008 report (2006 CAFR data) the difference had grown to nearly 37%.

With respect to expenditures, the news is similar. As the graph on the following page illustrates, with the exception of public safety, the difference in spending in the City of Milwaukee and the average spending of the comparable nine cities has grown in the past five years.



Audited annual financial reports for Milwaukee and the nine comparable communities for calendar year 2006 or fiscal year 2006/2007 were used to compile this report. The report's methodology is further explained on page 26. As additional changes may be made in an effort to make future reports even more meaningful, the reader is encouraged to contact the Comptroller's Office with any comments or suggestions.

## II. Revenue Sources from State Aids, Local Taxes and Charges

In recent years, there has been an ongoing discussion in the Wisconsin Legislature regarding the reduction of State aids to local governments and the need to control local property taxes at the State level. Unlike most other states, Wisconsin's tax system was designed to assess all sales and income taxes at the State level and redistribute these State tax collections back to local governments. The result of this tax structure is a limited ability to raise revenues at the local level. In total, locally generated tax revenues in Milwaukee are much lower than those raised in comparable cities. This is due to the fact that the State of Wisconsin prohibits local governments from assessing local sales and income taxes except as specifically authorized by State legislation. These sales taxes are quite limited in scope, including sales taxes imposed for specifically legislated Premier Resort Area Tax Districts or sports stadium districts. The reality is local governments in Wisconsin have the property tax as the only significant, on-going source of tax revenue. This is not to suggest that Wisconsin should change its state and local taxing structure, but rather to illustrate that State aids are a critical component of the City of Milwaukee's revenue structure, given the limited local revenue options.

### 2006 Per Capita Municipal Revenues

	City of Milwaukee	Average of Comparable Cities	Variance: Milwaukee vs Average City	% Variance Milwaukee vs Average City
Property Taxes	\$395	\$299	\$96	32%
Other Local Taxes	0	482	(482)	
<b>Total Local Taxes</b>	<b>\$395</b>	<b>\$781</b>	<b>(\$386)</b>	<b>-49%</b>
Grants & Aids	\$579	\$442	\$137	31%
<b>Total Local Taxes and Intergovernmental Aids</b>	<b>974</b>	<b>1,223</b>	<b>(249)</b>	<b>-20%</b>
Charges for Services	425	680	(255)	-38%
Other Revenues	150	113	37	33%
<b>Total</b>	<b>\$1,549</b>	<b>\$2,016</b>	<b>(\$467)</b>	<b>-23%</b>

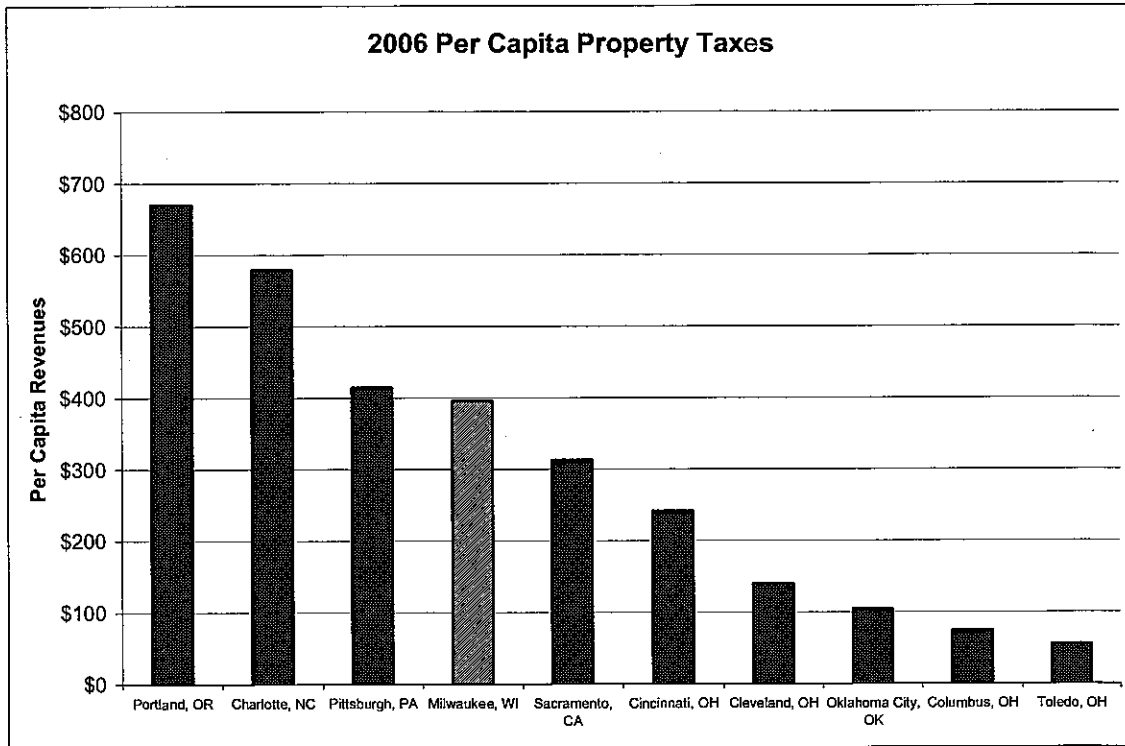
Source: 2006 CAFR

Total local taxes in Milwaukee are \$386 (49%) less per capita than the average of comparable cities. Combining local taxes and intergovernmental aids, City of Milwaukee revenues remain an average \$249 (20%) lower per capital than its peer cities. Total per capita revenue for the City of Milwaukee is \$1,549 which is \$467 (23%) less than comparable cities.



## A. Property Taxes

The City of Milwaukee's only local tax is the property tax. Milwaukee's municipal property tax per capita is \$96 (32%) higher than its peer city average. Since the City of Milwaukee cannot assess a local sales tax or a local income tax, relies solely on the property tax for all of its local tax revenue.



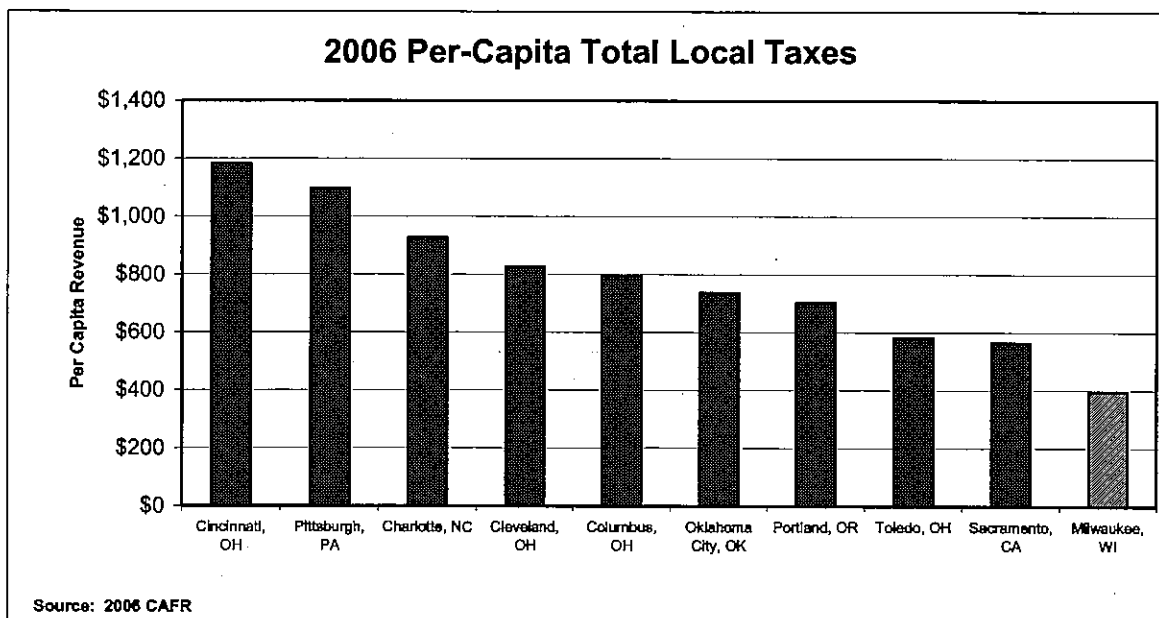
### 2006 Per Capita Revenues \* Property Taxes

	Amount	Prior Year Ranking
Portland, OR	\$ 670	1
Charlotte, NC	579	2
Pittsburgh, PA	414	3
<b>Milwaukee, WI</b>	<b>395</b>	<b>4</b>
Sacramento, CA	313	5
Cincinnati, OH	241	6
Cleveland, OH	140	7
Oklahoma City, OK	104	8
Columbus, OH	74	9
Toledo, OH	55	10
Average of Comparable Cities	\$ 299	

\* Source: 2006 CAFR

## B. Local Taxes

Local taxes include property, utility, motor vehicle, and sales and income taxes generated at the municipal level, as well as other taxes. The only tax the City of Milwaukee can levy is the property tax. All of the peer cities have at least one additional local tax revenue option available to them. As a result, when all available taxes are considered, Milwaukee ranks last in per capita local taxes. The local taxes generated in Milwaukee are slightly less than half of the comparable cities' average. Milwaukee collects \$386 per capita less in local taxes than the average of comparable cities.



### 2006 Per Capita Revenues \*

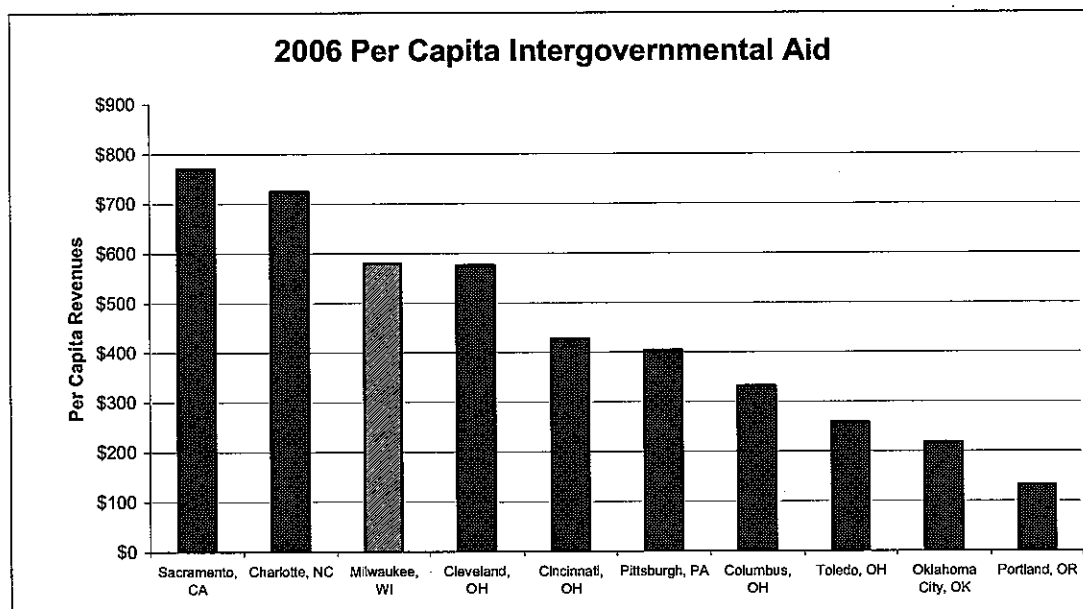
#### Local Taxes

	Amount	Prior Year Ranking
Cincinnati, OH	\$ 1,182	1
Pittsburgh, PA	1,096	2
Charlotte, NC	927	3
Cleveland, OH	826	4
Columbus, OH	796	5
Oklahoma City, OK	737	6
Portland, OR	703	7
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Sacramento, CA	564	9
<b>Milwaukee, WI</b>	<b>395</b>	<b>10</b>
Average of Comparable Cities	\$ 781	

\* Source: 2006 CAFR

## C. Intergovernmental Aids

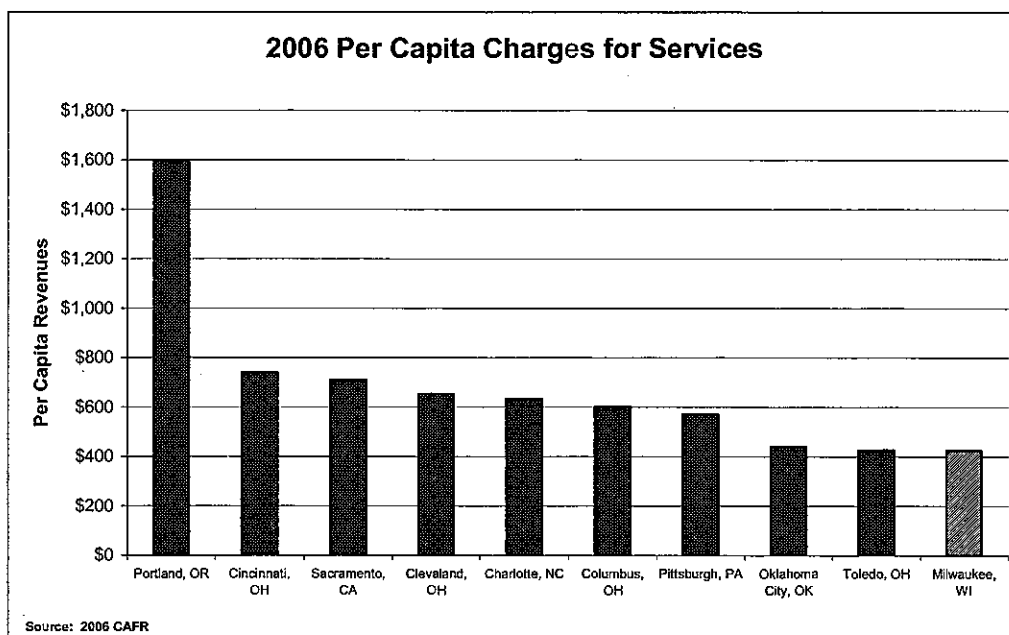
In Wisconsin, municipalities do not have the ability to institute sales or income taxes. Instead, the Wisconsin tax system was designed for these taxes to be assessed and collected by the State, then redistributed back to municipalities in the form of Shared Revenue payments. This is the primary reason why Milwaukee ranks third in funding from intergovernmental revenues, 31% higher than the average of comparable cities. However, the dollar amount available to municipalities has declined slightly, which partially explains the change from the prior year's ranking.



2006 Per Capita Revenues Intergovernmental Aids		
	Amount	Prior Year Ranking
Sacramento, CA	\$ 771	1
Charlotte, NC	725	3
<b>Milwaukee, WI</b>	<b>579</b>	<b>2</b>
Cleveland, OH	576	4
Cincinnati, OH	428	9
Pittsburgh, PA	404	5
Columbus, OH	332	6
Toledo, OH	260	7
Oklahoma City, OK	218	8
Portland, OR	132	10
Average of Comparable Cities	\$ 442	
* Source: 2006 CAFR		

## D. Charges for Services

City of Milwaukee's efforts to control the growth in property taxes and accommodate decreasing State aid has resulted in a need to look for alternative sources of revenue. In recent years the city has adopted a variety of user charges to provide local revenue alternatives to the property tax. As stipulated by the Wisconsin Statutes, user charges for services cannot exceed the cost of delivering that service. These recently enacted revenue changes notwithstanding, Milwaukee's per capita charges for services are \$255 (38%) less than the average of comparable cities.



2006 Per Capita Revenues Charges for Services		
	Amount	Prior Year Ranking
Portland, OR	\$ 1,598	1
Cincinnati, OH	739	2
Sacramento, CA	710	3
Cleveland, OH	653	5
Charlotte, NC	632	4
Columbus, OH	601	6
Pittsburgh, PA	571	7
Oklahoma City, OK	440	9
Toledo, OH	426	8
<b>Milwaukee, WI</b>	<b>425</b>	<b>10</b>
Average of Comparable Cities	\$ 680	

\* Source: 2006 CAFR

### III. Expenditures by Purpose

Like its peer cities, the City of Milwaukee provides a variety of services to its citizens, businesses, and visitors. City services are critical to supporting a quality of life in Milwaukee which meets basic citizen needs and expectations. Maintaining city services at an adequate level to provide for a safe, clean environment is critical to the long term vitality of a city.

#### 2006 Per Capita Expenditures by Purpose

	City of Milwaukee	Average of Comparable Cities	Variance Between Milwaukee and City Average	Milwaukee's Percentage Variance from City Average
Public Safety	\$576	\$621	(\$45)	-7%
Public Works	537	670	(133)	-20%
General Government	111	167	(56)	-34%
Conservation and Development **	112	126	(14)	-11%
Interest Expenses	54	68	(14)	-21%
Culture and Recreation	45	92	(47)	-51%
Health *	52	38	14	37%
<b>Total Expenditures</b>	<b>\$1,487</b>	<b>\$1,782</b>	<b>(\$295)</b>	<b>-17%</b>

\* Only five cities including the City of Milwaukee report health expenditures.

\*\* Nine cities including the City of Milwaukee report Conservation & Development expenditures

Source: 2006 CAFR

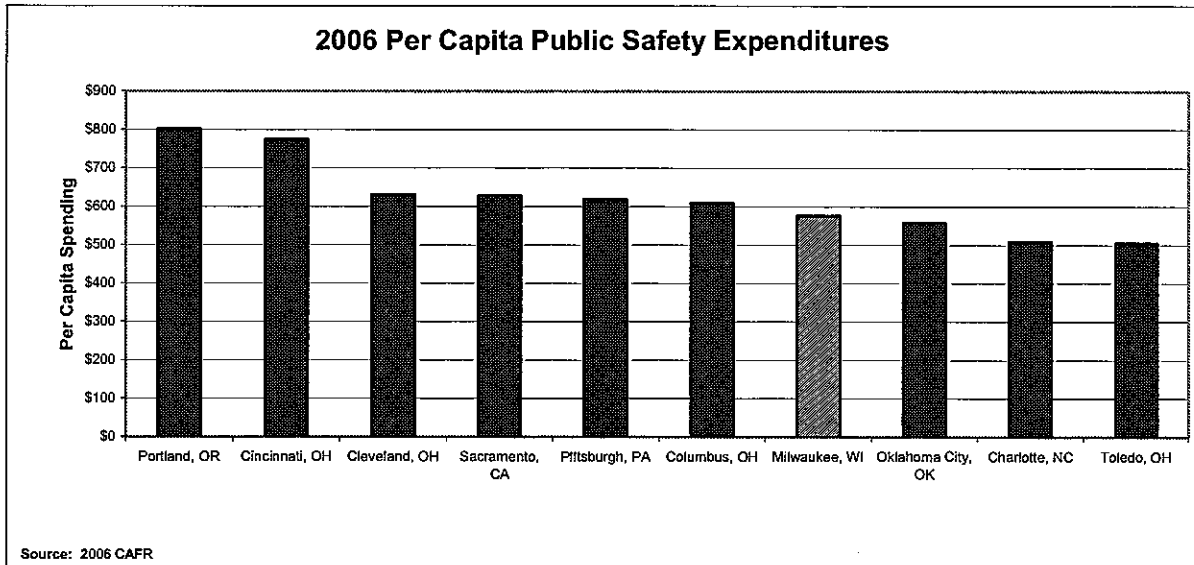
In total, Milwaukee spends \$295 per capita (17%) less than the average of comparable cities. In the categories of General Government (66%), Public Works (80%), Conservation and Development (89%), Culture and Recreation (49%), and Interest Expense (79%) the City of Milwaukee spends 90% or less than the average of comparable cities. For example, Milwaukee's spending on General Government is 66% of the average of comparable cities (\$111 vs. \$167). Only in the category of Health Services is Milwaukee's spending above the comparable cities' per capita average.

#### 2006 Per Capita Expenditures Total Expenditures

	Amount	Prior Year Ranking
Portland, OR	\$ 2,553	1
Cincinnati, OH	2,315	2
Pittsburgh, PA	1,908	3
Cleveland, OH	1,908	4
Sacramento, CA	1,823	5
Columbus, OH	1,662	6
Charlotte, NC	1,616	7
<b>Milwaukee, WI</b>	<b>1,487</b>	<b>8</b>
Oklahoma City, OK	1,291	9
Toledo, OH	1,248	10
<b>Average of Comparable Cities</b>	<b>\$ 1,782</b>	

## E. Public Safety

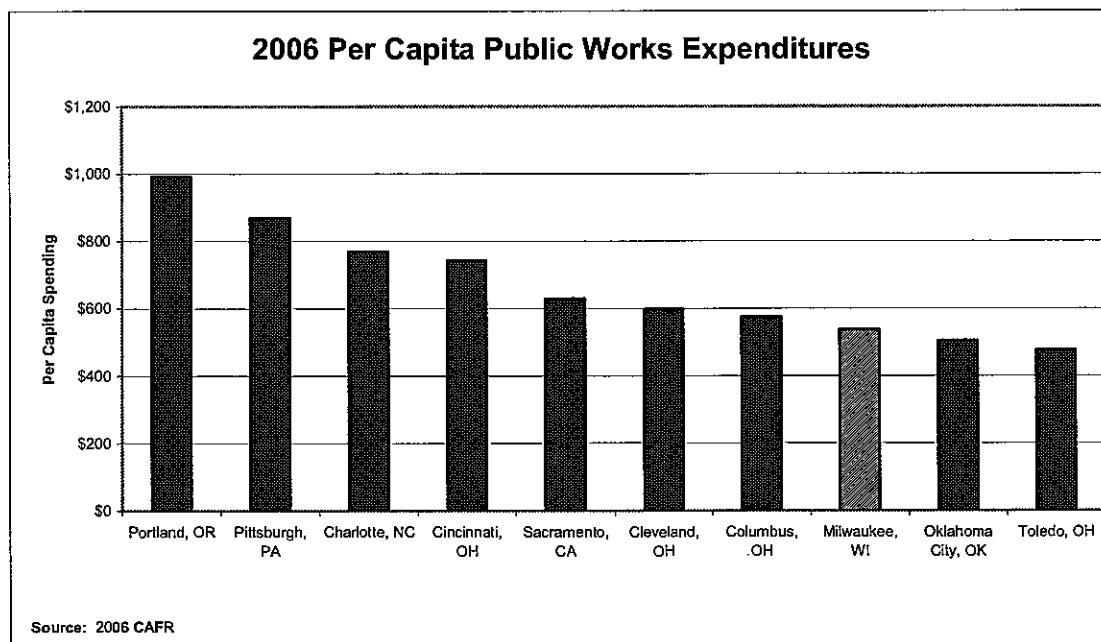
Public safety expenditures protect people and property within a city. These services are essential to the health, safety, and well being of city residents. Public safety includes police, fire, and building inspection services. Milwaukee spends about \$45 per capita (7%) less than the average of comparable cities on public safety.



2006 Per Capita Expenditures Public Safety		
	Amount	Prior Year Ranking
Portland, OR	\$ 802	1
Cincinnati, OH	775	2
Cleveland, OH	630	4
Sacramento, CA	628	7
Pittsburgh, PA	619	3
Columbus, OH	609	5
<b>Milwaukee, WI</b>	<b>576</b>	<b>6</b>
Oklahoma City, OK	558	8
Charlotte, NC	509	10
Toledo, OH	505	9
Average of Comparable Cities	\$ 621	
* Source: 2006 CAFR		

## F. Public Works

An efficient and well-maintained infrastructure is important to the economic vitality and attractiveness of a city. Maintaining safe and efficient sewers, streets, and other public ways furnish residents with access to employment, goods, and services while also providing businesses with an effective way to transport their products to customers. Milwaukee spends \$133 per capita (20%) less than the average of comparable cities on streets, sewers, and other public works' expenditures.

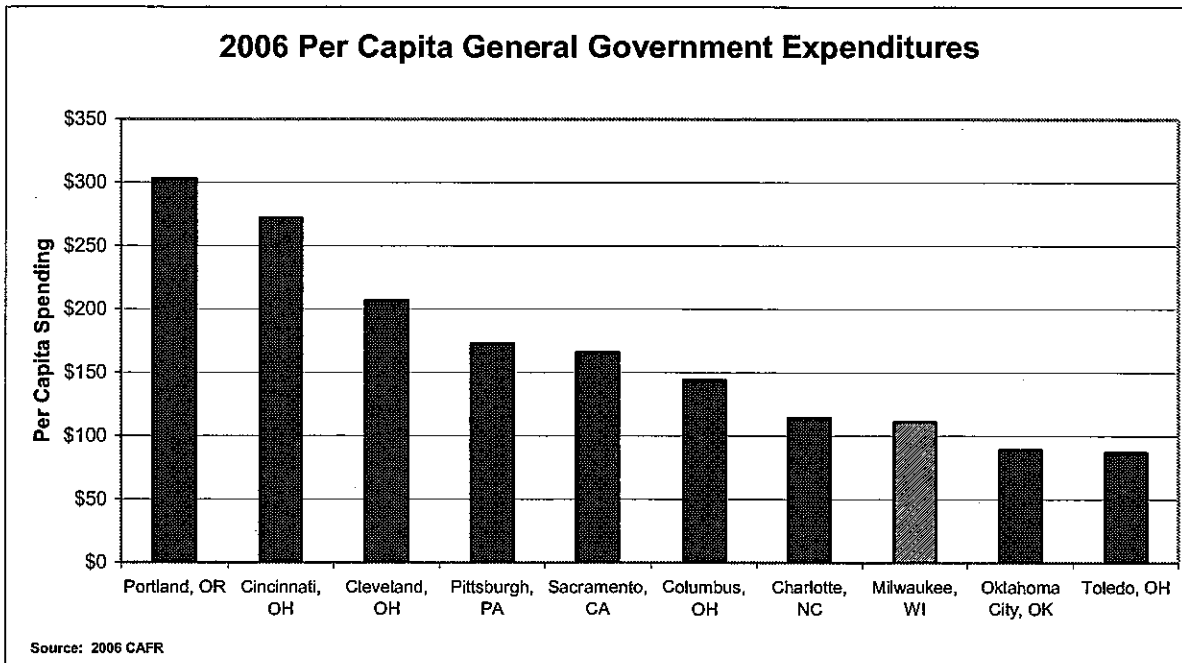


2006 Per Capita Expenditures Public Works		
	Amount	Prior Year Ranking
Portland, OR	\$ 992	1
Pittsburgh, PA	870	2
Charlotte, NC	769	3
Cincinnati, OH	744	4
Sacramento, CA	629	5
Cleveland, OH	598	6
Columbus, OH	575	7
<b>Milwaukee, WI</b>	<b>537</b>	<b>8</b>
Oklahoma City, OK	504	9
Toledo, OH	477	10
Average of Comparable Cities	\$ 670	

\* Source: 2006 CAFR

## G. General Government

General government and administration costs are necessary for the operation of any organization. Milwaukee's general government and administration costs are comparable to those of its peer cities. These include expenditures for the Mayor's Office, Common Council, Municipal Court, legal and financial services, elections, property assessments, employee relations, and other city management overhead. Milwaukee spends about \$56 per capita (34%) less than the average of comparable cities on general government or administrative functions.



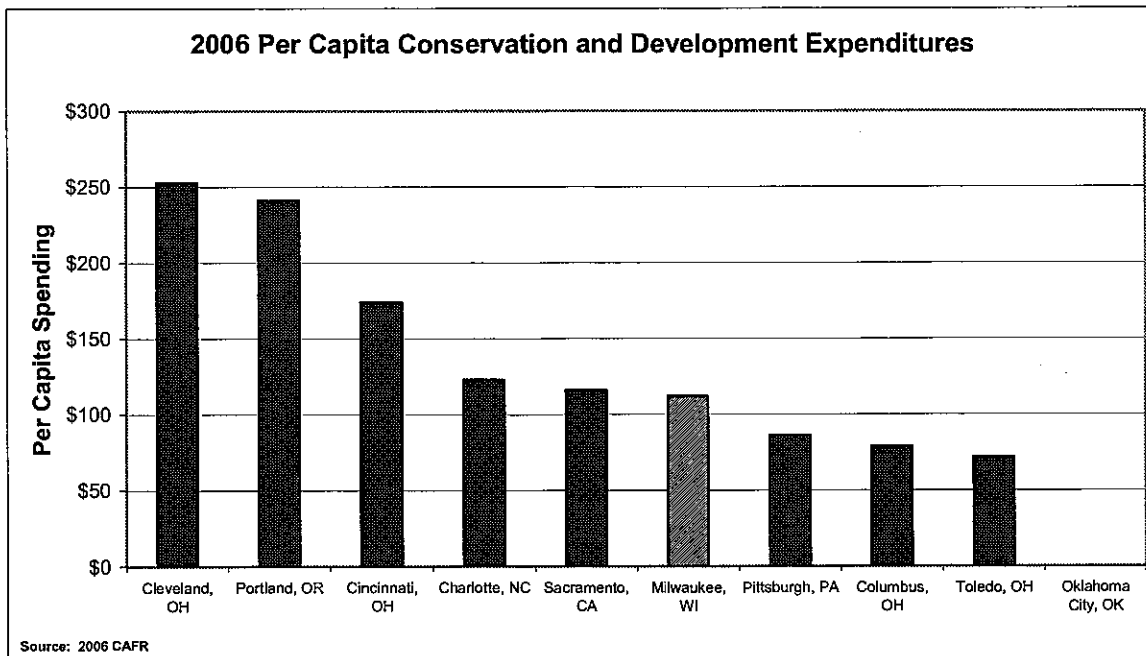
	Amount	Prior Year Ranking
Portland, OR	\$ 303	1
Cincinnati, OH	272	2
Cleveland, OH	207	3
Pittsburgh, PA	173	4
Sacramento, CA	166	5
Columbus, OH	144	7
Charlotte, NC	114	8
<b>Milwaukee, WI</b>	<b>111</b>	<b>6</b>
Oklahoma City, OK	89	10
Toledo, OH	87	9
Average of Comparable Cities	\$ 167	

\* Source: 2006 CAFR



## H. Conservation and Development

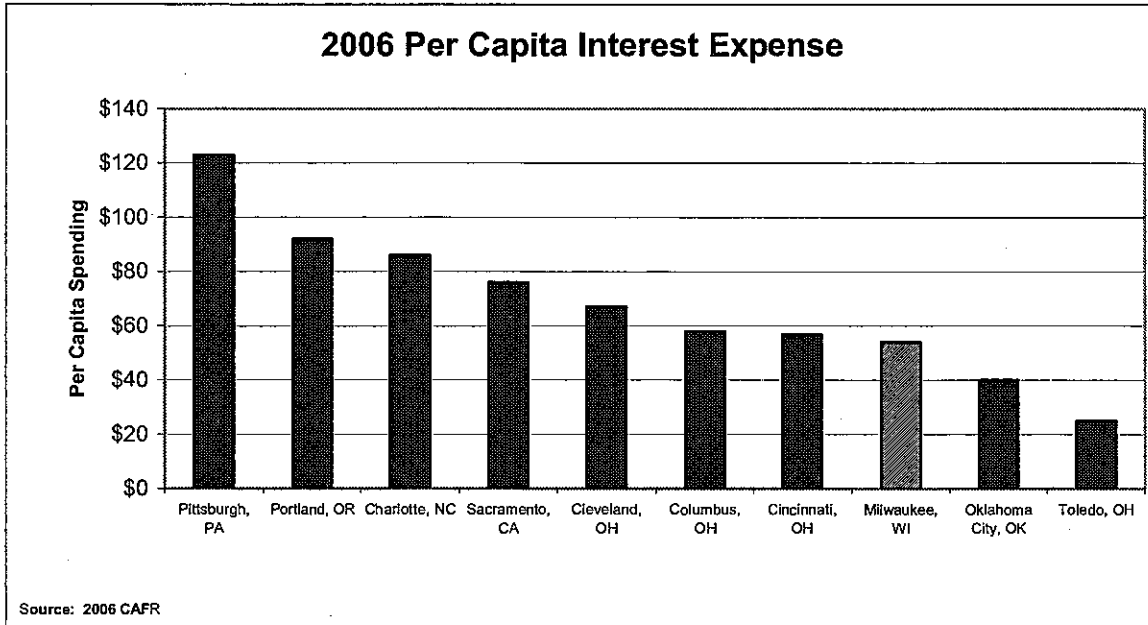
The promotion of economic development and job creation is provided under this category of expenditures. These expenditures include planning, economic and community development activities. The City of Milwaukee's per capita expenditures for conservation and development are \$14 per capita (11%) less than the average of comparable cities. Note that when only the cities that actually report expenditures for Conservation and Development are considered, the City of Milwaukee spends \$28 less per capita (20%) than the comparable cities.



2006 Per Capita Expenditures Conservation and Development		
	Amount	Prior Year Ranking
Cleveland, OH	\$ 253	1
Portland, OR	241	2
Cincinnati, OH	174	4
Charlotte, NC	123	5
Sacramento, CA	116	3
<b>Milwaukee, WI</b>	<b>112</b>	<b>6</b>
Pittsburgh, PA	86	7
Columbus, OH	79	8
Toledo, OH	72	9
Oklahoma City, OK	-	
Average of Comparable Cities	\$ 126	
Average of Comparable Cities Reporting Conservation & Development Expenditures	\$ 140	

## I. Interest Expense

Milwaukee has long been recognized by bond rating agencies for its effective debt management program. Milwaukee currently has a manageable debt burden and an annual per capita interest expense \$14 (21%) below the average of comparable cities. One factor related to interest expense is the credit quality. The credit rating for each municipality is reported below. Moody's "investment grade" ratings range from Aaa, the highest rating, to Baa. In addition, Moody's assigns "1", "2" or "3" based on the strength of the issue within each category, with "Aa1" the strongest group of Aa securities and "Aa3" the weakest of Aa securities.

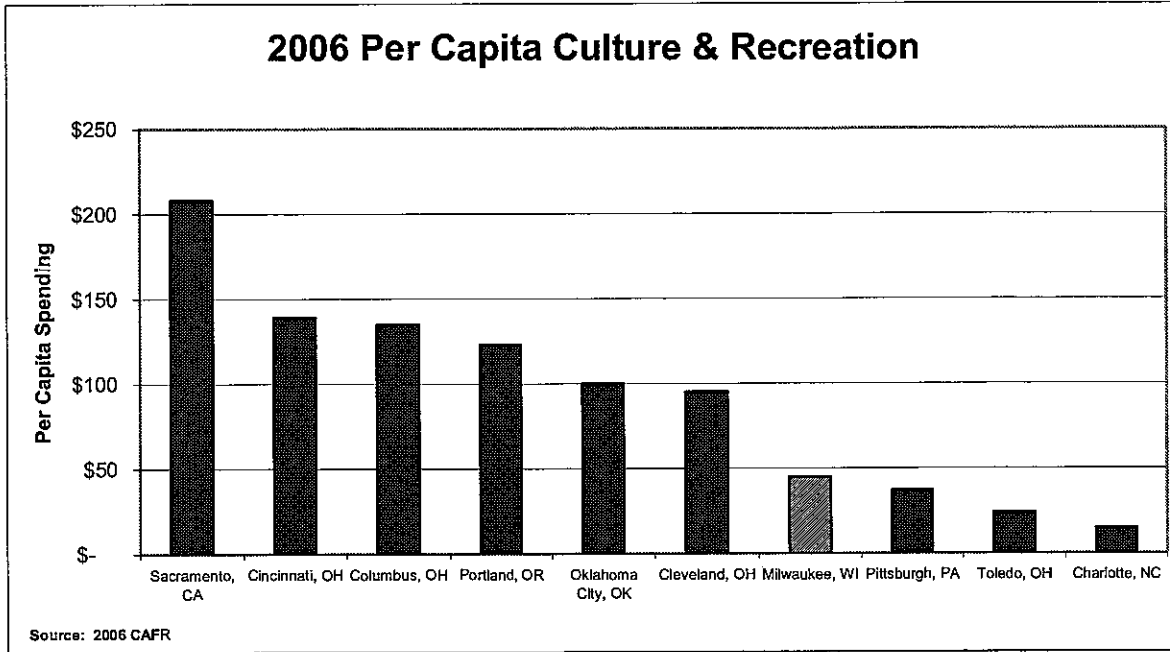


2006 Per Capita Expenditures Interest Expense			
	Current Rating	Amount	Prior Year Ranking
Pittsburgh, PA	Baa2	\$ 123	1
Portland, OR	Aaa	92	2
Charlotte, NC	Aaa	86	3
Sacramento, CA	Aa3	76	6
Cleveland, OH	A2	67	5
Columbus, OH	Aaa	58	7
Cincinnati, OH	Aa2	57	4
<b>Milwaukee, WI</b>	<b>Aa2</b>	<b>54</b>	<b>8</b>
Oklahoma City, OK	Aa1	40	9
Toledo, OH	A3	25	10
Average of Comparable Cities		\$ 68	

Ratings: Moody's Investors Service

## J. Culture and Recreation

The services provided in this category vary significantly by city. Milwaukee is one of only five cities that report library services. Parks, which in Milwaukee are maintained by Milwaukee County, have reported expenditures in six of the comparable cities.

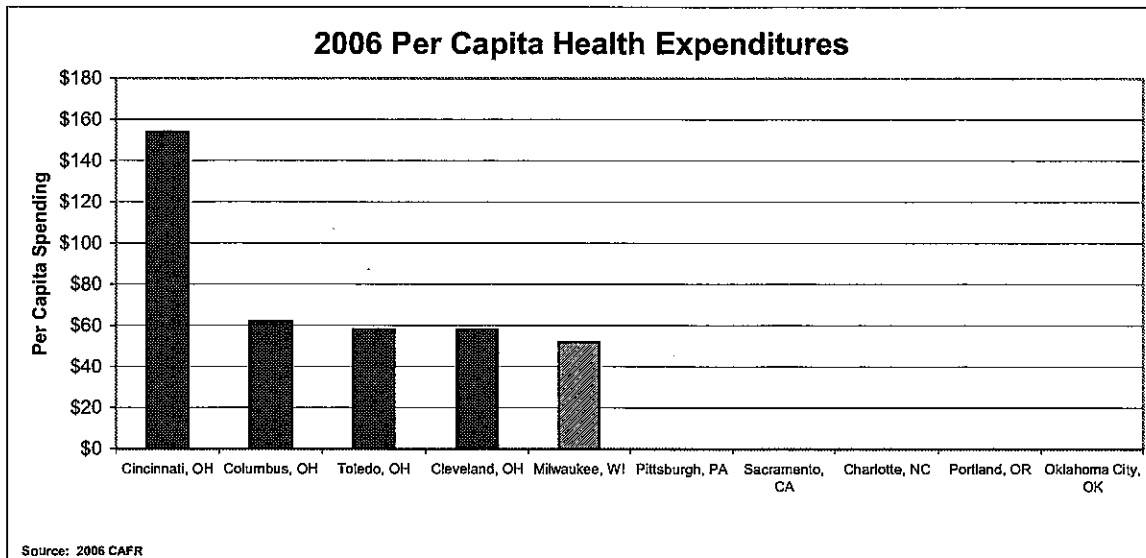


2006 Per Capita Expenditures Culture and Recreation		
	Amount	Prior Year Ranking
Sacramento, CA	\$ 208	1
Cincinnati, OH	139	2
Columbus, OH	135	3
Portland, OR	123	4
Oklahoma City, OK	100	5
Cleveland, OH	95	6
<b>Milwaukee, WI</b>	<b>45</b>	<b>7</b>
Pittsburgh, PA	37	8
Toledo, OH	24	9
Charlotte, NC	15	10
Average of Comparable Cities	\$ 92	

\* Source: 2006 CAFR

## K. Health

Health services provided to individuals and families promote and safeguard the health of a community. The range of health services provided at different levels of government varies by community. Five of the ten comparable cities do not report any health service expenditures.



2006 Per Capita Expenditures		
Health		
	Amount	Prior Year Ranking
Cincinnati, OH	\$ 154	1
Columbus, OH	62	4
Toledo, OH	58	2
Cleveland, OH	58	5
<b>Milwaukee, WI</b>	<b>52</b>	<b>3</b>
Pittsburgh, PA	-	
Sacramento, CA	-	
Charlotte, NC	-	
Portland, OR	-	
Oklahoma City, OK	-	
Average of Comparable Cities	\$ 38	
Average of Comparable Cities Reporting Health Expenditures	\$ 77	

\* Source: 2006 CAFR

## IV. Capital Replacement Cycles

As mentioned earlier in this report, an efficient and well-maintained infrastructure is important to the vitality and attractiveness of a city. Maintaining safe and efficient sewers, usable streets and roadways and other public infrastructure enables access to employment and goods and services, while providing businesses with an effective way to transport their products to consumers.

While comparing Milwaukee's per capita public works expenditures to its peers (page 13) is one indicator of Milwaukee's overall capital maintenance effort, this comparison does not determine whether infrastructure is actually being maintained at appropriate levels. For this reason, this section has been added to the report to address capital replacement cycles.

Maintaining the tremendous public investment that has been made in transportation infrastructure requires a large investment of money and manpower. The term "capital replacement cycle" is used to discuss the time period between the creation of an infrastructure asset and its replacement, understanding that there is periodic maintenance performed to help to prolong its useful life. Ideally, this "life cycle" would correspond with the estimated engineering life of the asset. While there are no standards for calculating the useful lives of the many types of infrastructure assets, Milwaukee's former Capital Improvements Committee (CIC) estimated the useful life of streets to average 40 to 50 years and the useful life of alleys to average 50 to 60 years. Adjusting the CIC street estimate for the removal of major arterial and collector streets, the estimated useful life for the remaining local streets is 45 to 60 years. This year's report has added bridges to the capital assets analyzed, with an estimated useful life of fifty years for bridge decking.

In the case of the City of Milwaukee, the estimated useful life of City streets and alleys is far exceeded by the actual City capital replacement cycle for these assets. With bridges, the estimated life and replacement cycles are closer, but a gap remains. Historically there simply have not been sufficient dollars made available to keep up with all City infrastructure needs. As a result, the City prioritizes its infrastructure funding in order to meet its most pressing needs first. The 2007 City of Milwaukee budget allocated more dollars to infrastructure needs and the results of these dollars will be presented in the 2009 Comparative Revenue and Expenditure Report.

The purpose of this section is to promote more meaningful capital reporting and accountability through the reporting of capital replacement cycles. Capital replacement cycles longer than the estimated useful life of an asset indicate a deferral of maintenance and replacement, which, if left unaddressed, increases the City's future liability for infrastructure maintenance as functional performance declines. Replacement cycles in this report are determined based on one, three and five year averages of the City's past capital spending. This year's report includes three infrastructure types – the city's local street, alley and bridge infrastructure. The replacement cycles calculated in this section are not intended to represent the actual time it takes to replace city streets, alleys and bridges. Rather these replacement cycles are indicators of how well the City is able to keep pace with its infrastructure needs.

In preparing these replacement cycles, our office obtained contract information from the Department of Public Works (DPW) and reconciled DPW contract information to the City's Financial Management Information System.

## L. LOCAL STREETS IN THE CITY OF MILWAUKEE

For the 942 miles city local street system, the annual miles resurfaced and replaced ranged from 2.6 miles in 2003 to 8.7 miles in 2005. As a result, the replacement cycle ranged from 108 to 362 years. The assumed life expectancy of regular streets is 45 to 60 years, which compares to the 40 year depreciation period for streets. DPW notes that as repaving and resurfacing is now being done with asphalt rather than concrete, life expectancy of local streets which are asphalted is likely to be in the range of 25-35 years. The average cost per mile of local streets replaced and resurfaced is approximately \$900,000 based on the 3-year average.

<b>Miles of Streets</b>	<b>942.1</b>		
<b>Book Value @ 12/31/2006</b>	<b>\$807,726,177</b>		
<b>Accumulated Depreciation</b>	<b><u>\$582,496,365</u></b>		
<b>Net Book Value</b>	<b>\$225,229,812</b>		
<b>Estimated Useful Life (Years)</b>	<b>60.0</b>		
	<b><u>5 YR AVG</u></b>	<b><u>3 YR AVG</u></b>	<b><u>1 YR AVG</u></b>
<b>Estimated Replacement Value</b>	\$982,800,740	\$850,299,772	\$906,336,565
<b>Average Preservation Effort (Miles)</b>	5.9	7.5	5.9
<b>Estimated Cost per Mile</b>	\$1,043,202	\$902,558	\$962,039
<b>Replacement Cycle (Years)</b>	159.7	126.2	159.7
<b>Ratio Replacement to Useful Life</b>	2.7	2.1	2.7

<b>Year</b>	<b>Total System Miles</b>	<b>Annual Miles Replaced/ Resurfaced</b>	<b>Replacement Cycle</b>	<b>Replacement Cycle/ Useful Life</b>	<b>Annual Cost</b>	<b>Cost/Mile</b>
2001	942	4.4	214	3.6	\$5,377,434	\$1,222,144
2002	942	4.4	214	3.6	\$5,129,135	\$1,165,712
2003	942	2.6	362	6.0	\$3,490,824	\$1,342,625
2004	942	7.8	121	2.0	\$6,837,101	\$876,551
2005	942	8.7	108	1.8	\$7,561,027	\$869,084
2006	942	5.9	160	2.7	\$5,676,028	\$962,039

## M. ALLEYS IN THE CITY OF MILWAUKEE

For alleys, the miles replaced ranged from a low of 1.1 miles in 2004 to a high of 3.4 miles in 2005. As a result, the replacement cycle (3-year average) is 278 years, or 4.6 times the life expectancy of alleys. The assumed life expectancy of alleys is 60 years, but DPW notes that useful life of alleys could be as high as 80 years. Average cost per mile of alleys replaced is approximately \$1.2 million based on the 3-year average.

<b>Miles of Alleys</b>	<b>414.2</b>		
<b>Book Value @ 12/31/2006</b>	<b>\$11,809,222</b>		
<b>Accumulated Depreciation</b>	<b><u>\$4,482,855</u></b>		
<b>Net Book Value</b>	<b>\$7,326,367</b>		
<b>Estimated Useful Life (Years)</b>	<b>60</b>		
	<b><u>5 YR AVG</u></b>	<b><u>3 YR AVG</u></b>	<b><u>1 YR AVG</u></b>
<b>Estimated Replacement Value</b>	<b>\$433,260,505</b>	<b>\$505,036,537</b>	<b>\$391,950,858</b>
<b>Average Preservation Effort (Miles)</b>	<b>1.8</b>	<b>1.9</b>	<b>1.2</b>
<b>Estimated Cost per Mile</b>	<b>\$1,046,018</b>	<b>\$1,219,306</b>	<b>\$946,284</b>
<b>Replacement Cycle (Years)</b>	<b>232.5</b>	<b>217.2</b>	<b>354.0</b>
<b>Ratio Replacement to Useful Life</b>	<b>3.9</b>	<b>3.6</b>	<b>5.9</b>

<b>Year</b>	<b>Total System Miles</b>	<b>Annual Miles Replaced/Resurfaced</b>	<b>Replacement Cycle</b>	<b>Replacement Cycle/Useful Life</b>	<b>Annual Cost</b>	<b>Cost/Mile</b>
2001	414.2	1.6	267	4.4	\$2,147,248	\$1,383,462
2002	414.2	1.9	220	3.7	\$1,336,922	\$708,659
2003	414.2	1.3	319	5.3	\$1,122,238	\$863,512
2004	414.2	1.1	371	6.2	\$2,396,332	\$2,144,514
2005	414.2	3.4	121	2.0	\$1,946,574	\$567,120
2006	414.2	1.2	354	5.9	\$1,107,152	\$946,284

## N. BRIDGES IN THE CITY OF MILWAUKEE

For bridges, the square feet replaced/maintained ranged from a low of approximately 13,000 in 2002 to a high of 39,000 in 2003. The assumed life expectancy of bridge decking is 50 years. Average cost per square foot of bridges replaced is approximately \$119 (3-year average).

<b>Number of City Maintained Bridges</b>	<b>203</b>		
<b>Total Square Feet</b>	<b>2,630,876</b>		
<b>Book Value @ 12/31/2006</b>	<b>\$205,163,758</b>		
<b>Accumulated Depreciation</b>	<b><u>\$55,210,830</u></b>		
<b>Net Book Value</b>	<b>\$149,952,928</b>		
<b>Estimated Useful Life (Years)</b>	<b>50</b>		
	<b><u>5 YR AVG</u></b>	<b><u>3 YR AVG</u></b>	<b><u>1 YR AVG</u></b>
<b>Estimated Replacement Value</b>	<b>\$311,743,988</b>	<b>\$312,949,472</b>	<b>\$257,781,445</b>
<b>Average Preservation Effort (Sq Ft)</b>	<b>28,609</b>	<b>30,019</b>	<b>32,542</b>
<b>Estimated Cost per Square Ft</b>	<b>\$118</b>	<b>\$119</b>	<b>\$98</b>
<b>Replacement Cycle (Years)</b>	<b>92.0</b>	<b>87.6</b>	<b>80.8</b>
<b>Ratio Replacement to Useful Life</b>	<b>1.8</b>	<b>1.8</b>	<b>1.6</b>

<b>Year</b>	<b>Total System Sq Feet</b>	<b>Annual Sq Ft Replaced/ Resurfaced</b>	<b>Replacement Cycle</b>	<b>Replacement Cycle/ Useful Life</b>	<b>Annual Cost</b>	<b>Cost Per Sq Ft</b>
2001	2,630,876	34,676.3	*	76	\$1,579,151	\$45.54
2002	2,630,876	13,847.2	*	190	\$2,088,063	\$150.79
2003	2,630,876	39,140.3	*	67	\$3,319,895	\$84.82
2004	2,630,876	22,936.0	*	115	\$2,496,774	\$108.86
2005	2,630,876	34,579.5	*	76	\$5,187,494	\$150.02
2006	2,630,876	32,541.8	*	81	\$3,188,549	\$97.98

\* Square footages are approximate.



## Appendix I

## Per Capita Revenue and Expenditure Trends

(Reports Issued 2004 through 2007  
Actuals for 2002, 2003, 2004, and 2005)

## REVENUES

	<u>2004 Report</u>	<u>2005 Report</u>	<u>2006 Report</u>	<u>2007 Report</u>	<u>2008 Report</u>	<u>2004-2008 % Change</u>
<b>Property Taxes</b>						
Milwaukee	348	357	365	377	395	13.6%
Average of Comparable Cities	249	259	267	276	299	20.1%
<b>Other Local Taxes</b>						
Milwaukee	0	0	0	0	0	N/A
Average of Comparable Cities	430	425	472	488	482	12.1%
<b>Grants &amp; Aids</b>						
Milwaukee	590	601	564	565	579	-1.9%
Average of Comparable Cities	399	414	430	391	442	10.8%
<b>Local Taxes and Intergovernmental Aids</b>						
Milwaukee	938	958	929	942	974	3.8%
Average of Comparable Cities	1,078	1,098	1,169	1,155	1,223	13.5%
<b>Charges for Services</b>						
Milwaukee	387	396	399	405	425	9.8%
Average of Comparable Cities	558	551	590	646	680	21.9%
<b>Other Revenue</b>						
Milwaukee	98	96	96	165	150	53.1%
Average of Comparable Cities	76	62	77	79	113	48.7%
<b>Total Revenue</b>						
Milwaukee	1,423	1,450	1,424	1,512	1,549	8.9%
Average of Comparable Cities	1,712	1,711	1,836	1,880	2,016	17.8%

## EXPENDITURES

	<u>2004 Report</u>	<u>2005 Report</u>	<u>2006 Report</u>	<u>2007 Report</u>	<u>2008 Report</u>	<u>2004-2008 % Change</u>
<b>Public Safety</b>						
Milwaukee	487	538	511	567	576	18.3%
Average of Comparable Cities	506	544	567	597	621	22.7%
<b>Public Works</b>						
Milwaukee	478	495	509	535	537	12.3%
Average of Comparable Cities	524	547	609	636	670	27.9%
<b>General Government</b>						
Milwaukee	115	127	147	120	111	-3.5%
Average of Comparable Cities	161	156	148	157	167	3.7%
<b>Conservation and Development</b>						
Milwaukee	87	109	98	97	112	28.7%
Average of Comparable Cities	115	153	158	114	126	9.6%
<b>Interest Expense</b>						
Milwaukee	50	45	40	38	54	8.0%
Average of Comparable Cities	67	66	64	63	68	1.5%
<b>Culture, Recreation and Health</b>						
Milwaukee	90	86	107	97	97	7.8%
Average of Comparable Cities	123	111	114	123	130	5.7%
<b>Total Expenditures</b>						
Milwaukee	1,307	1,400	1,412	1,454	1,487	13.8%
Average of Comparable Cities	1,496	1,577	1,660	1,690	1,782	19.1%

## Appendix II

### The Revenue Structure of Wisconsin Municipal Governments Versus U.S. Average

Comparing City of Milwaukee revenues and expenditures to those of nine similar municipalities throughout the country, shows Milwaukee collects lower taxes and other revenue, and incurs lower expenditures than its peer cities. However, Milwaukee's property tax is higher than the average of comparable cities. This is due to the fact that Wisconsin local governments rely on the property tax as its primary local revenue source. Local governments outside Wisconsin utilize local sales, income and other non-property taxes to supplement the property tax. The limited taxing authority for local governments in Wisconsin has resulted in a greater reliance on property taxes and state aids.

#### Towns, Cities, Villages, and Special Districts Per Capita Revenues by Type

	USA		Disparity Between US Average & Wisconsin		% Above (Below) US Average
	Average	Wisconsin			
Property Taxes	\$ 311	\$ 324	\$	13	4%
State Aids	276	285	\$	9	3%
Other Taxes	241	33	\$	(208)	-86%
<b>Subtotal: Local Taxes &amp; State Aids</b>	<b>\$ 828</b>	<b>\$ 642</b>	<b>\$</b>	<b>(186)</b>	<b>-22%</b>
Charges for Services	328	205	\$	(123)	-38%
Other Revenues	197	148	\$	(49)	-25%
Federal Aids	113	46	\$	(67)	-59%
<b>Total Revenues:</b>	<b>\$ 1,466</b>	<b>\$ 1,041</b>	<b>\$</b>	<b>(425)</b>	<b>-29%</b>

Source: US Census Bureau State & Local Government Finance - 2002 Census of Governments Table 2

Based on Census information, municipal governments and special districts in Wisconsin have significantly less revenue, \$1,041 per capita versus \$1,466 for the national average. This finding coincides with the comparative cities analysis findings on Page 6 that shows the City of Milwaukee's revenues were also lower than its peer cities. Like Milwaukee's peer city analysis, other taxes and charges for services lag the national average. Also, state aids do not fully compensate municipal governments in Wisconsin for the limits on using other taxes to support municipal services. Local taxes and state aids for municipal services in Wisconsin are \$186 per capita (-22%) less than the national average.

The Wisconsin tax system was designed to centrally collect sales taxes and income taxes and then redistribute these monies to local units of government. However, the State of Wisconsin is redistributing a declining share of this revenue to municipal governments, significantly limiting the funds needed to provide municipal services in Wisconsin compared to that of other states.

The Census of Governments is produced by the U.S. Bureau of the Census every 5 years since 1957, in years ending in "2" and "7" and provides periodic and comprehensive statistics about governments and governmental activities for all state and local governments. Financial data from the 2007 Census of Governments will be updated and available in the summer of 2009, so this section will be updated in the next edition of the report.

## **Appendix III**

### **Data Source and Limitations**

Data used in this report is from Comprehensive Annual Financial Reports (CAFR) from the City of Milwaukee and nine comparable cities. This data consists of actual revenue and expenditure figures, and unlike budgeted figures, revenues and expenditures for each of the reported governments may not be equal. The next section of this report titled Comparable Cities Methodology explains how the comparable cities were selected. Local governments use similar classification of expenditures and revenue in their CAFR but there may be some differences in the categorization of this financial data between cities. An example is some cities categorize infrastructure expenditures as Public Works while other cities call this category Public Services. Also, some cities directly finance and administer activities or services that in other municipal governments are undertaken by county government, state government, or the private sector. However, CAFR data is the best and most currently available audited financial data and provides a reasonable basis for comparing cities to get a general understanding of differences between spending and funding of city services. In this report, the Comptroller's Office compares revenue data (local taxes, property taxes, charges for service, etc.) and expenditure by type (administration, public safety, public works, etc.). This Report excludes data from the following categories to enhance the comparability of other cities to the City of Milwaukee:

Electric Power Generation, Public Transit, Airports & Aviation, Cemeteries, Convention Centers, Golf Courses, Sport Facilities, Pass-Through Costs for Employee Retirement Systems, and Public School Education & School Capital Contributions.

The City of Milwaukee provides services that are not provided by all other comparable cities. The largest of these expenditures included in the City of Milwaukee's data but not all other cities are health services and the Port of Milwaukee.

The population data to calculate per capita values is from the 2000 census.

## **Appendix IV**

### **Comparable City Methodology**

In selecting comparable cities to Milwaukee all US cities with 2000 census populations between 300,000 and 900,000 were chosen. Of these cities, those that are not central cities within their respected MSAs were discarded.

The remaining cities were then classified as either “sunbelt” or “snowbelt”. “Sunbelt” cities are predominately located in the South and Southwest, while “snowbelt” cities are predominately located in the Northeast and Midwest. An anomaly is Portland, which is neither a “sunbelt” nor “snowbelt” city. Located in the Northwest, Portland made the final selection of comparable cities when classified as either “sunbelt” or “snowbelt”. The importance of the classification process is that it allows a variety of cities to be compared to Milwaukee and also ensures that comparable cities are not clustered in one region of the Country.

After assigning “sunbelt” and “snowbelt” classifications, each city’s population figure was compared to the population figure of its MSA. For instance, Milwaukee has a population of 596,974 and a MSA population of 1,648,199. This means that the city’s population comprises 36% of the MSA population. Five of the closest “snowbelt” cities and four of the closest “sunbelt” cities in terms of city to MSA population were chosen. The cities of Denver and Baltimore were excluded from this selection process, because these cities have municipal governments with combined county and city functions, which would not provide good spending comparisons to the City of Milwaukee.

A couple of years ago, financial statements prepared under the new reporting model, as required by GASB 34, were not available for the cities of Kansas City, New Orleans, and Las Vegas. These cities were replaced with Charlotte, Oklahoma City and Toledo, which were the next closest in terms of city to MSA population percentage. To provide consistency with prior reports, no change was made in comparable cities. The Comptroller’s Office plans to review the methodology used to determine comparable cities every five years.

Overall, the methodology used generates a list of comparably sized cities located throughout the US that are the population centers in terms of their city to MSA populations and are similar in terms of their government function. (i.e. The list excludes combined city/county governments.)

The comparable cities to the City of Milwaukee included in this report are as follows: Pittsburgh, PA; Cincinnati, OH; Portland, OR; Columbus, OH; Charlotte, NC; Sacramento, CA; Oklahoma City, OK; Toledo, OH; Cleveland, OH.



