

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

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

	Governmental Activities		Business-type		Total Primary Government	
	2003	2004	2003	2004	2003	2004
General obligation bonds (backed by the City)	\$ 598,275	\$ 618,988	\$ 61,807	\$ 53,943	\$ 660,082	\$ 672,931
Capital lease payable	523	349	-	-	523	349
Revenue bonds (backed by specific fee revenues)	-	-	76,528	74,690	76,528	74,690
Total	\$ 598,798	\$ 619,337	\$ 138,335	\$ 128,633	\$ 737,133	\$ 747,970

New debt (excluding refunding bonds) issued for general obligation bonds and notes totaled \$90.4 million, of which \$1.1 million related to the Port and Parking Enterprises.

The City continues to maintain high investment grade ratings from the three major rating agencies. A rating of AA+ from Fitch Ratings, AA from Standard and Poor's Corporation, and Aa2 from Moody's Investors Service, Inc, were received on the City's April 2004 general obligation bonds issue.

The city's general obligation debt per capita, excluding enterprise fund debt, was \$953.36 at the end of 2004, a 2.4% increase from the prior year. As of December 31, 2004, the City's outstanding net general obligation debt was 2.41% of the City's equalized property value. The legal debt limit is 7% of equalized property value, including Milwaukee Public Schools debt, which also is issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit and has reached about 53% of this limit. For the 14th year, the City issued general obligation notes to purchase a portion of General Fund delinquent taxes in the amount of \$15 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total property taxes levied for all funds of the City in 2004 for 2005 purposes decreased \$.54 cents per thousand dollars of assessed valuation to a rate of \$9.19. There were no new fees for services. The Council supported the Mayor's recommendation to maintain the following fees for services provided by the Department of Public Works at the current 2004 levels:

- The Solid Waste Fee will remain at \$75. It will continue to generate \$13.9 million (43% recovery of cost) in 2005.
- The Snow and Ice Control Fee will remain at its current rate of \$0.2736 per foot of property frontage, and generate \$2.4 million.
- Leaf pick-up and street-sweeping costs are recovered through the City's sewer maintenance fee. These will be in the form of service charges to the Sewer Fund by the Department of Public Works-Operations Division. Revenue received for this service is projected at \$4.2 million in 2005.

The 2005 adopted City Budget is about \$1.1 billion with the budget for the General Fund at \$580 million. The General Fund budgets increased more than 2% over the 2004 budget of \$567 million. There is no question that escalating health care costs aggravate our fiscal condition. In 2005, the city will pay \$94.7 million for health insurance, an increase of 11.8% (adjusted for carryover of funds). The most visible city service level changes residents may notice in 2005 are reductions in library hours and certain boulevard plantings. There will also be a change in the way bulky items ("special pick-ups") are collected: bulky items will be collected on regularly scheduled garbage collection days; collection of major appliances will be discontinued; and brush will be collected only from March to November, with a reduction in the maximum amount of brush collected to 4 cubic yards.