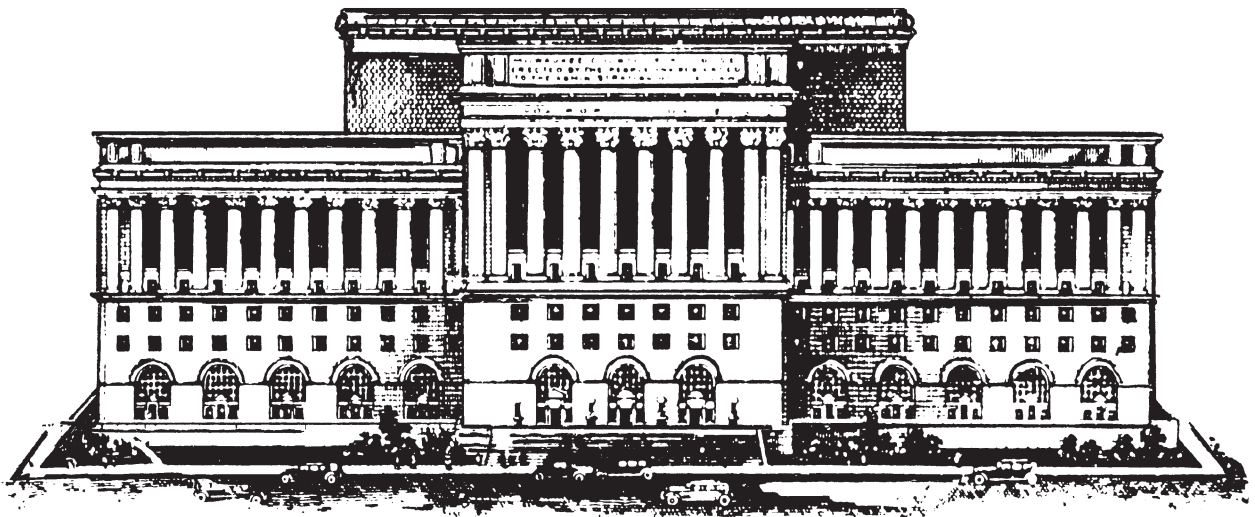


**COUNTY OF
MILWAUKEE, WISCONSIN**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF MILWAUKEE

WISCONSIN

FOR THE YEAR ENDED DECEMBER 31, 2012

**Prepared by:
Office of the Comptroller
Central Accounting**

**COUNTY OF MILWAUKEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended December 31, 2012**

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INTRODUCTORY SECTION (Unaudited)

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- **GFOA Certificate of Achievement for Excellence in Financial Reporting for 2011**
- **Organizational Chart**
- **List of Principal Officials and Committees**



Office of the Comptroller

Milwaukee County

Scott B. Manske • Comptroller

July 31, 2013

To: Honorable Members of the Milwaukee County
Board of Supervisors and the Citizens of
Milwaukee County, Wisconsin

A) **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):**

CAFR Overview

The Comprehensive Annual Financial Report (CAFR) of Milwaukee County, Wisconsin (the County) for the year ended December 31, 2012 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Milwaukee County, Wisconsin. All disclosures necessary to enable the reader to gain an understanding of Milwaukee County, Wisconsin activities have been included.

The CAFR is presented in three sections:

The **Introductory Section**, which is unaudited, includes this letter of transmittal, the prior year's Certificate of Achievement for Excellence in Financial Reporting, the County's organizational chart, and a list of the County's principal elected and appointed officials. It is designed to give the reader of the financial report some basic background information about the County.

The **Financial Section** includes the independent auditors' report on the basic financial statements, management's discussion & analysis, the basic financial statements, required supplementary information, and the other supplementary information including the combining and individual fund financial statements and schedules.

The County has prepared the Financial Section to meet the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34). Other Supplementary Information, section 4 below, is not required by GASB 34 but provides useful information about the non-major funds of Milwaukee County.

- 1) **Management's Discussion and Analysis (MD&A)** is a narrative report providing financial information about the County. Readers of this report are encouraged to

read the MD&A, in conjunction with this Letter of Transmittal. The MD&A provides basic financial information about the County and an overview of the County's activities.

2) **Basic Financial Statements**

- **Government-Wide Financial Statements** consisting of a statement of net position and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. Internal service funds are combined with governmental activities for presentation purposes.
- **Fund Financial Statements** report on the major individual governmental, proprietary, and fiduciary funds of the County. Budgetary comparisons are also provided to allow the reader to see the original adopted budget, the final budget, and the actual expenditures and revenues for the County's general fund. The governmental funds are prepared and presented on the modified accrual basis of accounting. The proprietary funds are prepared on an accrual basis of accounting. With the governmental funds having a different basis of accounting between the government-wide financial statements and the fund financial statements, a schedule is provided that reconciles these accounting differences. The reconciliation provides a bridge between governmental activities on the statement of net position with the governmental funds on the balance sheet and the governmental funds net change in fund balances on the statement of activities with the governmental funds statement of revenues, expenditures and changes in fund balances. The proprietary funds statement reports on each of the enterprise funds and includes a separate column that combines all internal service funds.
- **Component Units** include the funds of the primary government and the following discrete component units: the Milwaukee Public Museum, Inc, the War Memorial Center, the Marcus Center for the Performing Arts and the Milwaukee County Research Park Corporation.

Discretely presented component units are more distinctly separate from the primary government and are therefore reported in a separate column in the government-wide financial statements. These entities are included because generally accepted accounting principles require that organizations for which the County either has a financial responsibility or governance influence, such as board appointments, be reported with Milwaukee County.

- **Notes to the Financial Statements** are explanatory notes to the financial statements as required by governmental accounting standards.

- 3) **Required Supplementary Information** is required schedules of supplementary data immediately after the notes to the financial statements.
- 4) **Combining and Individual Fund Statements and Schedules** show the combining statements for the non-major governmental funds, the internal service funds, as well as budgetary comparisons for major funds other than the General Fund. As noted earlier, the internal service funds were combined and reported as a separate column in the proprietary fund financial statements. They are presented here because they are not considered to be major funds.

The **Statistical Section**, which is unaudited, includes selected financial and demographic information generally presented on a multi-year basis.

B) COUNTY GOVERNMENT

Milwaukee County was the first county in the State to establish an executive branch. A County Executive and 18 - member Board of Supervisors govern Milwaukee County. In 2012, the County also became the first to elect an independent Comptroller. The County Executive, the County Supervisors and the Comptroller are elected to nonpartisan four-year terms. Each Supervisor represents about 53,000 people. In addition, the District Attorney, Treasurer, Register of Deeds, County Clerk, Clerk of Circuit Courts/Register of Probate, and Sheriff are elected to serve a four-year term on a partisan basis.

Functions of the County Executive's office include: coordination and direction of administrative and management functions of the County government not otherwise vested by law in boards, commissions or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the County Board; preparation and submission of an annual County budget to the County Board; submission annually, and otherwise if necessary, of a message to the County Board setting forth the condition of the County and recommending changes and improvements in County programs and services; and review for approval or veto of all resolutions and ordinances enacted by the County Board.

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by State Statutes. The County Board meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board. There are eight standing committees of the County Board. They are Economic and Community Development; Finance, Personnel and Audit; Health and Human Needs; Intergovernmental Relations; Judiciary, Safety and General Services; Parks, Energy and Environment; Transportation, Public Works, and Transit; and The Committee of the Whole.

Administration. The Administrative function includes the Department of Administrative Services, Human Resources, Corporation Counsel and boards and commissions such as the Personnel Review Board, Civil Service Commission and Ethics Board.

The **Department of Administrative Services** is responsible for a variety of governmental functions. The various divisions provide services for other departments including facilities management, information management, risk management, economic development, administration and budget oversight, disabilities program management, procurement and disadvantaged business enterprise programs. The Department is also responsible for the County's water utility.

The **Department of Human Resources** (DHR) provides Milwaukee County government with an equitable and effective system for the recruitment, classification, compensation, development and retention of a talented, skilled and culturally diversified workforce. DHR assures strict adherence to Civil Service Rules, State and Federal Laws and County ordinances, regulations and policies related to human resources and affirmative action. In 2012, DHR was transferred from the Department of Administrative services umbrella and became its own independent department encompassing the Compensation, Training & Employee Relations, Employment & Staffing, Health Benefits and the Employment Retirement System functions.

In 2013, the Department of Labor Relations was transferred to DHR to negotiate and administer all collective bargaining agreements, establish labor relations training programs for supervisory staff and conduct all procedures ordered by the Wisconsin Employment Relations Commission, U.S. Department of Labor, or the Wisconsin Department of Workforce Development. The Civil Service Commission, consisting of five members, conducts hearings on the merit system and, when necessary, makes recommendations to the County Board or its committees.

The **Personnel Review Board** provides fair and impartial due process hearings for the suspension, demotion or discharge of County employees in the classified service as provided by law and as prescribed under State and local Statutes and ordinances.

The **Ethics Board** assures the confidence of the general public in the integrity of Milwaukee County government. The Board assures the public that all Milwaukee County employees, office holders, candidates for public office and citizens serving on boards and commissions of Milwaukee County are complying with the Ethics Code requirements.

The **Office of Corporation Counsel** ensures that Milwaukee County, its officers, employees, and agents adhere to all applicable legal requirements and works to minimize personal and fiscal liability for the aforementioned group.

General Governmental Services. The General Governmental Services group includes the County Treasurer, the County Clerk, the Register of Deeds, Office of the Comptroller and an Election Commission.

The Election Commission administers Federal, State, County, and Municipal elections in a manner that assures public confidence in the accuracy, efficiency and fairness of the election process and to enforce State Election and Campaign Finance laws.

The **County Treasurer** acts as the County's banker, receiving and disbursing all funds as provided by state law and county ordinances; providing for daily cash requirements of Milwaukee County, and investing public funds not used for daily operations. The Treasurer's Office also collects delinquent property or real estate taxes for Milwaukee County's 18 suburban municipalities as required by State Statutes. The City of Milwaukee collects its own delinquent taxes. The County Treasurer also maintains property tax data that is accessible to the public at the Courthouse office. The Treasurer also acts under authority vested in the office by the Wisconsin Statutes.

The **County Clerk** records the proceedings of the County Board of Supervisors, maintains all legislative files, updates existing ordinances and publishes new ordinances on-line. The County Clerk also issues marriage licenses and domestic partnership declarations, registers all lobbyists, lobbying principals and reports to the public on lobbying activity. Other duties include accepting applications for passports, selling bus tickets, and Wisconsin Department of Natural Resources (DNR) licenses and permits. As an information clearinghouse for County government, the County Clerk administers oaths of office, maintains the central files for Milwaukee County reports, records, contracts and corporate documents, receives and publicly opens competitive bids for County contracts. The County Clerk receives any claims filed against Milwaukee County. The County Clerk also acts under authority vested in the office by the Wisconsin Statutes.

The **Register of Deeds** records, indexes and scans real estate documents, corporation papers, military discharges, informal probate instruments and financing statements; files and indexes birth, marriage and death certificates; sells copies of the above described documents; collects the real estate transfer tax; and performs such other functions as provided by law. The Register of Deeds also acts under authority vested in the office by the Wisconsin Statutes.

The **Office of the Comptroller (OOC)** was created through State Statute in November 2011, and in April of 2012, the County elected the first County Comptroller. The Comptroller is required to monitor and report on the County's current fiscal health, to act as the County auditor, and to provide an independent fiscal review on any proposed spending at the request of the County Board or County Executive. The Comptroller also acts under authority vested in the office by the Wisconsin Statutes. The OOC consists of Administration; Central Accounting; Accounts Payable; Central Payroll; Capital and Debt Monitoring; and Audit Services.

Courts and Judiciary. The Courts and Judiciary function includes the Department of Combined Court Related Operations, Alternatives to Incarceration, and the Department of Child Support Services.

The **Department of Combined Court Related Operations** operates the Milwaukee County Circuit Courts, which constitutes the First Judicial Administrative District of the state system. The district currently has 47 judges and 22.5 full-time equivalent court commissioners. The Department of Combined Court Related Operations includes the Chief Judge and is made up of three divisions, including the Family Court Commissioner Division; the Register in Probate; and County-funded State Court Services.

The **Alternatives to Incarceration** Division provides treatment and diversion services for individuals booked into the Community Correctional Facility-Central (“CCFC”) on a pre-trial basis. This non-departmental organizational unit is managed by the Chief Judge of the Milwaukee County Circuit Courts. This organizational unit includes funding for the universal screening program, which screens a majority of the approximately 40,000 individuals booked into the CCFC annually, for the purpose of providing information on defendants to judges and attorneys; and to determine suitability for pre-trial services and diversion programs. Funding for services such as Alcohol and Other Drug Abuse (“AODA”) screening and treatment, Operating While Intoxicated monitoring, drug screening, job skills, fatherhood, and other programming. This organization also includes funding for the Day Reporting Center, at which individuals sentenced to the County Correctional Facility South (“CCFS”) can obtain job training and AODA services.

The **Department of Child Support Services** implements and administers the Child Support Enforcement Act pursuant to Title IV-D of the Federal Social Security Act and Sections 49.22 and 59.53(5) of the Wisconsin Statutes, under contract with the Wisconsin Department of Workforce Development. The department has four divisions: Case Management (Establishment and Enforcement), Financial, Legal and Operations. The department monitors approximately 125,000 cases annually for establishment and enforcement of child support obligation, maintains Milwaukee County family court orders on Kids Information Data System, the statewide support computer system and represents the department’s interests in family court hearings in the County.

Public Safety. The Public Safety function includes the Office of the Sheriff, the District Attorney and the Medical Examiner.

The **Office of the Sheriff** acts as an arm of the criminal justice system, which consists of carrying out criminal investigations, effecting arrests and warrants, detaining prisoners, providing court security, serving process papers, transporting prisoners and patients and extraditing criminals. The Office of the Sheriff is organized into the following divisions: Administration Bureau, Police Services Bureau and Detention Services Bureau. The Administration Bureau performs management and support functions for the Sheriff, communications, training and public information. The Police Services Bureau is responsible for patrolling the County airports, County grounds, County parks and expressways. In addition, the Police Services Bureau includes the Civil Process Unit, Criminal Investigation Division, the Drug Enforcement Unit, the High Intensity Drug Trafficking Area, the Special Weapons and Tactics team, the bomb disposal unit and the dive team. In addition, the Police Services Bureau serves state-mandated civil writs such as temporary restraining orders, commitments to mental health, body attachments, writs of restitution/assistance, executions and evictions. The Detention Services Bureau includes the CCFC, Court Services, Support Administration, and Central Records. The CCFC is a secure detention facility with a total bed space of 960 detainees and is primarily a pre-trial holding facility; although a small number of sentenced offenders awaiting transfers or hearings are also housed at the jail. The Sheriff has the authority to transfer inmates between the CCFC and the CCFS in order to maximize the use of available beds.

In 2009, management of the CCFS was transferred to the Office of the Sheriff. The CCFS operates the Adult Correctional Center, which maintains custody of all sentenced prisoners in the County committed by authorized courts for periods not exceeding one year and from other jurisdictions as authorized by County ordinance; provides rehabilitation, education, work, recreation and training; provides medical, dental and other necessary services in conjunction with the Detention Bureau; processes and considers applications for parole; and releases prisoners upon expiration of sentence, parole, or upon orders of the courts or other recognized authorities. The 2013 budget required that the management of the CCFS be transitioned from the Office of the Sheriff to the Executive Branch of County government, under an appointed Superintendent, effective April 1, 2013. In December of 2012, Sheriff Clarke filed a lawsuit against Milwaukee County related to the management of the CCFS. Branch 9 of the Circuit Court of Milwaukee County issued an order on May 1, 2013 dismissing the lawsuit. Subsequently, the Superintendent, Mike Hafemann, took control of the facility on May 7, 2013 and Sheriff Clarke filed an appeal of the court decision.

The **Milwaukee County District Attorney's Office**, pursuant to Section 978.05 of the Wisconsin Statutes, has jurisdiction for criminal and juvenile cases in the circuit courts of Milwaukee County. General Crimes Division staff are responsible for general felony and misdemeanor courts; Violent Crimes Division staff are responsible for all specialized felony courts; Juvenile Division staff are responsible for the Children's Court of Milwaukee County; and the Community Prosecution Unit supervises community prosecutors in six Milwaukee police district stations and the Domestic Violence Unit, which prosecutes all domestic violence cases in three specialized courts. District attorneys and assistant district attorneys present evidence, argue motions, negotiate cases and conduct jury and court trials.

The District Attorney's Office investigates police shootings of civilians and deaths in police custody, public corruption, major multi-jurisdictional crimes, industrial deaths and injuries, as well as providing post-charging investigation on major crimes, and maintains office security. The District Attorney's Office also operates the Witness Security Program, which seeks to insure that witnesses who are threatened or intimidated are able to safely appear and testify in court and the Diversion and Treatment Alternatives to Criminal Charges Program, and administers federal and state grant funded programs, including the Victim/Witness Program, the Victims of Crime Act, the Byrne Justice Assistance Grant Prosecution of Drug Crimes, Violence Against Woman Acts, and the High Intensity Drug Trafficking Area grant, among others.

The **Medical Examiner's Office** investigates all deaths in which there are unexplained, unusual or suspicious circumstances, for example, homicides, suicides, accidental deaths and all deaths in which there is no physician in attendance. Staff of the Medical Examiner's Office perform autopsies, histological studies and toxicological analyses; testify in court in regard to all investigative findings; issue death certificates, cremation permits and disinterment permits; take possession of, store and arrange for the final disposition of bodies when investigation is required or bodies are unclaimed; locate relatives of deceased persons; safeguard and legally dispose of money and property of deceased persons; and render scientific aid to various law enforcement agencies in the examination of evidence.

Transportation. The Department of Transportation administers two County airports; the transit/paratransit system; transportation planning and engineering services; highway maintenance; and fleet management.

The **Airport Division** operates the General Mitchell International Airport (“GMIA”) and the Lawrence J. Timmerman Airport. This division is discussed in greater detail below under “County Business-Type Activities.”

The **Milwaukee County Transit System** is the County’s mass transit system. This division is discussed in greater detail below under “County Business-Type Activities.”

The **Highway Maintenance Division** maintains 57 centerline miles of freeways, 100 centerline miles of state trunk highways and approximately 87 centerline miles of county trunk highways. Expenses for general and winter maintenance of state trunk highways within the County are fully offset by state reimbursement revenues.

The **Transportation Services Division** provides transportation planning and engineering services and cost-effectively plans, designs and implements projects necessary to maintain and enhance the safety and efficiency of the County’s highways, bridges and traffic control facilities. Transportation functions include highway engineering, construction management, bridge engineering and traffic engineering.

Health and Human Services. This functional area consists of the Department of Health and Human Services, the Behavioral Health Division, the Department on Aging and the Department of Family Care.

The **Department of Health and Human Services** (the “DHHS”) provides a wide range of life-sustaining, life-saving and life-enhancing services to children and adults through age 59. Programs serve specific populations such as delinquent youth; persons who are developmentally, physically or mentally ill; and the homeless. Many DHHS services are mandated by State Statute and/or provided through a contract between the state and the County. The DHHS consists of five service areas including the divisions of Delinquency and Court Services, Disabilities Services, Housing, Management Services and Behavioral Health.

The **Delinquency and Court Services Division** provides custodial intake services, administers a wide continuum of juvenile justice programs and provides support staff for the operation of the Children’s Court. The division operates a 120-bed secure juvenile detention center facility, primarily housing juveniles pending a court hearing or those deemed out of compliance with supervision conditions. Juvenile justice programs and services provided to alleged and adjudicated delinquent youth include pre-dispositional secure and non-secure out-of-home placements and monitoring, court diversion supervision and services, post-dispositional placements and services and probation supervision and programs that are designed as alternatives to placement in state correctional facilities.

The **Disabilities Services Division** (“DSD”) provides services to adults with special needs between the ages of 18 and 59 and to children with disabilities and their families. Services are targeted at populations with physical and developmental disabilities and individuals who are

homeless or experiencing a housing crisis. A wide variety of services are provided or purchased, including case management for long-term support, residential services, work and day services, community treatment, community support, adult day care, fiscal agent services and service access and prevention. Many of these services enable persons to live in the community and avoid institutional placements. The division also provides services through the Disabilities Resource Center such as information and assistance, service access and prevention, disability benefits counseling and Family Care entitlement benefits through access to publicly funded long-term care. In addition, DSD has also assumed responsibility for the Interim Disability Assistance Program and the General Assistance burials programs that were previously housed in the Economic Support Division prior to the state takeover.

The **Housing Division** consolidates several housing programs in order to better integrate housing programs with the social services provided by DHHS. The division focuses on prioritizing the use of County housing resources to address the needs of persons with mental illness or other special needs. The division administers the following Housing and Urban Development funded programs: Shelter Plus Care, which links housing subsidies with case management for persons with mental illness; Safe Haven, which provides transitional housing for formerly homeless persons with mental illness; Housing Choice Voucher, which assists clients with locating affordable housing and provides rent subsidies; HOME/Home Repair, which provides low- or no-interest loans to low-income persons for home repairs and improvements. The division also administers the Community Development Block Grant program.

The **Management Services Division** oversees the Energy Assistance Program and 211 Impact, which is a referral service for individuals in need of social services. These programs were previously housed in the Economic Support Division prior to the state takeover.

The **Behavioral Health Division** (“BHD”) provides care and treatment of persons with disorders related to alcohol and substance abuse as well as developmentally, emotionally and mentally ill adults, children and adolescents. The range of services provided by the BHD encompasses inpatient care (both short term and extended), outpatient care and day treatment. Acute hospital admissions are initiated by voluntary application or through legal detention methods such as court commitment. Extended care services are provided at federally certified, skilled nursing facilities and at facilities for the developmentally disabled. Day treatment is offered to patients who have progressed to the stage where inpatient hospitalization is no longer indicated but who require more intensive treatment than is available in an outpatient facility. The Community Services Branch provides both mental health and alcohol and other drug addiction services through contracts with community service providers or at community clinics.

The **Emergency Medical Services** (“EMS”) program within the Behavioral Health Division supports the provision of paramedic services in the County through a variety of initiatives. The Communication Center is staffed with emergency medical communicators to coordinate on-line medical control and hospital notification for local and regional emergency calls. The EMS program also operates the Education/Training Center for members of the paramedic transport units serving Milwaukee County and the American Heart Association Community Training Center, which provides public education for cardiopulmonary resuscitation,

automatic external defibrillator, advanced life support and pediatric advanced life support courses. Medical direction and control for the EMS program is provided through a professional services contract with the Medical College of Wisconsin.

The **Department on Aging** was created in 1991 to administer aging programs and to serve as the County's designated area agency on aging. The Department on Aging plans for and services the growing needs of the County's large and diverse older adult population. Services provided by the Department on Aging are designed to provide an appropriate mix of community-based care and direct services to prevent the inappropriate and costly institutionalization of older adults. The Department on Aging contains three major program areas: Administration, Area Agency Services and the Aging Resource Center.

Area Agency Services provides a network of support services to the aging population including the Senior Meal Program and the five senior centers in the County and provides a range of grants to community based agencies to provide specialized programming for elderly adults. This division also provides staff support to the Milwaukee County Commission on Aging, which serves as the area's planning committee.

The **Aging Resource Center** serves as an information clearinghouse, provides eligibility assessments for persons seeking assistance in any departmental program and acts as a point of entry for the Family Care Program.

The **Department of Family Care** ("DFC") was originally created in 2000 as the Milwaukee County Department on Aging – Care Management Organization to operate a Family Care Program for people age 60 and older. Under Milwaukee County's existing contract with the State Department of Health Services ("DHS"), DFC must operate separately from both the Aging Resource Center and the Disability Resource Center. Since it is the responsibility of the resource center to objectively inform persons in need of long-term care about the options available to them if choosing a managed care organization that can best address their needs, DHS considers the organizational separation of the two functions an essential element in the administration of the Family Care Benefit, resulting in the creation of the Department of Family Care.

The Department administers the Family Care benefit for both the aging (over age 60) and disabled populations (ages 18-59) who are determined to be eligible by a resource center. DFC is responsible for creating a comprehensive plan of care for each client; contracting with a wide range of service providers; and monitoring the quality of services that clients receive. DFC delivers member-centered, community-based, outcome-focused, managed long-term care services and member-centered care planning for all Family Care members. In return for coordinating and managing these services, the DFC receives a capitated rate payment per member per month from the state.

Parks, Recreation and Culture. This functional area includes the Department of Parks, Recreation and Culture, the Milwaukee County Zoo, the Milwaukee Public Museum and other cultural institutions that receive County support.

The **Department of Parks, Recreation and Culture** operates the Milwaukee County Park System, which comprises 15,000 acres of parkland, including 153 parks and parkways. The Parks Department provides a variety of sports and recreation opportunities to County residents and visitors. The Parks Department maintains golf courses, indoor and outdoor aquatic facilities, an indoor ice arena and a sports complex that hosts tournaments, competitions, leagues and tradeshow. The 100-mile Oak Leaf Recreational Trail, along with 84 miles of parkways, provide off-road paved paths for walking and biking. In addition, dozens of parks have baseball or softball fields, basketball courts, sand volleyball, tennis courts, disc golf, rugby fields, cricket courts and other facilities that can be rented or used recreationally. The Parks Department also offers both supervised sports activities as well as leisure recreation in exercise and game room gatherings in its community centers. The centers also host community groups that offer adult educational programs and programs oriented to disadvantaged youth.

The Parks Department maintains over 14 miles of lakefront property and operates five public beaches along Lake Michigan. The Park System operates the McKinley Marina, which is a public, 706-slip facility located near the downtown area on Lake Michigan, a public marina at South Shore Park, which is leased to a private operator, and three additional launch sites along Lake Michigan.

The Parks Department also maintains several horticultural facilities. The Mitchell Park Horticultural Conservatory, popularly called the “Domes”, is a unique structure of three beehive-shaped glass domes, each 85 feet high and 140 feet wide. The Wehr Nature Center fosters environmental awareness and a conservation ethic in the County’s citizens through programming for school children and events for families. The Boerner Botanical Gardens, a nationally renowned botanical center, offers specialty gardens including a Rose Garden. The gardens host a free concert series that runs from July to September with an average attendance of over 2,000 people per concert.

The **Zoological Department** operates the Milwaukee County Zoo (the “Zoo”), which is situated on 200 acres with approximately 465,124 square feet of facilities. Exhibits at the Zoo include the Family Farm, a working farm and dairy complex; the Peck Welcome Center; the Sea Lion and Polar Bear exhibit; the Aviary; the Australian Building; the Apes of Africa exhibit; the Education Facility; the Lake Evinrude Deck; the Primate Building; the Aquarium/Reptile Building; and the Special Exhibits Building. Other Zoo facilities include a chairlift, a railroad, a carousel and the Gathering Place. Zoo attendance in 2012 was 1,332,395 visitors.

The **Milwaukee Public Museum** (“MPM”) has been operated through a public-private partnership since 1992. The private, not-for-profit organization MPM Inc. operates the museum, and the County owns the buildings and artifacts. The board of directors of MPM Inc. includes representatives appointed by the County Board and the County Executive.

MPM hosts international exhibitions annually, and had attendance of 605,100 in 2011. The MPM also operates an IMAX theater and the Daniel M. Soref Planetarium to provide additional educational programming. Through its distance learning program, the museum

provides remote educational programs to students throughout the region, the County, and around the world.

The **Marcus Center for the Performing Arts** is a cultural center that hosts the Milwaukee Symphony Orchestra, Milwaukee Ballet Company, Florentine Opera, Milwaukee Youth Symphony, First Stage Milwaukee and other special arts groups and entertainment events. The County's annual operating contribution to the Marcus Center for 2012 is \$1.09 million.

Business-Type Functions. The County operates General Mitchell International Airport (GMIA) and Milwaukee County Transit Services (MCTS) and classifies these enterprise fund activities as business-type activity in the Government-wide financial statements.

The **Airport Division** of the Department of Transportation operates the General Mitchell International Airport (GMIA) and the Lawrence J. Timmerman Airport (LJT). Operating expenses of both airports are entirely supported by user fees.

GMIA is a modern air transportation center of 2,386 acres located six miles south of the City of Milwaukee's central business district. Seven airlines provide approximately 125 daily departures from GMIA. Approximately 32 cities are served non-stop, and connections are available to cities throughout the world. A total of 7,515,070 passengers used GMIA in 2012.

The Lawrence J. Timmerman Airport is located in the northwest quadrant of the County. This 420-acre general aviation facility serves business and privately owned aircraft.

The **Milwaukee County Transit System** (MCTS) is the County's mass transit system and is operated by the Department of Transportation. MCTS has an active bus fleet of 391 buses serving 54 routes. Bus fares are collected on approximately 37.4 million passenger trips annually (an amount that does not include passengers entering a bus using a transfer ticket). A bus replacement program will provide 90 new buses by the end of 2014. Budgeted fare revenue and federal and state aid account for approximately 89 percent of operating costs. MCTS also has a paratransit program for persons with disabilities.

C) COMMUNITY CHARACTERISTICS

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The City of Milwaukee, which acts as the County seat, contains approximately 63 percent of the County's population and 46 percent of its taxable property value, as of January 1, 2012 estimates. The County serves as the population, economic and financial center of the state. The County was first incorporated in 1835 by the Michigan Territorial Government. In 1837, territory was removed by the Wisconsin Territorial Legislature. Nine years later, territory was removed again, and the County attained its present size.

Milwaukee County's location on Lake Michigan, near the nation's geographic center and in close proximity to the Chicago metropolitan area, provides many logistical advantages. The County has a well-developed arterial street and highway system, including four interstate

highways; three major U.S. highways and fifteen state highways. Major reconstruction on I-94 from Milwaukee to Illinois, began in 2009 and is scheduled for completion in 2021.

Freight service is provided to other metropolitan areas by numerous trucking establishments and two major railroads, the Union Pacific and Canadian Pacific. Passenger rail service is available from Amtrak and national and inter-city bus lines serve Milwaukee County. Milwaukee is also a major Great Lakes port. Approximately 900,000 tons of salt, 500,000 tons of cement and cement products, 600,000 tons of coal, and 50,000 tons of specialty products come through the port on an annual basis. The port also serves as the third largest exporter of grain in the Great Lakes. Ocean shipping services, inland barge service and major railroad services are complemented by the Milwaukee County freeway system, which allows for direct access to and from the Port, alleviating congestion on local streets as well as contributing to safer transportation of critical commodities. The Port berths the high-speed passenger and auto ferry that connects Milwaukee with Muskegon, Michigan. The Lake Express ferry contributes not only to tourism but adds another form of transportation for Milwaukee County residents. The commercial port supports over 2,000 jobs and nets a profit between \$1 million and \$3 million annually.

Milwaukee County is also home to a number of colleges and universities, including Alverno College, Cardinal Stritch University, Marquette University, the Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee Institute of Art & Design, Milwaukee School of Engineering, Mount Mary College, University of Wisconsin Milwaukee, and Wisconsin Lutheran College.

The January 1, 2012, population estimate for the County by the State of Wisconsin Department of Administration is 948,322. The five most recent United States Department of Commerce, Bureau of the Census decennial estimates for the County are presented in table below.

Population Statistics

Year	Population
2010	947,735
2000	940,164
1990	959,275
1980	964,988
1970	1,054,249

The Department of Workforce Development provides monthly estimates of the labor force, employment, unemployment, and unemployment rates for the County and the State of Wisconsin. The Labor Force Statistic table on the next page provides the average annual estimates over the past five years.

Labor Force Statistics for Milwaukee County (Not Seasonally Adjusted)

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				Milwaukee County	State of Wisconsin
2012	460,067	421,325	38,742	8.4%	6.9%
2011	461,815	420,200	41,615	9.0%	7.5%
2010	461,074	415,414	45,660	9.9%	8.5%
2009	470,135	424,919	45,216	9.6%	8.7%
2008	469,061	442,779	26,282	5.6%	4.8%

Source: Wisconsin Department of Workforce Development

The Bureau of Economic Analysis provides estimates of per capita income data. Available data for the County, state and United States over the past five years are presented in the following table.

Per Capita Personal Income

Year	Milwaukee County	State of Wisconsin	United States
2012	Unavailable	\$ 40,537	\$ 42,693
2011	\$ 38,881	39,575	41,560
2010	37,950	38,010	39,791
2009	37,057	36,859	38,637
2008	37,738	38,172	40,947

According to the Milwaukee Metropolitan Association of Commerce Business Outlook Survey, First Quarter, 2013, 61 percent of area businesses surveyed expected sales increases in 2013, but business optimism has been trending downward since its post-recession high in the second quarter 2012. For the first quarter 2013, as compared to first quarter 2012, 49 percent of businesses surveyed projected sales increases, while 44 percent projected profit gains. Employment gains were expected to be modest with 39 percent of companies surveyed predicting employment increases for first quarter 2013, as compared to first quarter 2012. The survey contains responses from 141 Milwaukee area firms, employing more than 64,300 people.

D) FINANCIAL MANAGEMENT

Budgeting. The County has an executive budget process for the preparation of the annual operating and capital budgets. The Fiscal Affairs Division of the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. The Fiscal Affairs Division compiles these requests, along with principal and interest requirements, capital improvements, contingency requirements and the required tax levy. It reviews areas where changes may be considered and transmits its findings to the County Executive. The County Executive holds public hearings with respect to the requests, meets with departments and

submits a recommended budget to the County Board on or before October 1st of each year. Subsequent to the receipt of the budget from the County Executive, the County Board's Committee on Finance, Personnel and Audit reviews the County Executive's budget at public meetings. On the Monday following its regularly scheduled meeting on the first Thursday in November, the County Board acts on the amendments and recommendations submitted by the Committee on Finance, Personnel and Audit, as well as amendments submitted by individual supervisors. The County Board adopts a final budget, subject to any vetoes by the County Executive, and levies taxes based upon equalized property values.

Accounting Policies and Budgetary Control. Section 59.60(3m) of the *Wisconsin Statutes* specifies that all County accounting and budgeting procedures shall comply with generally accepted accounting principles. The Comptroller's Office monitors the accounting policies and procedures followed by County departments. The County's accounting records for governmental and agency funds are maintained on a modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available; expenditures are recorded when the goods or services are received and the liabilities are incurred. The County's accounting records for proprietary funds and the pension trust funds of the County are maintained on an accrual basis of accounting. Under this method, revenues are recorded when the services are performed; expenditures are recorded when the goods or services are received and the liabilities are incurred.

County management is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that County assets are safeguarded against loss from unauthorized use or disposition and assurance that the County financial records are free from material misstatement and accurately account for the County's assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained by a formal appropriation and encumbrance/expenditure system. Encumbrances are made against appropriations upon the release of a purchase order to a vendor. Expenses are incurred upon the receipt of goods or services, and the matching to invoices and purchase orders. This expenditure matching will reduce open encumbrances, related to the purchase order being paid. The expenditures and remaining open encumbrances will reduce the available appropriation. If new encumbrances or expenses would reduce the net appropriation balance below the authorized limits, than purchases are halted until additional appropriation authority is granted. As authorized by State Statute, open encumbered purchase orders are carried forward at the end of the year by means of encumbrance reserves. These reserves are restored to departmental appropriation accounts in the following year, thus allowing departments to complete the purchase transaction, using prior year funded appropriations. Purchases for the new year would be encumbered against new budgeted appropriations. Expenditures are then recorded when the services or materials are received, which will release the encumbrance.

Every appropriation, except for an appropriation for capital expenditures or major repairs, lapses at December 31, to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure or a major repair continues in force until the purpose

for which it was made has been accomplished or abandoned or three years pass without any expenditure or encumbrance. The County Board of Supervisors approves carryovers recommended by the Department of Administrative Services.

Auditing. The Milwaukee County Department of Audit was originally an extension of the legislative branch of Milwaukee County and provided the County Board with a constant overview and independent review of County operations. In 2011, State statute was changed, and the audit function was transferred to the newly elected Comptroller. The Audit Division of the Office of the Comptroller is responsible for overseeing the external audit of the financial statements and for reviews of internal accounting and administrative controls, compliance with applicable laws and regulations, economy and efficiency of operations and effectiveness in achieving program results. The Division's audits are performed in accordance with Generally Accepted Government Audit Standards and Government Accounting Standards. In addition, the County retains the services of independent public accountants to perform audits of both the basic financial statements and of federal and state grants. The audits of the basic financial statements and of federal and state grants are conducted in accordance with auditing standards generally accepted in the United States; Government Auditing Standards issued by the Comptroller General of the United States; the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the provisions of the State of Wisconsin State Single Audit Guidelines.

Capital Planning. The County is continuing the development of an inventory of all County capital assets and a system to monitor the condition of capital assets and establish appropriate replacement or reconstruction schedules for the County's infrastructure. This information will assist County departments in developing comprehensive long-range planning.

Debt Administration. In 1994, the County established new policies and revised existing policies that directly and indirectly affect its borrowing practices, including development of guidelines for maximum debt burdens and maximum maturity and modifications to the procedures for accepting competitive bids.

The County Board has also adopted policies limiting the amount of corporate purpose bonds issued by the County to finance capital projects. Under this policy, corporate purpose bond issuance is limited to an increase of no more than 3 percent over the principal amount of the preceding year's issue. Although this bonding cap policy only applies to corporate purpose bonds that finance the Capital Improvements Program, the Comptroller's Office includes the bond issues that result in a County debt obligation.

The County Board authorized and borrowed significantly more than what would have been allowed under its bonding cap policy during 2009 and 2010 in order to accelerate projects previously scheduled to occur during the four-year period of 2009 through 2012. As a result, the County issued general obligation debt for four years of capital projects during a two-year period (2009 and 2010) and did not issue general obligation debt for capital projects during the next two-year period (2011 and 2012). This allowed the County to maintain its bonding cap policy in aggregate during the four-year time period while accelerating the capital project plan to take advantage of certain provisions of the American Recovery and Reinvestment Act and provide a local economic stimulus.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to five percent of the equalized valuation of taxable property. At December 31, 2012, the County had \$749 million of net general obligation debt outstanding, representing 25.8 percent of the \$2.9 billion debt limit. The debt limit is based upon equalized value of County property of \$57.8 billion.

Approximately 67.0 percent of the County's general-obligation debt (including the effects of the Notes) will be retired within ten years. The County's general-purpose obligations do not include revenue bonds issued by the County with respect to the airports. For 2012, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$940 million. As of December 31, 2012, approximately \$220 million or 23.4 percent of the County's outstanding general purpose and revenue debt is for the Airports. Pursuant to the lease agreements with the airlines, signatory airlines are obligated to pay all principal and accrued interest payments for debt issued on behalf of the Airports.

Milwaukee County's ratings from Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, have assigned the ratings of "Aa2 /AA / AA+" to the Bonds. A rating reflects only the view of the rating agency, from whom an explanation of the significance of such rating may be obtained. The County is not obligated to maintain the current ratings on the Bonds, and there is no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the market price of the Bonds. The County and the Co-Financial Advisors will undertake no responsibility to oppose any revision or withdrawal of such ratings.

<u>Fitch IBCA</u>	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
AA+	Aa2	AA

Future Fiscal Outlook. In 2009, a workgroup made up of administrative, departmental and County Board staff, along with external experts, developed a consensus-based five-year forecasting model to better understand the structural deficit facing the County. That initial forecast projected a 2009 deficit of \$145.5 million growing to \$152.8 million by 2014, assuming no structural changes. The underlying causes of the deficit are: relatively flat or declining revenues while expenditures, particularly employee health care benefits and pensions, continue to increase. More detail on the make-up of the structural deficit and actions the County has taken are discussed below.

The forecast has since been updated based on the 2013 Adopted Budget and shows significant improvement despite the impact of the recession. A comparison between the two forecasts is shown below.

Forecast Year	2009 Model (Millions)	2013 Model (Millions)
2014	\$ (152.8)	\$ (15)
2015	(159.0)	(26)
2016	(179.0)	(44)
2017	(200.6)	(63)
2018	N/A	(77)

A portion of the improvement is due to refined assumptions; however, the County has identified changes in personnel and related salaries and benefits, and continuing reductions in long-term liabilities due to adopted legislative changes.

The forecast assumes property tax increases based on a ten-year historical average. The state has adopted a maximum dollar increase, instead of rate cap limit, for 2012 – 2013. The State dollar limit reflects an increase in net new construction consistent with the 2012 increase of 0.67 percent plus the increase of 0.088 percent related to terminated tax incremental districts. In addition, the County may increase its tax levy dollar amount by any increase in debt service costs.

Since 2006, the County has taken actions to reduce its long-term structural deficit through wage and benefit modifications. The actions taken by the County have included the movement to a self-insured health plan, wage freezes, and changes to healthcare plan design including implementation of a single PPO plan and increased deductibles and co-payments, changes in coordination with Medicare, reduced pension benefits, and enactment of an employee pension contribution. Changes in these areas have significantly reduced the future costs of these benefits in turn reducing the County's structural deficit. This reduction is evidenced by the reduction in the forecasted structural deficit for the year 2014. In 2009, the structural deficit for 2014 was estimated to be \$152.8 million. In 2013, the structural deficit for 2014 is projected to be \$15.3 million.

Major changes to healthcare and pension benefits have largely been possible due to 2011 Wisconsin Acts 10 and 32 (Acts 10 and 32). Prior to Acts 10 and 32, the County was required to negotiate any wage or benefit change with represented employees. Due to modifications to collective bargaining in Acts 10 and 32, the County is now only permitted to bargain over base wages (limited to the rate of inflation) with all non-public safety unions. The County is still required to bargain over most wage and benefit issues with the Milwaukee County Firefighters Association and the Milwaukee Deputy Sheriffs' Association with the exception of healthcare plan design (deductibles, copays, etc.) which is no longer subject to collective bargaining. Acts 10 and 32 also require that employees, except members of public safety unions, contribute one-half of the actuarial determined annual required contribution (ARC). Similar employee pension contributions have been or are being negotiated with public safety worker unions.

The County has successfully implemented a new healthcare plan design that shares more costs with its employees and retirees due to Acts 10 and 32. In addition, the County has largely been able to implement all of these changes for its public safety workers, with the exception of the contribution to health plan premiums, which is still considered a negotiable item for public safety unions. Major changes include a shift from multiple plan designs to a single PPO plan design. Employees and retirees are required to pay annual deductibles, copays and coinsurance. In addition, the County has implemented a Medicare carve-out coverage plan and an Employer Group Waiver Plan ("EGWP") for prescription drug coverage for retirees and eliminated the Medicare Part B premium reimbursement for all employees not yet retired.

The County has also been able to reduce its pension liability, in part due to changes that resulted from Acts 10 and 32. Almost all employees are required to contribute one-half of the

ARC to the Employees' Retirement System ("ERS"). The member contribution requirement is determined annually by the County's actuary and is collected through an employee payroll deduction. Although this issue remains a negotiable item for public safety unions, the Milwaukee Deputy Sheriffs' Association agreed in its 2012 contract to contribute one-half of its ARC. The Milwaukee County Firefighters Association, covering less than 20 County employees, has not yet agreed to a pension contribution. Other changes to the pension benefits include an increase in the normal retirement age from age 60 to age 64, a reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and a modification to the backdrop pension benefit.

As a result of Acts 10 and 32, and the subsequent changes to healthcare and pension provisions for Milwaukee County employees, legal challenges have been brought against both the State and the County. The lower courts have both issued opinions as to the legality of Acts 10 and 32, and the parties have appealed the decisions to Federal Appeals Court and to State Appeals Court. The Federal Appeals Court has ruled in favor of the State, while the State Appeals Court has asked the Wisconsin Supreme Court to accept the case.

Legal challenges have been brought against the County regarding the healthcare plan design changes imposed on retirees, the elimination of the Medicare Part B premium reimbursement for future retirees, the reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and the modification of the backdrop pension benefit. With the exception of the case related to the backdrop benefit, the cases on these matters have made it through the lower courts, which have ruled in favor of the claimants on Medicare Part B reimbursement and the pension multiplier and in favor of the County on retiree healthcare plan design. All of these rulings are currently on appeal. If the County loses the appeals, there will be a financial impact; however, these impacts have not yet been determined. The case related to the backdrop benefit was just recently filed and no decision has been rendered.

While fiscal challenges remain, the County has a track record of achieving balanced budgets and developing strategic options for achieving long-term sustainability. The County monitors its five-year forecast and provides an annual update to the County Board each spring. In addition, the County may update the forecast throughout the year depending on events that may impact the long-term sustainability, such as the State's 2013-2015 Biennial Budget.

Property Tax Rate Limit. Section 59.605 of the Wisconsin Statutes imposes a property tax rate limit on Wisconsin counties, effective August 12, 1993. Separate limits were imposed for operating levy rates and the debt service levy rates. Initially, the baseline for the rate limit was the 1992 actual tax rate adopted for 1993 budget purposes. The County may not exceed these operating levy rates and debt levy rate limits unless one or more specified conditions apply, as described below. The statute establishes specific penalties for failure to meet the limit requirements. Among the penalties for exceeding the limits are reductions in state shared revenues and transportation aids. Section 59.605(6) of the *Wisconsin Statutes* temporarily suspended the operating levy limit for property taxes levied in 2011 and 2012.

- **Operating Budget Levy Rate**

The only conditions under which the maximum rate may be increased are if services are transferred between governmental units (transfers to other governmental units reduce the maximum rate) or if a referendum is approved by a majority of local electors to allow the maximum rate to be increased. The operating property tax levy rate limit is \$4.08 per \$1,000 (established for the 1993 adopted budget) of equalized value. A property tax rate of approximately \$3.75 per \$1,000 of equalized value was established for the County's 2012 operating budget.

- **Debt Service Levy Rate**

The conditions under which the debt service rate may be increased include: approval of issuance of debt at a referendum, adoption of a resolution by the County Board which sets forth its "reasonable expectation" that the issuance of the debt, will not cause the County to exceed its debt levy rate limit, actual authorization of the debt prior to the August 12, 1993 effective date of the rate limit, issuance of debt for regional projects as described in Section 67.05(7)(f) of the Wisconsin Statutes, issuance of debt to refund outstanding municipal obligations or adoption of a resolution to issue debt which is approved by a 3/4 vote of the members-elect of the County Board. The debt property tax levy rate limit is \$1.42 per \$1,000 equalized value. In conformance with the conditions outlined above, the County levied a debt levy rate of \$.97 per \$1,000 of equalized value for the 2012 budget.

The Bonds were authorized by a three-quarters vote of the members-elect of the County Board, although only a simple majority was required as the Bonds are a refunding bond issue. The debt service levy rate allowed for the repayment of general obligation debt is not limited under current law.

E) OTHER INFORMATION

Independent Audit

The accounting firm of Baker Tilly Virchow Krause, LLP was engaged to perform an audit of the basic financial statements and to issue a report on internal controls and compliance with laws and regulations for the County. The auditors' report on the basic financial statements is included in this comprehensive annual financial report.

The selection of the independent audit firm was administered by the Office of the Comptroller – Audit Division. A request for proposal was issued to solicit proposals from eligible firms. The proposals received by the County were reviewed and ranked by the committee. The County Board and County Executive then approved the contract of the successful firm.

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement. The 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 auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2012 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of the CAFR.

The accounting firm of Coleman & Williams, Ltd. has issued reports on its audit of Federal and State grants known as the Single Audit Report. The Single Audit Report has been issued under separate cover.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. This was the thirty-third (December 31, 1979 through December 31, 2011) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both Generally Accepted Accounting Principles (GASB) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Office of the Comptroller and the assistance of personnel in the various departments and through the competent service of the independent public accountants. We would like to express our appreciation to all persons who assisted in its preparation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott B. Manske", written over a horizontal line.

Scott B. Manske, Milwaukee County Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Milwaukee
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



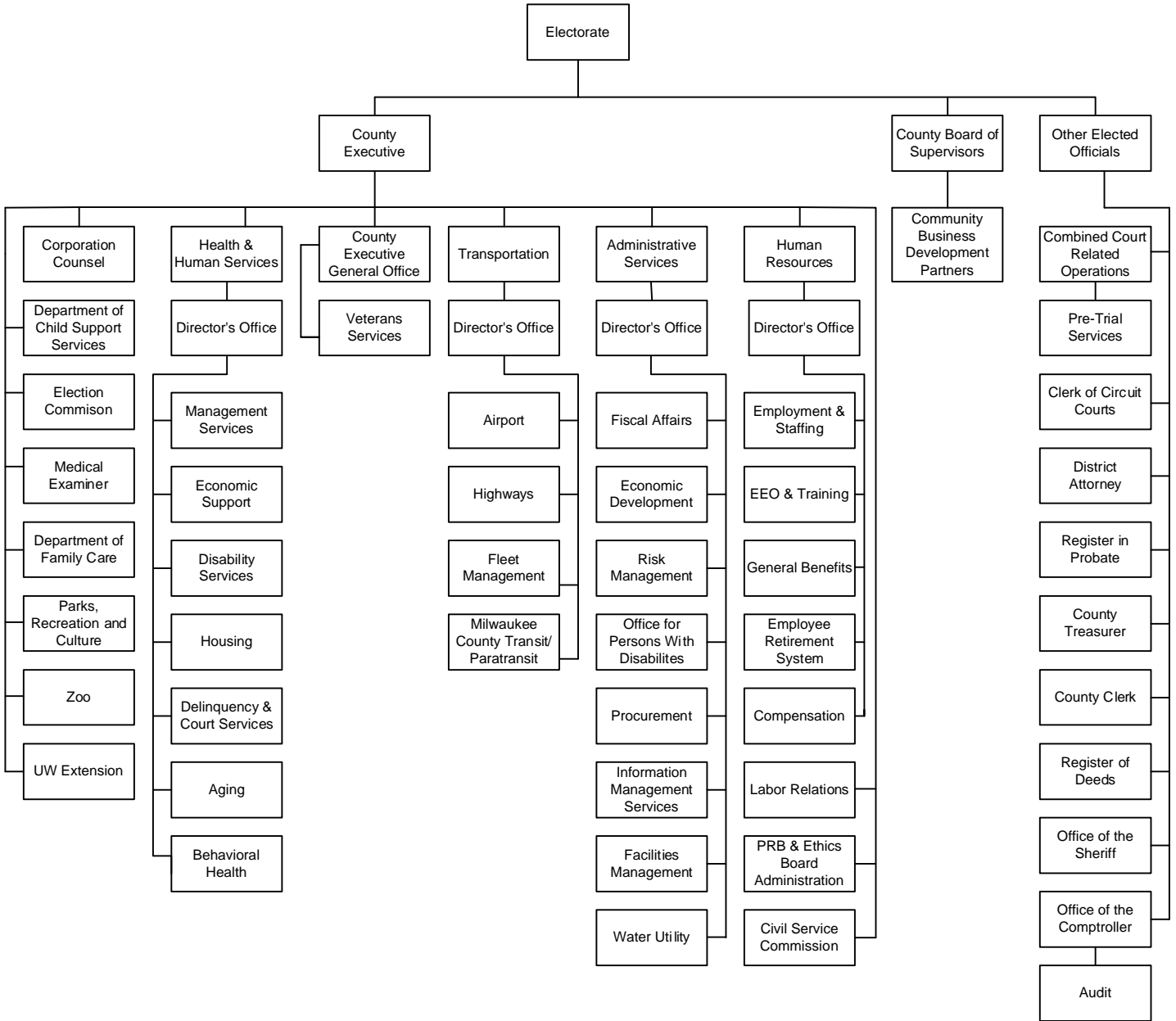
Christopher P. Morill

President

Jeffrey R. Emer

Executive Director

COUNTY OF MILWAUKEE ORGANIZATIONAL CHART
2012



**COUNTY OF MILWAUKEE
LIST OF PRINCIPAL OFFICIALS AND COMMITTEES
DECEMBER 31, 2012**

ELECTED

County Executive.....	Chris Abele
Clerk of Circuit Court/Register of Probate.....	John Barrett
Comptroller.....	Scott Manske
County Clerk.....	Joseph Czarnezki
County Treasurer.....	Daniel J. Diliberti
District Attorney.....	John T. Chisholm
Register of Deeds.....	John La Fave
Sheriff.....	David A. Clarke Jr.

COUNTY BOARD OF SUPERVISORS - (By District Number)

1 - Theodore A. Lipscomb, Sr.	10 - David Bowen
2 - Nikiya Q. Harris	11 - Mark Borkowski
3 - Gerry P. Broderick	12 - Peggy Romo West
4 - Marina Dimitrijevic – (Chair)	13 - Willie Johnson, Jr.
5 - Russell W. Stamper II	14 - Jason Haas
6 - James Schmitt	15 - David Cullen
7 - Michael Mayo, Sr.	16 - John F. Weishan, Jr.
8 - Patricia Jursik	17 - Joe Sanfelippo
9 - Steve F. Taylor	18 - Deanna Alexander

**COUNTY OF MILWAUKEE
LIST OF PRINCIPAL OFFICIALS AND COMMITTEES
DECEMBER 31, 2012**

APPOINTED

<u>Department</u>	<u>Title</u>	<u>Name</u>
Administrative Services.....	Director.....	Patrick Farley
Aging.....	Director.....	Stephanie Sue Stein
Airport.....	Director.....	C. Barry Bateman
Audit.....	Director.....	Jerome J. Heer
Child Support Services.....	Director.....	James Sullivan
Behavioral Health Division.....	Administrator.....	Paula Lucey
Circuit Courts.....	Chief Judge.....	Jeffrey A. Kremers
Corporation Counsel.....	Corporation Counsel.....	Kimberly Walker
Economic Development.....	Director.....	Brian Taffora
Family Care.....	Director.....	Maria Ledger
Family Court Commissioner.....	Commissioner.....	Sandra Grady
Health and Human Services.....	Director.....	Hector Colon
Human Resources.....	Director.....	Kerry Mitchell
IMSD.....	Director.....	Chris Lindberg
Medical Examiner.....	Medical Examiner.....	Brian L. Peterson, MD
Parks, Recreation, and Culture.....	Interim Director.....	James Keegan
Transportation and Public Works.....	Interim Director.....	Brian Dranzik
Veterans Services.....	Director.....	James Duff
Zoological Department.....	Director.....	Charles Wikenhauser

**COUNTY OF MILWAUKEE
LIST OF PRINCIPAL OFFICIALS AND COMMITTEES
DECEMBER 31, 2012**

COUNTY BOARD STANDING COMMITTEES

The Board Chairperson appoints the chair and members of the seven standing committees of the Milwaukee County Board. Each Committee is comprised of a Committee Chair or Co-Chairs, 6 - 7 members and 2 staff.

- The **Economic and Community Development Committee** oversees the administration of federal, state and local housing programs in the County, including the Urban Community Development Block Grant Program. This Committee decides matters pertaining to economic development of Milwaukee County, including the best disposition of County properties. It also makes decisions on the Research Park and the Airport Business Park.
- The **Finance, Personnel and Audit Committee** reviews County budget matters, taxation and insurance matters. Audit reports are reviewed to ensure other County departments implement program improvements and cost-saving recommendations of the County Board. This committee also includes employee relations, reclassification, compensation and conditions of employment of County personnel and officers. Members set policy for the Civil Service Commission and administer the County Employee Merit Award program.
- The **Health and Human Needs Committee** is responsible for policies related to the Department of Health and Human Services (DHHS), Mental Health Division, Emergency Medical Services (paramedics), Family Care, and the Children's Court Center. The Committee also reviews policies relating to the Office for Persons with Disabilities and monitors the implementation of the Wisconsin Works program (W-2).
- The **Intergovernmental Relations Committee** reviews proposed federal, state and local legislation affecting the County and makes recommendations determining the County's policy on these matters. On special occasions, members of the Committee appear before Congress, the State Legislature and governing bodies of other municipalities to support the County Board's policies.

**COUNTY OF MILWAUKEE
LIST OF PRINCIPAL OFFICIALS AND COMMITTEES
DECEMBER 31, 2012**

COUNTY BOARD STANDING COMMITTEES - Continued

- The **Judiciary, Safety and General Services Committee** considers legal questions concerning lawsuits or claims by or against the County, claims for workers compensation, personal injuries and property damage. Members set policy for County Funded State Court Services, Family Court Commissioners, Jury Commission, Register in Probate, Election Commission, County Clerk, Register of Deeds, Legal Resource Center, Sheriff, Medical Examiner, Safety Commission, District Attorney, County Correctional Facility - South, Department of Child Support Enforcement, Corporation Counsel and Emergency Management.
- The **Parks, Energy and Environment Committee** is responsible for all matters concerning County parks and parkways. Members set policy for the Parks Department, organized recreation, cultural activities, arts, the University Extension program, and Zoo park services. Members have jurisdiction over matters concerning the conservation of all uses of energy and make recommendations relating to conservation of air, water, energy and all other resources.
- The **Transportation, Public Works and Transit Committee** is responsible for the mission of the Department of Transportation, including the construction and maintenance of County highways, bridges, airports and public structures. Members discuss all matters pertaining to the policy of mass transit and the Milwaukee County Transit System, including fares, service routes and capital improvements. The Committee also discusses all matters under its jurisdiction pertaining to railroads and public utilities in the County.

Some matters coming before the County Board have a significant policy impact or a unique set of circumstances which overlap specific committee jurisdiction (for example, the closing of a major County facility). On such occasions, the **Committee of the Whole** will meet at the call of the County Board Chairperson. All 18 supervisors are members of the Committee of the Whole.

FINANCIAL SECTION

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Milwaukee
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Milwaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, which represent 41 percent, 64 percent and 48 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Milwaukee Public Museum, Inc., Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the County of Milwaukee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County of Milwaukee's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors
County of Milwaukee

Emphasis of Matters

As discussed in Note 1.E., the County of Milwaukee adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment to GASB Statement No. 53* effective January 1, 2012. Our opinions are not modified with respect to these matters.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and the schedules of employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and other supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County of Milwaukee's basic financial statements for the year ended December 31, 2011, which are not presented with the accompanying financial statements. In our report dated July 31, 2012, we expressed an opinion that the 2011 combining and individual fund financial statements and schedules and other supplementary information are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2011, taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the County of Milwaukee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Milwaukee's internal control over financial reporting and compliance.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
July 29, 2013

Management's Discussion and Analysis

(Unaudited)

This section of the County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The County's assets exceeded its liabilities by \$ 489,462 on a government-wide basis as of December 31, 2012. The unrestricted net position of the County was a negative \$ (315,199).
- For the fiscal year, program and general revenues of the County's governmental activities totaled \$ 1,077,826. Expenses totaled \$ 1,062,657 including transfers out of \$ 12,370.
- For 2012, revenues of the County's business-type activities were \$ 286,258 including transfers in of \$ 12,370. Expenses totaled \$ 256,962.

Highlights for Fund Financial Statements

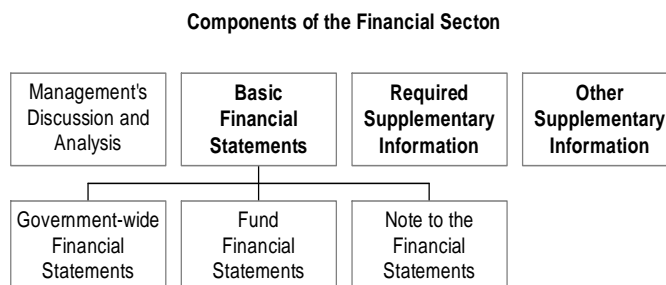
The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$ 186,718 as compared to \$ 181,736 for the year ended December 31, 2011.
- The County's enterprise funds had combined net position of \$ 300,584 as of December 31, 2012, compared to \$ 271,288 as of December 31, 2011.
- In December 2012, the County issued \$ 23,105 of General Obligation Refunding Bonds to refund General Obligation Corporate Purpose Bonds issued in 2004 and 2005.

FINANCIAL HIGHLIGHTS (CONTINUED)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The financial section of this annual report consists of four parts: (1) management's discussion and analysis (presented here), (2) basic financial statements that includes the government-wide financial statements, fund financial statements and notes to the financial statements, (3) required supplementary information, and (4) other supplementary information.



The County's basic financial statements consist of two kinds of statements each with a different view of the County's finances. The government-wide financial statements provide both long- and short-term information about the County's overall financial status. The fund statements focus on major aspects of the County's operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains the trend data pertaining to the retirement systems. Directly following this information is other supplementary information with combining and individual fund statements and schedules to provide details about the governmental, internal service, and fiduciary funds.

Government-wide Financial Statements

The **government-wide financial statements**, which consist of two statements, are designed to provide readers with a broad overview of Milwaukee County's finances in a manner similar to a private-sector business.

The first government-wide statement, **the statement of net position**, presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The second government-wide statement, **the statement of activities**, presents information showing how the County's net position changed during 2012. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

are reported in this statement for not only current uses of cash flow but also for items that will result in cash flows in a future fiscal period (e.g. uncollected taxes and earned but unused paid benefits).

Both of these government-wide financial statements distinguish functions of Milwaukee County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Milwaukee County include: Legislative, Executive and Staff, Courts and Judiciary services, General Government, Public Safety, Public Works and Highways, Health and Human Services, and Parks, Recreation and Culture. The business-type activities of Milwaukee County include the Airports and the Transit System.

The government-wide financial statements include the County's governmental and business-type activities (collectively referred to as the "primary government") and also the legally separate entities (known as "discretely presented component units") for which the County is financially accountable. Together, the primary government and its discretely presented component units are referred to as the reporting entity. The Milwaukee Public Museum, the Milwaukee County Research Park, the Milwaukee County War Memorial Center, and the Marcus Center for Performing Arts are the County's discretely presented component units. Financial information is presented separately on each financial statement for governmental activities, business-type activities, primary government and component units.

The government-wide financial statements can be found on pages 59-62 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Milwaukee County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Milwaukee County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Governmental funds (Continued)

of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplementary Information section. These non-major governmental funds are all special revenue funds of the County.

The County adopts an annual appropriated budget for its general fund, debt service fund, and capital projects funds. A budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance in the basic financial statements. Budgetary comparisons for other funds with adopted budgets as well as a general fund budgetary comparison by department is also included in the Supplementary Information section.

The governmental fund financial statements can be found on pages 63-67 of this report.

Proprietary funds

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities of the Airports and the Transit System. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its public works services, information management services, and its risk management activities. Because these services predominantly

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Proprietary funds (Continued)

benefit governmental rather than business-type functions; they have been included within governmental activities in the government-wide financial statements.

The financial statements of the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airports and the Transit System, which are considered to be major funds of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also included in the Supplementary Information section.

The proprietary fund financial statements can be found on pages 68-70 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government or are custodial in nature. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, the economic resources measurement focus and the accrual basis of accounting.

The County's fiduciary funds consist of a pension trust fund and agency funds. The pension trust fund is used to account for the assets held in trust by the County for the employees and beneficiaries of its defined pension plan - the Employees' Retirement System and the OBRA Retirement System. The agency funds are used to account for monies received, held, and disbursed on behalf of the State of Wisconsin Court System located in the County, fee collections, as mandated by the State, social service clients, and certain other local governments.

The fiduciary fund financial statements can be found on pages 71-72 of this report.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

The notes can be found on pages 75-171 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's and Transit System's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

The required supplementary information can be found on pages 173-178 of this report.

Supplementary Information

Individual fund schedules are provided for budgetary comparisons of the major funds. In addition, various combining and individual fund financial statements and schedules are provided for non-major governmental funds, internal service funds and fiduciary funds.

The supplementary information can be found on pages 181-195 of this report.

Other Supplementary Information

Separate financial statements – Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows – are presented for the Milwaukee County Family Care program.

The other supplementary information can be found on pages 196-199 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are provided as part of the approach mandated by the Governmental Accounting Standards Board (GASB). GASB sets the uniform standards for presenting government financial reports. Complete comparative information is provided in this the Management's Discussion and Analysis.

Net position may serve over time as a useful indicator of a government's financial position. In 2012, assets exceeded liabilities by \$ 489,462 at the close of the fiscal year. The County's net position increased by \$ 44,465 during the fiscal year.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

County of Milwaukee, Wisconsin Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 634,968	\$ 659,831	\$ 135,566	\$ 127,514	\$ 770,534	\$ 787,345
Long-Term Assets	426,785	420,513	2,273	-	429,058	420,513
Capital Assets	637,213	647,972	452,161	434,527	1,089,374	1,082,499
Total Assets	<u>\$ 1,698,966</u>	<u>\$ 1,728,316</u>	<u>\$ 590,000</u>	<u>\$ 562,041</u>	<u>\$ 2,288,966</u>	<u>\$ 2,290,357</u>
Current Liabilities	532,805	553,175	58,927	48,977	591,732	602,152
Long-term Liabilities	977,283	1,001,432	230,489	241,776	1,207,772	1,243,208
Total Liabilities	<u>\$ 1,510,088</u>	<u>\$ 1,554,607</u>	<u>\$ 289,416</u>	<u>\$ 290,753</u>	<u>\$ 1,799,504</u>	<u>\$ 1,845,360</u>
Net Position:						
Net Investment in Capital Assets	\$ 322,247	\$ 293,406	\$ 270,351	\$ 242,984	\$ 592,598	\$ 536,390
Restricted	182,706	121,630	29,357	23,200	212,063	144,830
Unrestricted	(316,075)	(241,327)	876	5,104	(315,199)	(236,223)
Total Net Position	<u>\$ 188,878</u>	<u>\$ 173,709</u>	<u>\$ 300,584</u>	<u>\$ 271,288</u>	<u>\$ 489,462</u>	<u>\$ 444,997</u>

The largest portion of the County's net position reflects its investment in capital assets (e.g. land, land improvements, buildings, vehicles, equipment and infrastructure, net of depreciation and amortization), plus any unspent capital bond funds less the outstanding debt that was used to acquire those assets. As of December 31, 2012, the net investment in capital assets was \$ 592,598, an increase of \$ 56,208 from the previous year. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Indirectly, the depreciation of capital assets is an expense for proprietary funds and therefore, as an expense, is available to be reimbursed through user fees of those funds.

Restricted net position as of December 31, 2012 totaled \$ 212,063. These assets are subject to external restrictions on how they may be used, some of which include grant-related restrictions, debt service, airport passenger facility charges ("PFC") revenue and the airport's capital projects. The airport PFC revenue is restricted for airport bond repayment and future airport capital needs.

Unrestricted net position represents the remaining amount of net position that is neither related to capital assets nor is restricted for specific purposes. As of December 31, 2012 the unrestricted net position balance is \$ (315,199). Unrestricted net position decreased by \$ 78,976 in 2012.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities

The following table provides the summary of the changes in net position for the primary government for the fiscal years ended December 31, 2012 and 2011:

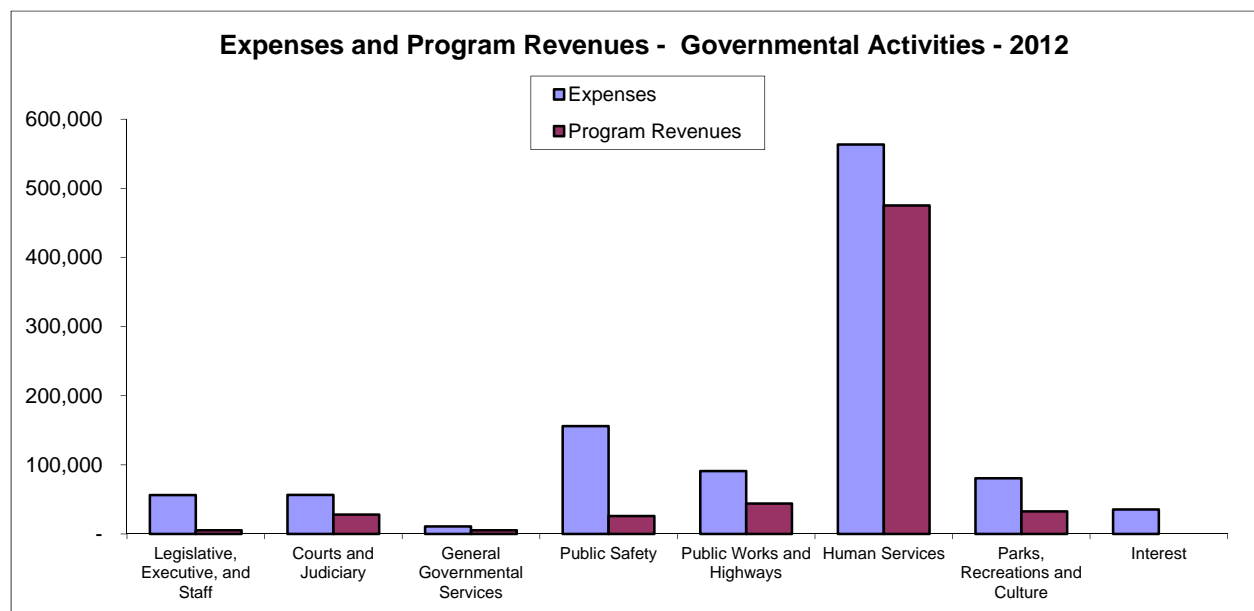
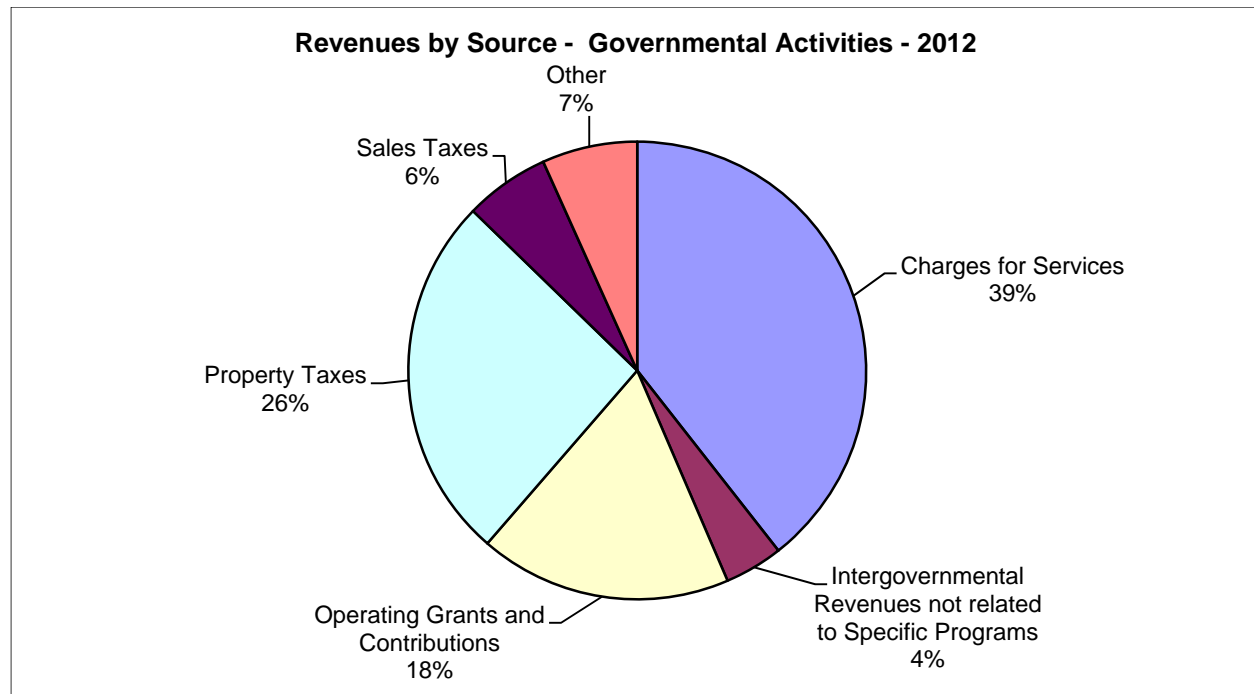
County of Milwaukee, Wisconsin
Summary of Changes in Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 424,864	\$ 425,955	\$133,827	\$143,860	\$ 558,691	\$ 569,815
Operating Grants and Contributions	192,099	255,309	92,355	89,829	284,454	345,138
Capital Grants and Contributions	-	71	47,487	51,583	47,487	51,654
General Revenues:						
Property Taxes	279,179	273,297	-	-	279,179	273,297
Sales Taxes	64,740	64,348	-	-	64,740	64,348
Intergovernmental Revenues not Related to Specific Programs	44,402	45,238	-	-	44,402	45,238
Investment Income and Rents	6,186	3,554	219	313	6,405	3,867
Other Revenue	66,356	52,497	-	-	66,356	52,497
Total Revenues	\$1,077,826	\$1,120,269	\$273,888	\$285,585	\$1,351,714	\$1,405,854
Expenses:						
Legislative, Executive, and Staff	\$ 56,232	\$ 51,886	-	-	\$ 56,232	\$ 51,886
Courts and Judiciary	56,516	53,132	-	-	56,516	53,132
General Governmental Services	10,969	6,668	-	-	10,969	6,668
Public Safety	156,162	162,316	-	-	156,162	162,316
Public Works and Highways	90,974	89,559	-	-	90,974	89,559
Human Services	563,378	597,078	-	-	563,378	597,078
Parks, Recreation, and Culture	80,553	79,709	-	-	80,553	79,709
Interest	35,503	29,448	-	-	35,503	29,448
Airport	-	-	87,901	90,183	87,901	90,183
Transit	-	-	169,061	175,880	169,061	175,880
Total Expenses	\$1,050,287	\$1,069,796	\$256,962	\$266,063	\$1,307,249	\$1,335,859
Change in Net Position Before Transfers	27,539	50,473	16,926	19,522	44,465	69,995
Transfers	(12,370)	(15,532)	12,370	15,532	-	-
Change in Net Position	15,169	34,941	29,296	35,054	44,465	69,995
Net Position - Beginning of the Year	173,709	138,768	271,288	236,234	444,997	375,002
Net Position - End of the Year	\$ 188,878	\$ 173,709	\$300,584	\$271,288	\$ 489,462	\$ 444,997

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The Governmental activities of Milwaukee County include Legislative, Executive and Staff, Courts and Judiciary services, General Government, Public Safety, Public Works and Highways, Health and Human Services, and Parks, Recreation and Culture. The first graph indicates the revenue sources while the second graph compares the expenses and program revenues for the fiscal year ended December 31, 2012.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

2012 Actual Revenues compared to 2011 Actual Revenues

Actual Revenues for the County's governmental activities were \$ 1,077,826 for the fiscal year 2012, representing a decrease of \$ 42,443, or 3.8%, from fiscal year 2011. The various sources of revenue for fiscal year 2012 are stated as a percentage of total revenues in the pie graph on the previous page.

Charges for services constitute the largest source of County revenues, amounting to \$ 424,864, a decrease of \$ 1,091 from 2011. Charges for services represent collections from those who directly benefit from County services.

Operating grants and contributions revenue of \$ 192,099 decreased by \$ 63,210 from 2011. Operating grants and contributions generally represent federal and state grants revenue with the majority supporting health and human service programs. The net decrease in operating grants and contributions was mainly due to net decreases in State grants awarded to Department of Health and Human Services and the Behavioral Health Division for 2012 and net decreases in Federal grants applied to Capital Projects.

Capital grants and contributions decreased by \$ 71 to a zero balance in 2012.

Property tax revenue of \$ 279,179 increased by \$ 5,882 from 2011; however, property tax revenue as a percent of total governmental activity revenues only increased by 1.5% from the prior year. Caps on increases in levy rates have limited the increase each year.

Sales tax revenue increased by \$ 392 to \$ 64,740 in 2012 as a result of a limited increase in consumer spending in 2012.

Intergovernmental revenues not related to specific programs decreased by \$ 836 in 2012 to \$ 44,402.

Investment income increased by \$ 2,632 which was primarily due to improved rates of return on investments.

Other revenue increased in 2012 by \$ 13,859 to \$ 66,356. The increase was primarily the result of:

- Increased employee contributions of \$ 5,727 towards the County's pension plan and increased employee and retiree contributions of \$ 2,312 towards health costs.
- Increased Special Revenue Funds of \$ 6,848 in Administrative Services.
- Increased capital project revenue of \$ 2,283.
- Decreased Debt Service Fund revenue of \$ 5,954.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

2012 Actual Expenses compared to 2011 Actual Expenses

Actual total expenses for all of the County's governmental activities for the fiscal year 2012 were \$ 1,050,287 representing a decrease of \$ 19,509 or 1.8% from 2011. Total expenses compared to program revenues by activity are shown in the bar graph.

The net decrease in total expenses is mainly due to a reduction in program expenses for grant programs taken over by the State, plus instituting additional cost saving measures across departments. Human services and public safety have decreased expenses of \$ 33,700 and \$ 6,154, respectively, from 2011 to 2012. Every other major departmental area shows increased expenses.

Current economic conditions have required the County to continue cost savings measures that have been implemented over the last several years. The following are some of the measures taken in 2012 to control costs:

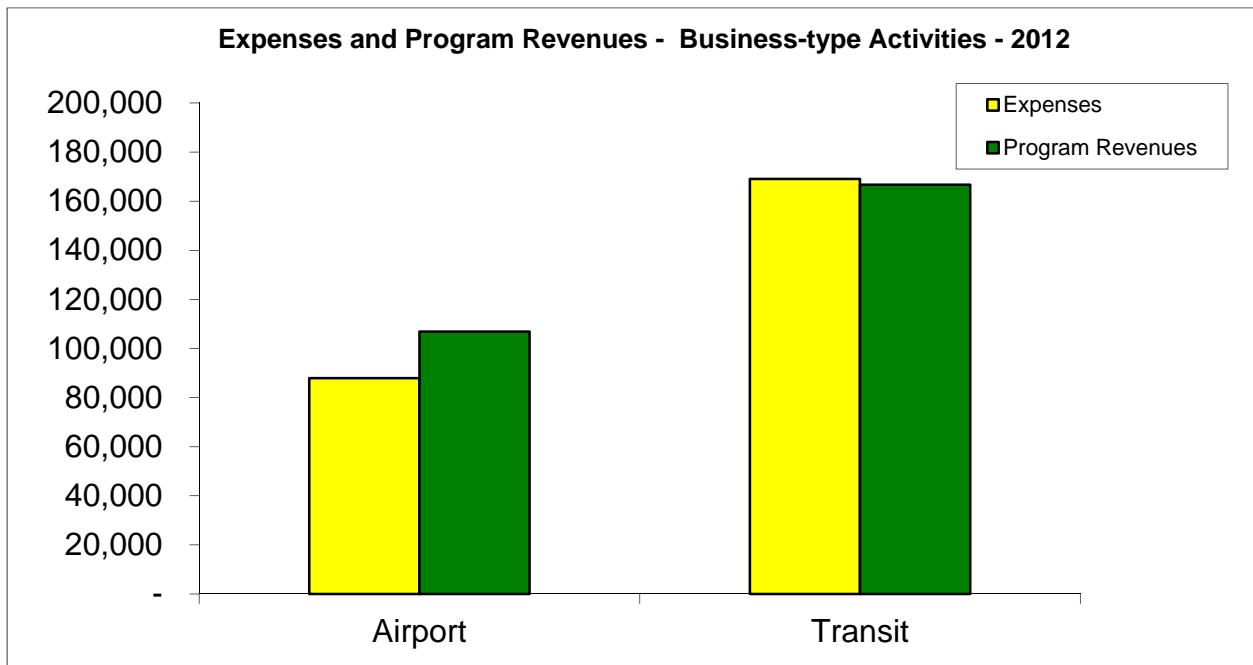
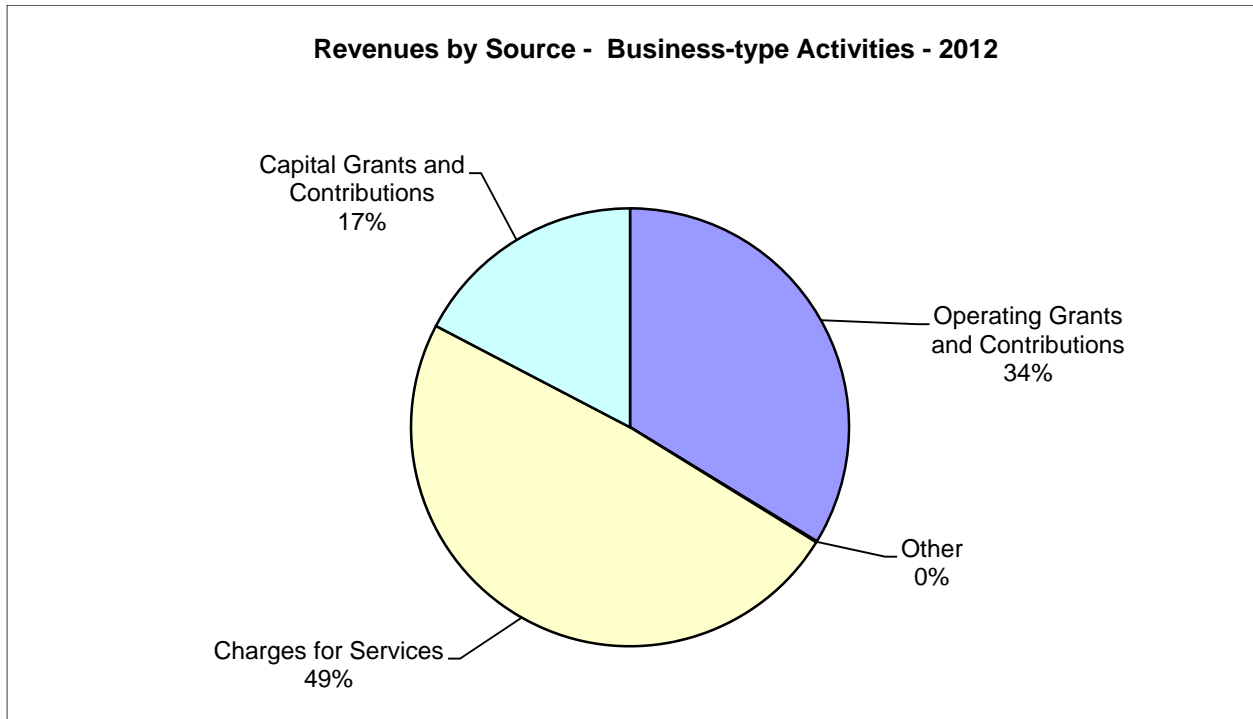
- Elimination of departmental positions due to downsizing and privatization of services
- Changes to departmental policies so as to limit overtime usage and holding positions vacant in order to achieve departmental cost savings
- Elimination of wage step increases
- Increase in employee contributions to healthcare plans for certain union members and non-represented positions
- Increase in employee co-pays and deductibles to reduce County health costs for both active and retired employees
- Employee contributions to pension costs for certain union and non-represented positions
- Capping the amount of sick time that can be accrued to 960 hours for certain union and non-represented employees
- Elimination of the payout and/or health care credit at retirement for any sick time accrued after June 24, 2012 for certain union and non-represented employees
- Departmental review of outside services and suppliers to achieve more cost effective pricing

Business- type Activities

Business-type activities consist of the Airports and Transit / Para-Transit System. On the next page, the first graph indicates the revenue source for the fiscal year ended December 31, 2012. The second graph compares the expenses and program revenues for the Airport and Transit System.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities (Continued)



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business- type Activities (Continued)

In 2012, the Airports revenue from fees charged to airlines for use of the airport, including fees received from ancillary services of the airports, exceeded its annual operating costs by \$ 4,471. Charges for Services revenue from the Airport decreased by \$ 3,938 (or 4.5%) and operating expenses decreased by \$ 1,154 (or 1.4%) from the prior year. Passengers' usage declined 21.1% from 9,522 million passengers in 2011 to 7,515 million passengers in 2012. Operating grants and contributions are negligible for the Airports.

The Transit System requires operating assistance from the State, Federal and County government to balance its revenues and expenses. Total County operating support, reflected as operating transfers, for the Transit System was \$ 16,083 for fiscal year 2012, which was a decrease of \$ 1,843 (or 10.3%) from the prior year. Total state and federal grants for the Transit System were \$ 91,776 for 2012, which was an increase of \$ 2,106 or 2.3% over 2011. Direct support from users of the Transit System was \$ 46,364 (27.6% of total operating expenses) for 2012, which was a decrease of \$ 6,039 from 2011. The operator of the Transit System has also instituted cost savings measures to reduce operating costs. The Transit System has continued its purchase of more fuel-efficient buses to reduce fuel and maintenance costs, limited the number of bus routes and employees are contributing more for health and pension costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$ 186,718. The restricted fund balance consists of \$ 5,000 for 2014 appropriations, \$ 5,539 for 2013 appropriations, \$ 27,063 for debt service, \$ 41,021 for commitments, \$ 27,754 for Milwaukee County Family Care, \$ 15,275 for delinquent property taxes, \$ 999 for investment market value in excess of book value, \$ 627 for Housing, \$ 29,369 for the Airport, \$ 6,984 for Administrative Services, \$ 914 for the Zoo, \$ 1,074 for the Parks, \$ 110 for the Persons with Disabilities Division, \$ 9,986 for the Behavioral Health Division and \$ 10,270 for the Fleet and Facilities Divisions. The

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (CONTINUED)

Governmental funds (Continued)

remainder of the Fund Balance consists of \$ 1,918 of committed funds for economic and workforce development and \$ 2,815 of non-spendable funds for inventories.

The debt service fund has a total fund balance of \$ 27,063 all of which is restricted for the payment of debt service. In 2012, the debt service reserve increased by \$15,486 or 133.8%, as a result of a transfer in of a portion of the County's 2012 net excess of revenues over expenditures.

The capital projects fund balance is \$ 31,737 all of which is restricted for commitments made on capital projects in progress. The net decrease in the capital projects fund during the current year was \$ 36,135. The decrease in the fund balance is associated with the completion of the projects and lack of additional bond funding.

Proprietary funds

At the end of 2012, the unrestricted net position of the two major funds, Airports and the Transit System, totaled \$ 876. The total net position of these same two major funds was \$300,584 at the end of 2012, compared to \$ 271,288 at the end of 2011. The total net position for the Airports increased by \$ 15,527 while the total net position for the Transit System increased by \$ 13,769. Restricted net assets of the Airport are required under debt covenants associated with revenue bonds issued for capital improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

County of Milwaukee, Wisconsin
Statement of Revenues, Expenditures and Changes in Net Position - Budgetary Basis
General Fund
For the Year Ending December 31, 2012
(In Thousands)

	Original Budget	Final Budget	Actual	Variance
<u>Revenues and Other Sources</u>				
Intergovernmental Revenue	\$ 243,437	\$ 227,901	\$ 227,996	\$ 95
Taxes	342,572	342,572	343,474	902
Charges for Services	357,877	401,556	401,291	(265)
Other	55,589	59,381	57,198	(2,183)
Total	\$ 999,475	\$ 1,031,410	\$ 1,029,959	\$ (1,451)
<u>Expenditures and Other Uses</u>				
Expenditures	\$ 902,229	\$ 945,303	\$ 916,843	\$ 28,460
Transfers	95,752	110,245	131,781	(21,536)
Total	\$ 997,981	\$ 1,055,548	\$ 1,048,624	\$ 6,924
Change in Fund Balance	\$ 1,494	\$ (24,138)	\$ (18,665)	\$ 5,473

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Expenditures and other uses exceeded revenues and other sources by \$ 18,665 in the General Fund for the year ended December 31, 2012. This table is based on a budgetary basis presentation. The budgetary basis of actual revenues and expenditures presented on the prior page differs from the statement of revenues, expenditures, and changes in fund balance due to the inclusion of encumbrances of \$ 12,306 in expenditures, pension and other expenditures of \$ 16,200 and transfers to component units of (\$ 6,561).

2012 Actual Revenues compared to 2012 Final Budget

Actual General Fund revenues were \$ 1,451, or 0.1%, below the final budgeted amount for fiscal year 2012.

Intergovernmental, property taxes, sales taxes and charges for services ranged from 0.0% to 0.5% of the final budgeted amounts for fiscal year 2012.

Other revenues were \$ 2,183, or 3.7% below the final budget amount for 2012

2012 Actual Expenditures compared to 2012 Final Budget

Actual General Fund expenditures, (before transfers), were \$ 28,460, or 3.0%, below the final budgeted amount for fiscal year 2012. This is primarily due to:

- Reductions in inmate population, due to the success of court diversion programs that are designed to reduce the number of incarcerated low risk offenders.
- Expenditure surplus due to unfilled positions, fewer payments for unemployment compensation, wages, overtime, fringe benefits, services and commodities.
- Lower than anticipated employee medical costs.
- Department review of outside services and suppliers to achieve more cost effective pricing.
- Reductions in and transfer out of grant programs led to decreased grant revenues and grant expenditures.
- All departments held actual costs below budgeted costs

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GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Budget Transfers

Transfers to Other Funds represent amounts transferred to other funds such as debt service, capital projects, internal service funds, and transit. When revenues fall short of expenditures in each of these funds, the County uses non-departmental revenues such as property tax and state shared revenue to provide financial support to these other funds. The revenue is allocated through an operating transfer from the General Fund.

There are three basic reasons for variances between the original budget and the amended budget:

- carryover of encumbrances from the prior year
- carryover of capital outlay and the associated revenue from the prior year
- fund transfer requests from departments

The carryover of encumbrances from the prior year process is automatic each year, and is authorized by Wisconsin State Statute and Milwaukee County Ordinance. The carryover of capital outlay and the associated revenue is also authorized by State statute and is approved by the County Board on a preliminary basis in March and finalized in April. During the fiscal year, the County Board receives fund transfer requests from departments. These transfer requests are reviewed and approved by the County Board.

The difference between original budget revenue of \$ 999,475 and final budget revenue of \$ 1,031,410 is an increase of \$ 31,935. The difference between original budget expenses of \$ 902,229 and final budget expenses of \$ 945,303 is an increase of \$ 43,074. The major budget transfers of \$ 1,000 or greater during 2012 are listed below:

- Legislative, Executive, and Staff
 - ❖ An increase of \$ 1,798 to revenue and expenditures to the Department of Administrative Services for Guaranteed Energy Savings Performance Contracting (GESPC) at the Milwaukee County Correctional Facility South (CCFS). Financing will be provided from the GESPC escrow.
- Courts and Judiciary
 - ❖ An increase of \$ 1,691 to revenue and expenditures to the Department of Child Support (CSS) due to receipt of additional, unanticipated Pathways to Responsible Fatherhood grant funding and YWCA-DOL Enhanced Transitional Jobs grant funding.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Budget Transfers (Continued)

- General Government Services
 - ❖ An increase of \$ 2,314 to revenue and expenditures to the Office of the Comptroller to transfer a portion of the County's 2011 year-end surplus to the Debt Service Reserve account. Funds from the Debt Service Reserve account were used to repay in full the 2007 and 2009 State Trust Funds Loans (STFL).

- Public Safety
 - ❖ A net increase of \$ 1,183 in revenue and expenditures to the Office of the Sheriff related to savings achieved from the 2012 Deputy Sheriff's Association (DSA) contract. These funds represent the savings from wage and benefit modifications achieved through a voluntary settlement and were used to re-fund multiple positions.

- Health and Human Services
 - ❖ A decrease of \$ 6,000 to revenue and expenditures to the Department of Health and Human Services as a result of the State Department of Health Services' takeover of the Income Maintenance Program (IM) in 2011. Due to the timing of the process, revenue and expenditures related to the IM program were included in the 2012 Adopted Budget.

 - ❖ A decrease of \$ 9,235 to revenue and expenditures to the Department of Health and Human Services due to changes in the way the Children's Long Term Support Program (CLTS) is administered. During 2011, the State Department of Health Services implemented a new third party administrator payment system for the CLTS Medicaid Waiver Program. Due to the timing of the process, revenue and expenditures related to the CLTS program were included in the 2012 Adopted Budget.

 - ❖ An increase of \$ 5,963 to revenue and expenditures to the Department of Family Care for the expansion of Managed Care Organization operations to Racine and Kenosha Counties immediately upon certification by the State Department of Health Services.

 - ❖ An increase of \$ 41,655 to revenue and an increase of \$ 44,391 of expenditures to the Department of Family Care. This is the result of an unexpected increase in the 2012 capitation rates and the lifting of the enrollment cap by the State, allowing more members to be enrolled. A reduction in departmental expenses and a transfer from working capital reserves will cover the difference.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Budget Transfers (Continued)

- ❖ A decrease of \$ 2,700 in revenue and expenditures for the Department of Health and Human Services related to the Income Maintenance (IM) program based on a change in State statutes.
- ❖ A decrease of \$ 5,250 in revenues and expenditures for the Department of Family Care (MCDFC) due to slow growth of enrollment in the Managed Care Organization (MCO).
- Parks, Recreation & Culture
 - ❖ An increase of \$ 14,475 in revenues and expenditures to the Department of Parks, Recreation and Culture related to the replacement of the Mitchell Park Greenhouse. The Wisconsin Department of Transportation (WisDOT) will be acquiring the property the greenhouse currently occupies for the Zoo Interchange Reconstruction and will pay the cost for relocation and the functional replacement of the greenhouse.

Transfers also represent the net budgeted funds to be provided by the General Fund to provide support to the remaining governmental fund departments, proprietary fund departments, and component units to offset any shortfalls between revenues and expenditures. The 2012 actual net contribution made by the General Fund to other funds was \$ 131,781.

The General Fund collects all property tax, sales tax revenue, and intergovernmental revenues not related to a specific program. These revenues are then transferred at the end of the year to the other governmental funds and the proprietary funds to offset any shortfalls between revenues and expenditures. Any gains in these same funds are returned to the General Fund, except for the Airport, which is required to maintain any gains or losses as part of its lease and/or revenue bond agreements, and the Department of Family Care.

The change in transfers between the original budget and the amended budget is due to the net changes in carryovers and encumbrances between years and any net transfers made from the general fund to proprietary fund departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Milwaukee County's net investment in capital assets for its governmental and business-type activities as of December 31, 2012 was \$ 1,089,374 (cost of \$ 2,235,042 less accumulated depreciation of \$ 1,145,668). The County's total investment in capital

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

assets increased overall by 0.6% - governmental activities decreased by 1.7% and business-type activities increased by 4.1%. The investments in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery, vehicles and equipment, and infrastructure and leased equipment. All infrastructure assets of the County are included in this report.

Major Adopted Capital Project assets appropriated for 2012 included the following:

- \$ 2,750 for General Mitchell International Airport (GMIA) runways 1L-19R & 7R-25L intersection repaving.
- \$ 7,405 for GMIA – redundant main electric service feed.
- \$ 2,415 for GMIA training facility.
- \$ 5,500 for GMIA purchase of new passenger loading bridges.
- \$ 2,850 for GMIA terminal roadway signage.
- \$ 1,021 for GMIA Cessna service apron reconstruction.
- \$ 3,200 for GMIA perimeter road bridge over Howell Avenue
- \$ 1,100 for GMIA perimeter road ext – 128th ARW to College Avenue
- \$ 1,100 for Fleet equipment acquisition
- \$ 1,500 for countywide infrastructure improvements – courthouse complex

County of Milwaukee, Wisconsin Capital Assets (Net) (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 59,303	\$ 59,303	\$ 21,367	\$ 21,367	\$ 80,670	\$ 80,670
Construction in Progress	45,622	32,354	66,089	34,708	111,711	67,062
Land Improvements	94,867	100,462	86,032	99,199	180,899	199,661
Building and Improvements	263,883	279,120	199,310	210,015	463,193	489,135
Infrastructure	107,302	103,818	-	-	107,302	103,818
Machinery, Vehicles & Equipment	66,236	72,915	79,363	69,238	145,599	142,153
Total	\$637,213	\$647,972	\$452,161	\$434,527	\$1,089,374	\$1,082,499

Additional information on the County's capital assets can be found in Note 5 on pages 117-123 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-term debt

As of December 31, 2012, the County had total debt outstanding of \$ 940,166. Of this amount, \$ 749,279 comprised of general obligation bonds and \$ 190,887 of airport revenue bonds.

**County of Milwaukee, Wisconsin
Outstanding Debt
General Obligation and Revenues Bonds
(In Thousands)**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
General Obligation	\$720,066	\$786,394	\$ 29,213	\$ 32,315	\$749,279	\$ 818,709
Revenue	-	-	190,887	199,884	190,887	199,884
Totals	\$720,066	\$786,394	\$220,100	\$232,199	\$940,166	\$1,018,593

The County's total debt decreased by \$ 78,427 during the year ended December 31, 2012.

New debt issued by the County during 2012.

- In December 2012, the County issued \$ 23,105 of General Obligation Refunding Bonds to refund General Obligation Corporate Purpose Bonds issued in 2004 and 2005.

Additional information on the County's long-term debt can be found in Note 8 on pages 127-136 of this report.

Economic Factors and Next Year's Budget and Rates

- Milwaukee County annualized unemployment rate for 2012 was 8.4%, a decrease from the 2011 rate of 9.0%. The unemployment rate as of the end of May 2013 was at 7.0%.
- The median price for homes sold in Milwaukee County for in 2012 was \$ 100 thousand compared to \$ 102 thousand in 2011, (a 2.0% decrease). The annual median price for homes sold in Milwaukee County through June 2012 was \$ 100 thousand, a decline of 2.0% from 2011. Data as reported by the Wisconsin Realtors Association, Housing Statistics Report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

During the 2012 fiscal year, the County had a net excess of revenues over expenditures of \$ 5,000 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as Restricted for 2014 Appropriations and will be added to the revenue of the 2014 budget.

Requests for financial Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Please address any questions about this report or requests for additional financial information to:

Office of the Comptroller
Milwaukee County Courthouse
901 North 9th Street, Room 301
Milwaukee, WI 53233

BASIC FINANCIAL STATEMENTS

COUNTY OF MILWAUKEE
Statement of Net Position
As of December 31, 2012
(In Thousands)

	Primary Government			Component <u>Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
ASSETS				
Current Assets:				
Cash and Investments	\$ 221,602	\$ 70,976	\$ 292,578	\$ 7,811
Cash and Investments -- Restricted	40,816	34,419	75,235	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	20,740	6,373	27,113	1,763
Property Taxes:				
Current Levy	280,134	-	280,134	-
Delinquent	12,863	-	12,863	-
Accrued Interest and Dividends	9,165	-	9,165	-
Other	9,858	2,476	12,334	-
Due From Other Governments	33,019	15,943	48,962	-
Inventories	2,815	4,876	7,691	37
Prepaid Items	647	345	992	322
Other Assets	-	158	158	-
Insurance Deposits	3,309	-	3,309	-
Total Current Assets	634,968	135,566	770,534	9,933
Noncurrent Assets:				
Long-term Investments	-	-	-	7,269
Receivables:				
Contributions	-	-	-	2,229
Delinquent Property Taxes	7,198	-	7,198	-
Net Pension Asset	419,587	-	419,587	-
Other Post Employment Benefit	-	2,273	2,273	-
Other Assets	-	-	-	655
Capital Assets (Net)				
Land	59,303	21,367	80,670	-
Construction in Progress	45,622	66,089	111,711	118
Land Improvements	244,430	202,574	447,004	-
Buildings and Improvements	675,451	381,038	1,056,489	42,098
Infrastructure	191,957	-	191,957	-
Machinery, Vehicles and Equipment	176,989	170,222	347,211	12,918
Less: Accumulated Depreciation	(756,539)	(389,129)	(1,145,668)	(29,545)
Total Capital Assets (Net)	637,213	452,161	1,089,374	25,589
Total Noncurrent Assets	1,063,998	454,434	1,518,432	35,742
Total Assets	\$ 1,698,966	\$ 590,000	\$ 2,288,966	\$ 45,675

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

COUNTY OF MILWAUKEE
Statement of Net Position
As of December 31, 2012
(In Thousands)

	Primary Government			Component <u>Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 62,109	\$ 6,009	\$ 68,118	\$ 1,257
Accrued Liabilities	43,650	4,388	48,038	856
Accrued Interest Payable	5,489	1,129	6,618	18
Accrued Pension Payable	19,291	-	19,291	-
Due to Other Governments	982	-	982	-
Unearned Revenues	297,724	16,182	313,906	2,122
Bonds and Notes Payable - General Obligation	65,491	3,579	69,070	13
Bonds and Notes Payable - Revenue	-	8,630	8,630	-
Unfunded Claims and Judgments	2,000	-	2,000	-
Pollution Remediation Costs	5,492	-	5,492	-
Landfill Postclosure Costs	110	-	110	-
Compensated Absences Payable	21,186	6,380	27,566	-
Risk Claims	8,073	10,912	18,985	-
Capital Leases	1,186	211	1,397	118
Other Current Liabilities	22	1,507	1,529	369
Total Current Liabilities	532,805	58,927	591,732	4,753
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	654,575	25,634	680,209	4,383
Bonds and Notes Payable - Revenue	-	182,257	182,257	-
Unfunded Claims and Judgments	2,000	-	2,000	-
Landfill Postclosure Costs	2,938	-	2,938	-
Pollution Remediation Costs	13,246	-	13,246	-
Compensated Absences Payable	19,654	5,238	24,892	-
Risk Claims	6,571	6,140	12,711	-
Other Post Employment Benefits	273,629	11,046	284,675	-
Capital Leases	4,670	174	4,844	-
Other Noncurrent Liabilities	-	-	-	901
Accrued Pension and Postretirement Benefits	-	-	-	10,163
Total Noncurrent Liabilities	977,283	230,489	1,207,772	15,447
Total Liabilities	1,510,088	289,416	1,799,504	20,200

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

COUNTY OF MILWAUKEE
Statement of Net Position
As of December 31, 2012
(In Thousands)

	Primary Government			Component <u>Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
NET POSITION				
Unrestricted (Deficit)	\$ (316,075)	\$ 876	\$ (315,199)	\$ (5,067)
Restricted for:				
2014 Appropriations	5,000	-	5,000	-
2013 Appropriations	5,539	-	5,539	-
Debt Service	27,063	15,288	42,351	-
Commitments	10,005	3,619	13,624	-
Capital Project Commitments	31,737	-	31,737	-
Department of Family Care - State Restricted	11,432	-	11,432	-
Department of Family Care - Excess Reserves	16,322	-	16,322	-
Delinquent Property Tax	15,275	-	15,275	-
Investment Market Value in Excess of Book Value	999	-	999	-
Housing	627	-	627	-
Capital Asset Needs	-	10,450	10,450	-
Airport - Passenger Facilities Charges and Debt	29,369	-	29,369	-
Behavioral Health Division	9,986	-	9,986	-
Fleet and Facilities Divisions	10,270	-	10,270	-
Administrative Services	6,984	-	6,984	-
Zoo	914	-	914	-
Parks	1,074	-	1,074	-
Persons with Disabilities	110	-	110	-
Museum	-	-	-	9,101
Other	-	-	-	361
Net Investment in Capital Assets	<u>322,247</u>	<u>270,351</u>	<u>592,598</u>	<u>21,080</u>
Total Net Position	<u>188,878</u>	<u>300,584</u>	<u>489,462</u>	<u>25,475</u>
Total Liabilities and Net Position	<u>\$ 1,698,966</u>	<u>\$ 590,000</u>	<u>\$ 2,288,966</u>	<u>\$ 45,675</u>

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

COUNTY OF MILWAUKEE
Statement of Activities
For The Year Ended December 31, 2012
(In Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Functions / Programs								
Primary Government:								
Governmental Activities:								
Legislative, Executive and Staff	\$ (56,232)	\$ 4,048	\$ 1,394	\$ -	\$ (50,790)	\$ -	\$ (50,790)	\$ -
Courts and Judiciary	(56,516)	3,994	24,084	-	(28,438)	-	(28,438)	-
General Governmental Services	(10,969)	5,407	53	-	(5,509)	-	(5,509)	-
Public Safety	(156,162)	10,153	15,941	-	(130,068)	-	(130,068)	-
Public Works and Highways	(90,974)	25,216	18,859	-	(46,899)	-	(46,899)	-
Human Services	(563,378)	343,742	131,452	-	(88,184)	-	(88,184)	-
Parks, Recreation and Culture	(80,553)	32,304	316	-	(47,933)	-	(47,933)	-
Interest and Other Charges	(35,503)	-	-	-	(35,503)	-	(35,503)	-
Total Governmental Activities	(1,050,287)	424,864	192,099	-	(433,324)	-	(433,324)	-
Business-Type Activities:								
Airport	(87,901)	83,306	579	23,037	-	19,021	19,021	-
Transit	(169,061)	50,521	91,776	24,450	-	(2,314)	(2,314)	-
Total Business-Type Activities	(256,962)	133,827	92,355	47,487	-	16,707	16,707	-
Total Primary Government	\$ (1,307,249)	\$ 558,691	\$ 284,454	\$ 47,487	(433,324)	16,707	(416,617)	-
Component Units:								
Museum	\$ (19,406)	\$ 10,882	\$ 3,502	\$ -	-	-	-	(5,022)
War Memorial Center	(3,501)	926	2,574	-	-	-	-	(1)
Marcus Center	(9,417)	3,975	1,088	-	-	-	-	(4,354)
Research Park Corporation	(1,148)	83	-	-	-	-	-	(1,065)
Total Component Units	(33,472)	15,866	7,164	-	-	-	-	(10,442)
General Revenues:								
Property Taxes					279,179	-	279,179	-
Sales Taxes					64,740	-	64,740	-
Intergovernmental Revenues Not Related to Specific Program					44,402	-	44,402	-
Investment Income					6,186	219	6,405	4,983
Other Revenue					66,356	-	66,356	2,353
Transfers					(12,370)	12,370	-	-
Total General Revenues and Transfers					448,493	12,589	461,082	7,336
Change in Net Position					15,169	29,296	44,465	(3,106)
Net Position -- Beginning					173,709	271,288	444,997	28,581
Net Position -- Ending					\$ 188,878	\$ 300,584	\$ 489,462	\$ 25,475

COUNTY OF MILWAUKEE
Balance Sheet
Governmental Funds
As of December 31, 2012
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 98,779	\$ 26,012	\$ 43,862	\$ 29,374	\$ 198,027
Cash and Investments -- Restricted	11,447	-	-	29,369	40,816
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	18,949	102	1,305	-	20,356
Property Taxes:					
Current Levy	280,134	-	-	-	280,134
Delinquent	20,061	-	-	-	20,061
Accrued Interest	9,165	-	-	-	9,165
Other	9,858	-	-	-	9,858
Due From Other Governments	29,181	960	2,869	-	33,010
Inventories	2,815	-	-	-	2,815
Insurance Deposits	3,309	-	-	-	3,309
Total Assets	<u>\$ 483,698</u>	<u>\$ 27,074</u>	<u>\$ 48,036</u>	<u>\$ 58,743</u>	<u>\$ 617,551</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 43,681	\$ -	\$ 16,299	\$ 36	\$ 60,016
Accrued Liabilities	47,670	11	-	-	47,681
Accrued Pension Payable	19,291	-	-	-	19,291
Other Liabilities	24	-	-	-	24
Due to Other Governments	982	-	-	-	982
Deferred Revenues	302,839	-	-	-	302,839
Total Liabilities	<u>414,487</u>	<u>11</u>	<u>16,299</u>	<u>36</u>	<u>430,833</u>
Fund Balance:					
Non-Spendable:					
Inventories	2,815	-	-	-	2,815
Restricted:					
2014 Appropriations	5,000	-	-	-	5,000
2013 Appropriations	5,539	-	-	-	5,539
Debt Service	-	27,063	-	-	27,063
Commitments	9,284	-	31,737	-	41,021
Department of Family Care - State Restricted	11,432	-	-	-	11,432
Department of Family Care - Excess Reserves	16,322	-	-	-	16,322
Delinquent Property Tax	15,275	-	-	-	15,275
Investment Market Value in Excess of Book Value	999	-	-	-	999
Housing	627	-	-	-	627
Airport - Passenger Facilities Charges and Debt	-	-	-	29,369	29,369
Administrative Services	-	-	-	6,984	6,984
Zoo	-	-	-	914	914
Parks	-	-	-	1,074	1,074
Persons with Disabilities	-	-	-	110	110
Behavioral Health Division	-	-	-	9,986	9,986
Fleet and Facilities Divisions	-	-	-	10,270	10,270
Committed:					
Economic Development	1,196	-	-	-	1,196
Workforce Development	722	-	-	-	722
Total Fund Balance	<u>69,211</u>	<u>27,063</u>	<u>31,737</u>	<u>58,707</u>	<u>186,718</u>
Total Liabilities and Fund Balance	<u>\$ 483,698</u>	<u>\$ 27,074</u>	<u>\$ 48,036</u>	<u>\$ 58,743</u>	<u>\$ 617,551</u>

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

COUNTY OF MILWAUKEE
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Position
As of December 31, 2012
(In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/12 \$ 186,718

**Total net position reported for governmental activities in the
statement of net position is different because of the following:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets, except for internal service funds, consist of:

Land	59,303
Construction in Progress	40,540
Land Improvements	241,288
Buildings and Improvements	671,705
Infrastructure	191,957
Machinery, Vehicles and Equipment	138,107
Less: Accumulated Depreciation	(717,974)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services including fleet management and facilities management. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:

1,694

Amounts to be collected under long-term receivables are not available to pay for the current period expenditures, and therefore are reported as deferred in the funds.

5,115

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate liabilities. These liabilities, except internal service fund liabilities, consist of:

Bonds and Notes Payable	(708,002)
Unamortized Debt Issue Costs	96
Capital Leases	(5,856)
Unfunded Claims and Judgments	(4,000)
Landfill Postclosure Costs	(3,048)
Pollution Remediation Costs	(18,738)
Compensated Absences Payable	(35,714)
Other Post Employment Benefits	(268,514)

Contributions to the County's Employee Retirement System resulted in a decrease to fund balance in the Governmental Funds; however, the contributions created an asset in the Governmental Activities to be amortized in future years.

Net Pension Asset	419,587
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Interest on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of net position.

(5,386)

Total Net Position of Governmental Activities as of 12/31/12 \$ 188,878

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2012
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 227,996	\$ 1,920	\$ 24,756	\$ -	\$ 254,672
Property Taxes	279,179	-	-	-	279,179
Sales Taxes	64,295	-	445	-	64,740
Charges for Services	398,093	-	-	15,946	414,039
Fines and Forfeits	2,621	-	-	-	2,621
Licenses and Permits	577	-	-	-	577
Investment Income and Rents	8,454	-	358	257	9,069
Other	48,746	5,400	2,630	6,914	63,690
Total Revenues	<u>1,029,961</u>	<u>7,320</u>	<u>28,189</u>	<u>23,117</u>	<u>1,088,587</u>
Expenditures:					
Current:					
Legislative, Executive and Staff	23,382	-	-	-	23,382
Courts and Judiciary	53,383	-	-	-	53,383
General Governmental Services	9,939	-	-	-	9,939
Public Safety	145,119	-	-	-	145,119
Public Works and Highways	45,123	-	-	9,506	54,629
Human Services	553,475	-	-	1,222	554,697
Parks, Recreation and Culture	64,477	-	-	735	65,212
Capital Outlay	-	-	68,446	-	68,446
Debt Service:					
Principal Retirement	-	63,913	-	-	63,913
Interest and Other Charges	-	36,993	-	-	36,993
Total Expenditures	<u>894,898</u>	<u>100,906</u>	<u>68,446</u>	<u>11,463</u>	<u>1,075,713</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>135,063</u>	<u>(93,586)</u>	<u>(40,257)</u>	<u>11,654</u>	<u>12,874</u>
Other Financing Sources (Uses):					
General Obligation Bonds Issued	-	20,301	-	-	20,301
Premium on Debt Issued	-	3,053	-	-	3,053
Payment to Refunded Bond Escrow Agent	-	(23,145)	-	-	(23,145)
Transfers In	9,576	108,863	5,119	4,752	128,310
Transfers Out	(135,414)	-	(997)	-	(136,411)
Total Other Financing Sources (Uses)	<u>(125,838)</u>	<u>109,072</u>	<u>4,122</u>	<u>4,752</u>	<u>(7,892)</u>
Net Change in Fund Balances	9,225	15,486	(36,135)	16,406	4,982
Fund Balances - Beginning	59,986	11,577	67,872	42,301	181,736
Fund Balances - Ending	<u>\$ 69,211</u>	<u>\$ 27,063</u>	<u>\$ 31,737</u>	<u>\$ 58,707</u>	<u>\$ 186,718</u>

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

COUNTY OF MILWAUKEE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2012
 (In Thousands)

Net change in fund balances -- total governmental funds \$ 4,982

**Amounts reported for governmental activities in
 the statement of activities are different because:**

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported as an expenditure in the Capital Project Fund	68,446
Capital outlay contributed to Transit by Intergovernmental Revenues	(24,042)
Items reported as capital outlay that were not capitalized	(10,727)
Items reported as capital from operations	1,675
Depreciation reported in the government-wide statements	(48,167)
Net book value of assets retired	(642)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 705

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(20,301)
Premium on debt issued	(3,053)
Principal repaid	85,944
Capital lease paid	1,144
Capital lease issued	(1,406)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 2,911

Reassignment of capital assets net of long-term liabilities for the Internal Service Funds (4,598)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest Payable	1,307
Amortization of Bond Costs	664
Loss on Refunding	1,355
Net Pension Asset	6,272
Unfunded Claims and Judgments	(2,000)
Landfill Postclosure Costs	(1,078)
Pollution Remediation Costs	(18,428)
Compensated Absences Payable	110
Other Postemployment Benefits	(25,904)

Change in net position of governmental activities \$ 15,169

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

COUNTY OF MILWAUKEE
 Statement of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
Revenues:				
Intergovernmental	\$ 243,437	\$ 227,901	\$ 227,996	\$ 95
Property Taxes	278,571	278,571	279,179	608
Sales Taxes	64,001	64,001	64,295	294
Charges for Services	353,707	397,386	398,093	707
Fines and Forfeits	3,471	3,471	2,621	(850)
Licenses and Permits	699	699	577	(122)
Investment Income and Rents	7,872	7,872	8,454	582
Other	47,717	51,509	48,744	(2,765)
Total Revenues	<u>999,475</u>	<u>1,031,410</u>	<u>1,029,959</u>	<u>(1,451)</u>
Expenditures:				
Current:				
Legislative, Executive and Staff	29,810	28,830	26,219	2,611
Courts and Judiciary	57,131	58,741	55,770	2,971
General Governmental Services	7,600	11,318	10,537	781
Public Safety	154,877	158,492	153,490	5,002
Public Works and Highways	49,982	52,620	47,345	5,275
Human Services	538,485	571,340	563,561	7,779
Parks, Recreation and Culture	62,653	63,905	59,921	3,984
Other	1,691	57	-	57
Total Expenditures	<u>902,229</u>	<u>945,303</u>	<u>916,843</u>	<u>28,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97,246</u>	<u>86,107</u>	<u>113,116</u>	<u>27,009</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	10	170	-	(170)
Transfers In	-	-	4,419	4,419
Transfers Out	(89,686)	(104,339)	(129,639)	(25,300)
Transfers To Component Units	(6,076)	(6,076)	(6,561)	(485)
Total Other Financing Sources (Uses)	<u>(95,752)</u>	<u>(110,245)</u>	<u>(131,781)</u>	<u>(21,536)</u>
Net Change in Fund Balance	1,494	(24,138)	(18,665)	5,473
Fund Balances -- Beginning	59,986	59,986	59,986	-
Fund Balances -- Ending	<u>\$ 61,480</u>	<u>\$ 35,848</u>	<u>\$ 41,321</u>	<u>\$ 5,473</u>

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

COUNTY OF MILWAUKEE

Balance Sheet

Proprietary Funds

As of December 31, 2012

(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Assets				
Current Assets:				
Cash and Investments	\$ 47,852	\$ 23,124	\$ 70,976	\$ 23,575
Cash and Investments -- Restricted	34,419	-	34,419	-
Receivables:				
Accounts	6,373	-	6,373	384
Other	79	2,397	2,476	-
Due From Other Governments	10,104	5,839	15,943	9
Inventories	-	4,876	4,876	-
Prepaid Items	-	345	345	551
Other Assets	-	158	158	-
Total Current Assets	<u>98,827</u>	<u>36,739</u>	<u>135,566</u>	<u>24,519</u>
Noncurrent Assets:				
Other Post Employment Benefit	-	2,273	2,273	-
Capital Assets:				
Land	18,594	2,773	21,367	-
Construction in Progress	63,924	2,165	66,089	5,082
Land Improvements	195,970	6,604	202,574	3,142
Building and Improvements	316,215	64,823	381,038	3,746
Machinery, Vehicles and Equipment	17,254	152,968	170,222	38,882
Total Capital Assets	<u>611,957</u>	<u>229,333</u>	<u>841,290</u>	<u>50,852</u>
Less: Accumulated Depreciation	<u>(264,396)</u>	<u>(124,733)</u>	<u>(389,129)</u>	<u>(38,565)</u>
Total Capital Assets (Net)	<u>347,561</u>	<u>104,600</u>	<u>452,161</u>	<u>12,287</u>
Total Noncurrent Assets	<u>347,561</u>	<u>106,873</u>	<u>454,434</u>	<u>12,287</u>
Total Assets	<u>\$ 446,388</u>	<u>\$ 143,612</u>	<u>\$ 590,000</u>	<u>\$ 36,806</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 2,941	\$ 3,068	\$ 6,009	\$ 2,093
Accrued Liabilities	2,080	2,308	4,388	-
Accrued Interest Payable	753	376	1,129	103
Unearned Revenues	12,313	3,869	16,182	-
Bonds and Notes Payable - General Obligation	136	3,443	3,579	1,757
Bonds and Notes Payable - Revenue	8,630	-	8,630	-
Compensated Absences	1,544	4,836	6,380	549
Risk Claims	-	10,912	10,912	8,073
Capital Leases	211	-	211	-
Other Liabilities	16	1,491	1,507	-
Total Current Liabilities	<u>28,624</u>	<u>30,303</u>	<u>58,927</u>	<u>12,575</u>
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	237	25,397	25,634	10,307
Bonds and Notes Payable - Revenue	182,257	-	182,257	-
Compensated Absences	1,119	4,119	5,238	544
Risk Claims	-	6,140	6,140	6,571
Other Post Employment Benefits	11,046	-	11,046	5,115
Capital Leases	174	-	174	-
Total Long-Term Liabilities	<u>194,833</u>	<u>35,656</u>	<u>230,489</u>	<u>22,537</u>
Total Liabilities	<u>223,457</u>	<u>65,959</u>	<u>289,416</u>	<u>35,112</u>
Net Position				
Unrestricted	386	490	876	750
Restricted for:				
Operations and Debt Service	15,288	-	15,288	-
Capital Asset Needs	10,450	-	10,450	-
Commitments	2,216	1,403	3,619	721
Net Investment in Capital Assets	194,591	75,760	270,351	223
Total Net Position	<u>222,931</u>	<u>77,653</u>	<u>300,584</u>	<u>1,694</u>
Total Liabilities and Net Position	<u>\$ 446,388</u>	<u>\$ 143,612</u>	<u>\$ 590,000</u>	<u>\$ 36,806</u>

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012
(In Thousands)

	<u>Business-Type Activities -- Enterprise Funds</u>			Governmental
	<u>Airports</u>	<u>Transit System</u>	<u>Total</u>	Activities -- Internal Service Funds
Operating Revenues:				
Rentals and Other Service Fees	\$ 67,204	\$ 75	\$ 67,279	\$ 25,292
Admissions and Concessions	16,098	-	16,098	-
Transit Fares	-	46,364	46,364	-
Total Charges for Services	<u>83,302</u>	<u>46,439</u>	<u>129,741</u>	<u>25,292</u>
Other Revenues	4	4,082	4,086	70
Total Operating Revenues	<u>83,306</u>	<u>50,521</u>	<u>133,827</u>	<u>25,362</u>
Operating Expenses:				
Personnel Services	24,119	111,623	135,742	7,258
Contractual Services	19,503	20,455	39,958	7,961
Intra-County Services	9,346	1,432	10,778	1,022
Commodities	4,917	17,065	21,982	443
Depreciation and Amortization	20,269	12,597	32,866	1,371
Maintenance	649	803	1,452	708
Other	32	3,766	3,798	-
Insurance and Claims	-	-	-	7,542
Client Payments	-	-	-	1,294
Total Operating Expenses	<u>78,835</u>	<u>167,741</u>	<u>246,576</u>	<u>27,599</u>
Operating Income (Loss)	<u>4,471</u>	<u>(117,220)</u>	<u>(112,749)</u>	<u>(2,237)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	579	91,776	92,355	1,377
Investment Income	219	-	219	-
Reassignment of Long-term Liabilities to Special Revenue	-	-	-	4,752
Reassignment of Capital Assets to General Fund	-	-	-	(154)
Interest Expense	(9,066)	(1,320)	(10,386)	(565)
Total Nonoperating Revenues (Expenses)	<u>(8,268)</u>	<u>90,456</u>	<u>82,188</u>	<u>5,410</u>
Income (Loss) Before Contributions and Transfers	(3,797)	(26,764)	(30,561)	3,173
Capital Contributions	23,037	24,450	47,487	4,007
Transfers In	2,597	16,083	18,680	2,752
Transfers Out	(6,310)	-	(6,310)	(7,021)
Change in Net Position	15,527	13,769	29,296	2,911
Net Position -- Beginning	207,404	63,884	271,288	(1,217)
Net Position -- Ending	<u>\$ 222,931</u>	<u>\$ 77,653</u>	<u>\$ 300,584</u>	<u>\$ 1,694</u>

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

COUNTY OF MILWAUKEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities
	Airports	Transit System	Total	Internal Service Funds
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers Users	\$ 82,095	\$ 50,920	\$ 133,015	\$ 4,312
Receipts from Interfund Services	-	-	-	21,107
Payments to Suppliers	(25,054)	(44,383)	(69,437)	(15,088)
Payments to Employees	(22,609)	(108,472)	(131,081)	(6,873)
Payments for Interfund Services Used	(9,346)	(1,432)	(10,778)	(1,390)
Net Cash Flows Provided (Used) by Operating Activities	<u>25,086</u>	<u>(103,367)</u>	<u>(78,281)</u>	<u>2,068</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	579	92,729	93,308	1,406
Contributed Capital from Other Funds	-	-	-	(2,315)
Transfers From Other Funds	2,597	16,083	18,680	2,752
Transfers (To) Other Funds	(6,310)	-	(6,310)	(7,021)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(3,134)</u>	<u>108,812</u>	<u>105,678</u>	<u>(5,178)</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Capital Contributions	23,037	24,450	47,487	4,007
Proceeds from Refunding Bonds	-	1,301	1,301	1,503
Principal Payment on Bonds	(8,669)	(2,864)	(11,533)	(1,832)
Principal Payment on Refunding Bonds	-	(1,395)	(1,395)	(1,392)
Premium on Bonds	-	192	192	170
Interest Paid on Bonds	(9,549)	(1,578)	(11,127)	(735)
Payments on Capital Lease	(274)	-	(274)	-
Acquisition of Capital Assets	(27,002)	(23,372)	(50,374)	(1,874)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(22,456)</u>	<u>(3,266)</u>	<u>(25,722)</u>	<u>(153)</u>
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	219	-	219	-
Net Cash Flows Provided (Used) by Investing Activities	<u>219</u>	<u>-</u>	<u>219</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(285)	2,179	1,894	(3,263)
Cash and Cash Equivalents at Beginning of Year	82,556	20,945	103,501	26,838
Cash and Cash Equivalents at End of Year	<u>\$ 82,271</u>	<u>\$ 23,124</u>	<u>\$ 105,395</u>	<u>\$ 23,575</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Financed by Capital Leases	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 4,471	\$ (117,220)	\$ (112,749)	\$ (2,237)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	20,269	12,597	32,866	1,371
(Increase) Decrease in Assets:				
Accounts Receivable	(1,255)	-	(1,255)	427
Other Receivables	-	(261)	(261)	-
Due from Other Governments	(5,255)	-	(5,255)	(9)
Inventories	-	(697)	(697)	-
Prepaid Items	-	(135)	(135)	1,587
Increase (Decrease) in Liabilities:				
Accounts Payable	47	1,140	1,187	812
Accrued Liabilities	8	(700)	(692)	(21)
Unearned Revenues	5,299	168	5,467	-
Compensated Absences	161	80	241	(50)
Risk Claims	-	6,266	6,266	(268)
Other Post Employment Benefits	1,341	(222)	1,119	456
Other Liabilities	-	(2,602)	(2,602)	-
Total Adjustments	<u>20,615</u>	<u>13,853</u>	<u>34,468</u>	<u>4,305</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 25,086</u>	<u>\$ (103,367)</u>	<u>\$ (78,281)</u>	<u>\$ 2,068</u>

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

COUNTY OF MILWAUKEE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012
(In Thousands)

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and Investments:		
Domestic Common and Preferred Stocks	\$ 408,643	\$ -
Long / Short Hedge Funds	181,417	-
Fixed Income	445,499	-
International Common and Preferred Stocks	348,647	-
Real Estate Investments Trusts	127,430	-
Infrastructure	130,215	-
Private Equity	49,844	-
Deposits	56,934	19,852
Total Cash and Investments	1,748,629	19,852
Receivables:		
Pension Trust Fund Contribution	19,647	-
Accrued Interest and Dividends	2,285	-
Due from Sale of Investments	1,330	-
Other	579	-
Securities Lending	20,021	-
Other Assets	5,553	-
Total Assets	1,798,044	19,852
<u>Liabilities</u>		
Accounts Payable	3,690	265
Agency Deposits	-	19,587
Securities Lending	20,021	-
Other Liabilities	5,898	-
Total Liabilities	29,609	19,852
<u>Net Position</u>		
Held in Trust for Pension Benefits	\$ 1,768,435	\$ -

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

COUNTY OF MILWAUKEE
 Statement of Changes in Fiduciary Net Position
 Pension Trust Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Total
Additions:	
Contributions:	
County of Milwaukee	\$ 18,411
Plan Participants	9,041
Total Contributions	27,452
Investment Income:	
Net Appreciation (Depreciation) in Fair Value	155,310
Interest and Dividends	22,147
Other Income	8,513
Total Investment Income	185,970
Security Lending Income	71
Security Lending Rebates (and Fees)	50
Net Security Lending Activity	121
Investment Expense	(3,850)
Net Investment Income (Loss)	182,241
Total Additions, Net of Losses	209,693
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(178,557)
Administrative Expenses	(4,596)
Withdrawal of Membership Accounts	(212)
Total Deductions	(183,365)
Change In Plan Net Position	26,328
Plan Net Position Held In Trust for Pension Benefits Beginning of Year	1,742,107
End of Year	\$ 1,768,435

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

COUNTY OF MILWAUKEE
Combining Balance Sheet
Component Units
As of December 31, 2012
(In Thousands)

	<u>Museum</u>	<u>War Memorial Center</u>	<u>Marcus Center</u>	<u>Research Park Corporation</u>	<u>Total</u>
Assets					
Current Assets:					
Cash and Investments	\$ 1,936	\$ 1	\$ 2,165	\$ 3,709	\$ 7,811
Accounts Receivable	1,084	-	615	64	1,763
Inventories	23	-	14	-	37
Prepaid Items	248	-	70	4	322
Total Current Assets	<u>3,291</u>	<u>1</u>	<u>2,864</u>	<u>3,777</u>	<u>9,933</u>
Noncurrent Assets:					
Long-Term Investments	6,462	-	807	-	7,269
Accounts Receivable	2,229	-	-	-	2,229
Other	-	-	647	8	655
Capital Assets (Net):					
Construction in Progress	118	-	-	-	118
Buildings and Improvements	19,310	-	22,788	-	42,098
Machinery, Vehicles and Equipment	10,608	-	2,310	-	12,918
Less: Accumulated Depreciation	(15,035)	-	(14,510)	-	(29,545)
Total Capital Assets (Net)	<u>15,001</u>	<u>-</u>	<u>10,588</u>	<u>-</u>	<u>25,589</u>
Total Noncurrent Assets	<u>23,692</u>	<u>-</u>	<u>12,042</u>	<u>8</u>	<u>35,742</u>
Total Assets	<u>\$ 26,983</u>	<u>\$ 1</u>	<u>\$ 14,906</u>	<u>\$ 3,785</u>	<u>\$ 45,675</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 894	\$ -	\$ 103	\$ 260	\$ 1,257
Accrued Liabilities	532	-	316	8	856
Accrued Interest Payable	18	-	-	-	18
Unearned Revenues	1,217	-	806	99	2,122
Bonds and Notes Payable	-	-	8	5	13
Capital Leases	118	-	-	-	118
Other Current Liabilities	-	-	107	-	107
Accrued Pension and Postretirement Benefits	262	-	-	-	262
Total Current Liabilities	<u>3,041</u>	<u>-</u>	<u>1,340</u>	<u>372</u>	<u>4,753</u>
Noncurrent Liabilities:					
Bonds and Notes Payable	4,345	-	38	-	4,383
Other Noncurrent Liabilities	284	-	617	-	901
Accrued Pension and Postretirement Benefits	10,163	-	-	-	10,163
Total Noncurrent Liabilities	<u>14,792</u>	<u>-</u>	<u>655</u>	<u>-</u>	<u>15,447</u>
Total Liabilities	<u>17,833</u>	<u>-</u>	<u>1,995</u>	<u>372</u>	<u>20,200</u>
Net Position					
Unrestricted (Deficit)	(10,489)	-	2,356	3,066	(5,067)
Restricted	9,101	1	13	347	9,462
Net Investment in Capital Assets	10,538	-	10,542	-	21,080
Total Net Position	<u>9,150</u>	<u>1</u>	<u>12,911</u>	<u>3,413</u>	<u>25,475</u>
Total Liabilities and Net Position	<u>\$ 26,983</u>	<u>\$ 1</u>	<u>\$ 14,906</u>	<u>\$ 3,785</u>	<u>\$ 45,675</u>

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

COUNTY OF MILWAUKEE
 Combining Statement of Revenues, Expenses and Changes in Net Position
 Component Units
 For the Year Ended December 31, 2012
 (In Thousands)

	<u>Museum</u>	<u>War Memorial Center</u>	<u>Marcus Center</u>	<u>Research Park Corporation</u>	<u>Total</u>
Revenues:					
County Program Support	\$ 3,502	\$ 2,574	\$ 1,088	\$ -	\$ 7,164
Charges for Services:					
Contributions and memberships	7,078	-	461	57	7,596
Other	3,804	926	3,514	26	8,270
Interest on Investments and Rents	721	-	3,323	939	4,983
Other	776	-	550	1,027	2,353
Total Revenues	<u>15,881</u>	<u>3,500</u>	<u>8,936</u>	<u>2,049</u>	<u>30,366</u>
Expenses:					
Parks, Recreation and Culture	<u>19,406</u>	<u>3,501</u>	<u>9,417</u>	<u>1,148</u>	<u>33,472</u>
Total Expenses	<u>19,406</u>	<u>3,501</u>	<u>9,417</u>	<u>1,148</u>	<u>33,472</u>
Changes in Net Position	(3,525)	(1)	(481)	901	(3,106)
Net Position -- Beginning	<u>12,675</u>	<u>2</u>	<u>13,392</u>	<u>2,512</u>	<u>28,581</u>
Net Position -- Ending	<u>\$ 9,150</u>	<u>\$ 1</u>	<u>\$ 12,911</u>	<u>\$ 3,413</u>	<u>\$ 25,475</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

- 1 - Summary of Significant Accounting Policies
- 2 - Stewardship, Compliance and Accountability
- 3 - Deposits and Investments
- 4 – Receivables
- 5 - Capital Assets
- 6 - Interfund Transfers
- 7 – Leases
- 8 - Long-term Liabilities
- 9 - Net Position
- 10 - Risk Management
- 11 - Related Party Transactions
- 12 - Subsequent Events
- 13 - Commitments and Contingencies
- 14 - Other Post-Employment Benefits
- 15 - Employee Retirement Systems and Pension Plans
- 16 - Pending Governmental Accounting Standards
- 17 - Reclassification of Internal Service Fund Activities

Milwaukee County
Notes to the Financial Statements
As of and For the Year Ended December 31, 2012
(Amounts Expressed in Thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies

The County of Milwaukee, Wisconsin (“County”) incorporated in 1835, is a governmental entity established by laws of the State of Wisconsin and has the power of a body corporate, as defined by s. 59.01 of the statutes of the State of Wisconsin. The Board of County Supervisors (“Board”) governs the County. The Board consists of eighteen members who are elected by the citizens of Milwaukee County. The County also elects eight principal officials who are the County Executive, the Clerk of Circuit Courts, the County Clerk, the County Treasurer, the District Attorney, the Register of Deeds, the Sheriff, and starting in 2012 the Comptroller.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. The Reporting Entity

The County complies with the provisions of GASB Statements No.14 and GASB Statement No. 39 in defining the reporting entity and its component units. As defined by GASB Statement No. 14, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The County is financially accountable for the organization if it appoints a voting majority of the organization’s governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may also be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. In addition, GASB Statement No. 39 states that a legally

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government, or its component units, is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

As required by GAAP and based on the criteria stated in the above paragraph, the financial statements of the reporting entity include those of Milwaukee County, the primary government, and its four major component units, which are discretely presented.

Component Units

There are two ways to report component units; blended component units and discretely presented component units. Blended component units are legally separate entities that are in substance part of government operations, as they either have governing bodies that are substantively the same as the board or they provide their services exclusively or almost exclusively to the government. There are no blended component units reported by Milwaukee County.

Discretely presented component units are legally separate entities, which do not meet the criteria for blending. Discretely presented component units are presented as a separate column in the government-wide financial statements and individually in the combining statements for component units in the fund financial statements to emphasize that they are legally separate. As stated above, the County has four major discretely presented component units, which are described below.

Milwaukee County War Memorial Center, Inc. (“Memorial”) is organized under the laws of the State of Wisconsin as a non-profit, non-stock corporation. The Memorial is operated under the auspices of Milwaukee County. The purpose of the Memorial is to operate four facilities, the War Memorial Center/Milwaukee Art Museum, Marcus Center for the Performing Arts, and Charles Allis and Villa Terrace Art Museums. The governing board of the Memorial consists of fifteen members that are responsible for the general management and control of the Center. There are eight members that are appointed by the County Executive and confirmed by the County Board of Supervisors. Each Memorial entity has its

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

own Board made up of some Memorial Board members and others appointed by their respective Boards. Each individual entity's Board manages the day-to-day operation of their facility. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center's governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center's financial support, thus the War Memorial Center has the ability to impose specific financial burdens on the County. The War Memorial Center has a fiscal year ending December 31st.

During 2012 the Charles Allis/Villa Terrace Art Museum secured its own 501(c)(3) designation. Separate financial statements were submitted to Milwaukee County for Charles Allis/Villa Terrace Art Museum for 2012; however, due to Charles Allis/Villa Terrace's new reporting structure they do not meet the GASB tests related to governing body influence and financial support to be included as a Milwaukee County component unit.

The Marcus Center for the Performing Arts ("Marcus Center") is a not-for-profit non-stock corporation based in Wisconsin that offers performance facilities, a parking structure and various services to a wide range of performing arts. The Marcus Center is home to the Milwaukee Symphony Orchestra, the Milwaukee Ballet Company, the Milwaukee Youth Symphony Orchestra, the Florentine Opera Company, First Stage Milwaukee and other special arts groups, ethnic and cultural festivals and community concerts. A twenty-five member Board of Directors governs the Marcus Center. Seven members of the Board are appointed by the County Executive and confirmed by the County Board of Supervisors. The Marcus Center's day to day management is provided by the President and CEO. The Marcus Center operates as a separate reporting entity and has combined all of its related funds into one set of financial statements. The Marcus Center has imposed specific financial burdens on the County and therefore, the Marcus Center is presented as a discretely presented component unit within the County's comprehensive annual financial report. The County owns the majority of the economic resources (the building) available to the Marcus Center. The County has also assisted in the past with the issuance of general obligation corporate purpose bonds to finance certain improvements to the building. Finally, the County provides annual appropriations to the Marcus Center. The Marcus Center has a fiscal year ending December 31st.

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

The Milwaukee Public Museum (“MPM, Inc.”) is a non-profit natural history museum, whose purpose is to preserve and protect the collections of the museum and to educate the public through exhibits and research into natural history. The governing body of the MPM, Inc. consists of a twenty-seven member Board of Directors who manage the day-to-day operations. The Museum Board appoints eighteen members, the County Executive appoints five members, and the County Board Chairman appoints four members. MPM, Inc. is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to MPM, Inc (the building and the artifacts) and because the County provides a significant amount of financial support to MPM, Inc. As a result, MPM, Inc. has the ability to impose specific financial burdens on the County. The Museum building is not included in MPM, Inc.’s capital assets reported on the Component Unit Statement of Net Position. It is included in the County’s Governmental Activities Statement of Net Position. MPM, Inc. has a fiscal year ending August 31st.

The Milwaukee County Research Park Corporation (“MCRPC”) is a non-stock, non-profit corporation formed in 1987 for the sole purpose of developing a park for research and technology businesses on the parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes and are leased, conveyed or otherwise transferred to MCRPC; provided, however, that such development shall, in the judgment of MCRPC, advance the economic and social interests of the community. The governing body of MCRPC consists of a fifteen-member board. The County Executive appoints ten of the members and the County Board Chairman appoints five members. MCRPC is presented as a discretely presented component unit because the County appoints all of the members of the governing board and therefore has the ability to impose its will on MCRPC. The economic resources held by MCRPC are contributed to MCRPC through land sales and rent, by agreement of the County, for the direct benefit of the County and its constituents. MCRPC has a fiscal year ending December 31st.

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Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices listed below.

Milwaukee County War Memorial Center
750 North Lincoln Memorial Drive
Milwaukee, WI 53202

Marcus Center for the Performing Arts
929 North Water Street
Milwaukee, WI 53202

Milwaukee Public Museum, Inc.
800 West Wells Street
Milwaukee, WI 53233

Milwaukee County Research
Park Corporation
10437 Innovation Drive
Wauwatosa, WI 53226

Related Organizations

The County Executive of the County is responsible for appointing the members of the board of the following organization, but the County's accountability for this organization does not extend beyond making the appointments.

Milwaukee County Federated Library System (MCFLS) - The County Executive appoints the seven-member board. In accordance with State Statute s.43.19 (1) (a) at least one but not more than 2 members of the county board shall be members of the system board at any one time. MCFLS is a cooperative of the fifteen public libraries within Milwaukee County. In accordance with State Statute 43.15 (4) (c) 4, each library enters into a written agreement with the public library system board to participate in the system and its activities, to participate in interlibrary loan of materials with other system libraries and to provide, to any resident of the system area, the same library services, on the same terms, that are provided to the residents of the municipality or county that established the member library.

B. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds, proprietary funds, component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

The County applies GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," when accounting for and reporting intergovernmental revenue transactions. The governmental fund financial statements report these revenues when entitlements to those resources have occurred and all grant requirements have been met. In the government-wide and proprietary fund financial statements these revenues are recognized when entitlement to the resources has occurred and grant requirements have been met, regardless of the timing of the revenues. State shared revenues are recognized as revenues in the governmental funds when the County is entitled to these funds. Intergovernmental grants received for proprietary fund operating purposes, or which may be utilized for either operations or capital expenditures at the discretion of the County, are recognized as non-operating revenues in the accounting period in which they are earned. Intergovernmental grants restricted for the acquisition or construction of capital assets in the proprietary funds are recorded as a component of income.

All Financial Statements

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Uncollected property taxes of municipalities within the County, except the City of Milwaukee, are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County considers intergovernmental revenues

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds (Continued)

to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes, intergovernmental revenues, sales taxes, investment income, rents, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures and all other revenue items are considered to be measurable and available only when the county receives cash.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Proprietary fund operating expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and non-capital financing activities and investing activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds from long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

The County uses fiduciary funds to account for assets held in a trustee or agency capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognize receivables and payables.

C. Basis of Presentation

The County has presented the following **major governmental funds**:

- **General Fund** is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those resources required to be accounted for in another fund.
- **Debt Service Fund** accounts for and reports the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt.
- **Capital Projects Fund** accounts for and reports the financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities and other capital assets.

The County has presented the following **major proprietary funds**:

- **Airports Fund** accounts for the operations of General Mitchell International and Timmerman Airports. Airport passenger facility charges and related capital expenditures are not accounted for in the airport's enterprise fund but are accounted for as a special revenue fund.
- **Transit System Fund** accounts for the activities of the Milwaukee County Transit System and the Paratransit System. The Transit System provides public transportation in the Milwaukee metropolitan area and is managed by Milwaukee Transport Services, Inc., a private non-profit corporation. The Paratransit System is also operated by Milwaukee Transport Services, Inc., to provide transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The County has presented the following **non-major funds and other fund types**:

- **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The specific purpose of each fund is as follows:
 - **Zoo** - used for the purchase of animals and maintenance of the miniature passenger railroad for the Milwaukee County Zoo.
 - **Parks** - used for the enhancement of the Todd Wehr Nature Center and restoration of the Trimborn Farm as a historic park.
 - **Persons with Disabilities** - used for special projects to help free disabled persons from environmental and attitudinal barriers.
 - **Behavioral Health Division** - used for mental health research, patient activities and special events, and compensated absence payouts for Behavioral Health Division retirees.
 - **Public Works** - used for compensated absence payouts and other post-employment benefit costs for retirees from the Fleet Maintenance and Facilities Management divisions.
 - **Airport PFC (Passenger Facility Charge)** - used for the collection of Federal Aviation Administration (FAA) approved passenger facility charges, which are to be used for capital projects at the Airport. In addition, a trust is maintained in this fund to secure a pledge by the County for repayment of certain debt of local airlines.
 - **Administrative Services** - includes health and safety training for Risk Management to work with the countywide safety committee to address safety issues. It funds costs associated with new employee health screenings. It also includes pension stabilization established with \$6,500 in 2009 with issuance of Pension Obligation funds for County ERS, under state statute.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

- **Internal Service Funds** account for the financing of goods and services provided by one department to other departments of the County, or to other governmental entities, on a cost-reimbursement basis. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.
- **The Pension Trust Fund** accounts for the activities of the Employees' Retirement System and OBRA 1990 Retirement System of the County of Milwaukee. This fund accumulates resources for pension benefit payments to qualified Milwaukee County employees. Substantially all full and part-time employees of the County participate in these single-employer defined benefit plans.
- **Agency Funds** are custodial in nature and are used to account for assets held by the County as an agent for individuals, private organizations and other governmental units. The significant agency fund within the County is the Civil Court-ordered Family Support Payments.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

To facilitate cash management of the County's resources, cash and investments are pooled in common accounts. All cash and investments pooled in common accounts are considered cash equivalents for the purposes of the statements of cash flows. The cash and investment balance in each fund, except for certain Special Revenue, and Agency Funds, and certain cash accounts of the Airports Fund and Transit Fund represent the equity in these pooled resources.

Substantially all of the deposits and investments of the Agency Funds are held separately from those of other County funds. The Airport's Fund holds certain reserves under Revenue Bond restrictions separately. A portion of cash and investments in the Transit Fund are held in a separate account with Milwaukee Transport Services, Inc., a non-profit corporation. The resources of the Special Revenue, Pension Trust, and Agency funds are restricted and are not available to the County to finance its operations.

Statutes authorize the County to invest in State-authorized financial institution time deposits that mature in not more than three years, bonds or securities issued or guaranteed as to principal and interest by the Federal government, bonds or securities of any municipality of the State, securities that mature not

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

more than ten years from the date on which the security was acquired and which has a rating in one of the two highest categories assigned by a nationally-recognized rating agency, repurchase agreements secured by funds or securities issued or guaranteed as to principal and interest by the Federal government, and local government pooled investment funds. In addition, the Pension Board, as administrator of the Pension Trust Fund is authorized to invest in all types of investments deemed appropriate.

All investments are stated at fair value including investments in the Pension Trust Fund.

2. Receivables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). The County has no “Advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”.

At year-end, amounts due from private individuals, organizations or other governments which pertain to charges for services rendered by County departments are reported as accounts receivable. Receivables are reviewed periodically to establish or update the allowance for doubtful accounts. All trade receivables for the business-type funds are shown net of an allowance for uncollectibles.

Property tax receivables represent the taxes levied on or before December 31, the lien date. Taxes are recognized in the governmental funds as revenue in the year when they are available to finance county services. Since these property tax receivables are not available for the current fiscal year, they are fully reflected as deferred revenues.

Property taxes are levied based on the equalized value, which is computed using the assessment date of January 1, of all general property located in the County. The equalized value excludes tax incremental financing districts. The taxes are due on the last day of January but may be paid in two or more installments, depending on local ordinance.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

2. Receivables (Continued)

Delinquent property tax receivable is comprised of the unpaid property taxes the County purchases from other taxing authorities, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement and are reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold to the City each year.

Interest is earned on investments and delinquent property taxes. Accrued interest from delinquent property taxes that is not collectable within sixty days of year-end is reflected as deferred revenue in the governmental funds.

3. Inventory, Prepaid Items and Insurance Deposits

Inventories are valued at average cost or current cost, which approximates the first-in/first-out (FIFO) method. Inventories in the governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Milwaukee County has a self-funded health insurance plan through a third party manager. A requirement of the self-funded plan is that the County maintains, as of December 31, 2012 \$ 2,433 on deposit with this third party manager.

4. Restricted Assets

Certain proceeds of the Deposits & Investments area are considered restricted as explained earlier in (Note 1, section D and item 1). At the end of 2012, these restricted assets consisted of Airport reserves and unspent revenue bond proceeds of \$34,419, restricted Airport Passenger Facility Charge revenues of \$29,369 and Family Care of \$11,447. Restricted assets are not available to the County to finance its operations.

Airports: certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Restricted Assets at the end of 2012 amounted to \$34,419 and consisted of \$18,443 of

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

4. Restricted Assets (Continued)

reserves under Airport Revenue Bond covenant and \$15,976 of 2004, 2005, 2006, 2007, 2009 and 2010 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

The Airport Revenue Bond Interest and Principal Account are used to segregate resources accumulated for the semi-annual debt service payments. The Airport Revenue Bond Debt Service Reserve Account is used to report resources set aside to make up for any future deficiencies that may occur in the Airport Revenue Bond Principal and Interest Account. In addition, Airport Revenue Bond covenants require that fund equity be reserved for Debt Coverage, and Operations and Maintenance Reserves. The Debt Coverage Reserve Account and the Operations and Maintenance Reserve Account are used to report resources set aside to subsidize potential deficiencies from the Airport operation that could adversely affect debt service payments. When both restricted and unrestricted resources are available to make certain payments, the County uses unrestricted resources to liquidate payments.

Airport Special Revenue Fund: additionally, there are total Restricted Assets for Airport Special Revenue Fund of \$ 29,369 at the end of 2012. Of these, \$ 23,518 is passenger facility charge allocated and \$ 5,851 is related to contributed assets discussed below. Passenger facility charges are collected by the Airport and are used for capital projects or repayment of bonds for approved capital projects. The passenger facility charges are accounted for in a separate Special Revenue Fund.

In addition, the County has restricted \$ 5,851 of contributed assets for a \$ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$ 4,900 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund. During 2009, the company announced that another company was purchasing it and the County Board of Supervisors approved extensions of the agreement to August 15, 2013. There are no plans for the transfer of the agreements to the third party. However, the third-party continues to honor the agreement and make principal and interest payments in accordance with underlying agreements. The assets continue to be maintained by the third-party, and the third-party has been attempting to sell or lease the assets to pay down the debt.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

4. Restricted Assets (Continued)

Family Care: under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department of Family Care, the County is required to restrict cash of \$ 11,447. This restricted cash is for a working capital reserve and restricted reserve under the contract.

5. Capital Assets

Government-wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$ 2,500 (two thousand five hundred dollars) and an estimated useful life in excess of one year. The exception to this is for purchases of data processing equipment in which the initial individual cost has to be more than \$ 1,000 (one thousand dollars). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets received as gifts or donations are recorded at estimated fair market value at the time of receipt.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized at cost when purchased or constructed and updated for the cost of additions and retirements during the year.

Property, plant, equipment, and infrastructure of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Land Improvements	20-25
Vehicles	5-12
Office Equipment	5-10
Building Improvements	20
Infrastructure	20
Computer Equipment	5

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

5. Capital Assets (Continued)

The County owns a collection of zoo animals and a collection of museum historical artifacts. The County's collection of zoo animals and museum historical artifacts meet the definition of a capital asset and normally should be capitalized and reported in the financial statements. However, the requirement of capitalization is waived for collections meeting all of the following conditions: 1) the collection is held for reasons other than financial gain, 2) the collection is protected, kept unencumbered, cared for, and preserved, and 3) the collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections. With regard to the collection of zoo animals and in accordance with industry practice, animal collections are recorded at the nominal amount of \$ 1 (one dollar), as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the County shares animals with other organizations. Consistent with industry practice, the County does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

The County has elected not to capitalize the collection of museum historical artifacts because these assets meet the criteria stated above that qualify the collections for exemption from the capitalization requirement.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Compensated Absences

County employees are granted sick and annual vacation leave in varying amounts in accordance with administrative policies and union contracts. County employees are requested to use all accumulated vacation time earned each calendar year; however, for the majority of employees, a maximum of 56 vacation hours may be carried over to the next calendar year. In the event of

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

6. Compensated Absences (Continued)

termination or retirement, employees are paid for accumulated vacation, holiday and overtime hours.

Generally, accumulated sick pay is forfeited upon termination other than retirement. Effective June 24, 2012, the County changed the calculation of the sick leave payout at retirement for the majority of employees based upon an employee's bargaining unit affiliation as of January 30, 2012. Sick leave hours are now capped at 960 hours; any employee who had more than 960 hours at that date will be able to retain those hours but will not accrue additional hours until their accumulated balance drops below 960 hours.

When an active employee retires, accumulated sick leave benefits may vest. Depending on their prior bargaining unit affiliation and sick leave balances, a retiring employee may be entitled to either a full or partial cash payout or partial credit for post-retirement health care costs. Cash payouts to retirees for sick pay benefits were \$3,071 in 2012.

Vacation, sick pay, holiday and overtime amounts earned and vested by active employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the governmental activities and the business-type activities the short-term portion is \$21,186 and \$6,380 respectively. The long-term portion of compensated absences, primarily for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded as an expense in the governmental funds.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Gains and losses on prior refundings are amortized over the remaining life of the prior debt, or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount and gains or losses, as applicable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

7. Long-Term Obligations (Continued)

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

8. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- **Restricted Net Position** – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, and then unrestricted resources, as they are needed.

Fund Statements

In the governmental fund financial statements, fund balance is displayed in the following classifications that are based on the spending constraints placed on the resources:

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

8. Equity Classifications (Continued)

- **Nonspendable Fund Balance** – amounts that are not in a spendable form (such as inventory).
- **Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government).
- **Committed Fund Balance** – amounts constrained to specific purposes as approved or rescinded in a Board Resolution, and in compliance with State Statute.
- **Assigned Fund Balance** – amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the legislative, executive branch or an official of the County to which the governing body has assigned this authority. The Comptroller shall ensure that there are adequate funds in the department prior to the encumbering of any funds. As adopted May 17, 2012 on Board Resolution 12-418, generally, final intent is authorized through the County resolution approved by the County Board and County Executive. The County has restrictions against, and does not presently have, any Assigned Fund Balance.
- **Unassigned Fund Balance** – amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes. The County has restrictions against, and does not presently have, any Unassigned Fund Balance.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In the enterprise fund and government-wide financial statements, the portion of net position that represents net investment in capital assets is reported separately. Restricted net positions are reported for amounts that are legally restricted by outside parties to be used for a specific purpose.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

8. Equity Classifications (Continued)

The Statutes of the State of Wisconsin require that the surplus/deficit of all departments of the County be determined in accordance with GAAP based on fund financial statements. The amount of any surplus/deficit of the current year is restricted by County Ordinance 32.91(4) a (4) and State Statute to be used to reduce/increase property tax levy in the subsequent budget period.

The Board of Supervisors may by two-thirds vote, adopt a resolution prior to the adoption of the tax levy authorizing the surplus, in whole or in part, be placed in a debt service reserve for the retirement of outstanding general obligation bonds of the County. The Board of Supervisors may also by two-thirds vote adopt a resolution authorizing the surplus to be used to provide funds for emergency needs, as defined under the Statutes. The surplus cannot be used for any other purposes except those stated above.

9. Allowance for Doubtful Accounts

The County's Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's Department of Family Care (Family Care), provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service co-payments. The County's Department of Health and Human Services (DHHS) provides an allowance for amounts due from recipients of housing loans provided to low-income homeowners. The County's Department of Public Works (DPW) provides an allowance for Private Fire Protection charges that are in dispute. BHD, Family Care, DHHS, and DPW adjust revenue in the current year of operations for the difference between amounts billed (or loans made) and expected reimbursement. In as much as the adjustment is an estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. As of December 31, 2012, the total allowance for BHD, Family Care, DHHS, and DPW was \$ 16,977. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2012. All allowances are netted against receivables for financial statement presentation.

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Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

10. Capitalization of Interest

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting debt interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested, unspent debt proceeds over the same period. During 2012, the net amount of capitalized interest was \$ 1,765.

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. There is no liability for rebateable arbitrage as of December 31, 2012.

12. Landfill Post-Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. The County has recorded short-term and long-term obligations for post-closure costs. These costs are recognized in the governmental activities.

13. Pollution Remediation Costs

The County has been designated as the responsible party to cleanup petroleum contamination located on County property, to inspect manholes in the Parks System to ensure that clear water does not go into the sanitary or stormwater sewers, to repair stream banks after contaminated sediment is removed, and repair and monitor underground storage tanks used by MCTS. The County has recorded short-term and long-term obligations for these pollution remediation costs. These costs are recognized in the governmental activities.

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Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

14. Capital Contributions

The capital contributions accounted for in the proprietary fund types represent contributions from other funds and state and federal grant programs. A negative capital contribution represents a return of capital contributions, or the issuance of debt used for building capital assets. The contributions amount is reported after non-operating revenues and expenses on the statement of revenues, expenses, and changes in fund net position in accordance with GASB Statement 34.

15. Unearned Revenues

Deferred revenues reported in the government-wide and proprietary financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

16. Net Pension Obligation (Asset)

Pension expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of pension expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, pension expense is recognized on the accrual basis, which means that the amount recognized in the current period is equal to annual pension cost. The net pension obligation (asset) represents the difference between the annual required contribution plus interest, net of payments. Additional information is provided in Note 15.

17. Encumbrances

Encumbrance accounting is employed in governmental, proprietary and internal service funds. Encumbrances of Purchase orders, Contracts and other commitments for the expenditure of funds are recorded as restriction of fund balance. As of year-end, encumbrances are not reflected as expenditures but as restriction of fund balance and are liquidated in subsequent years when the services or materials are received. Every appropriation lapses at December 31 to the extent that it has not been expended or encumbered.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

17. Encumbrances (Continued)

The 2012 encumbrance, carryover and net appropriation balances by fund are:

	<u>Encumbrances</u>	<u>Carryovers</u>	<u>Commitments</u>
General Fund	\$ 12,927	\$ (3,643)	\$ 9,284
Capital Projects	66,877	(35,140)	31,737
Internal Service Funds	721	-	721
Airport	2,216	-	2,216
Transit	1,403	-	1,403
Totals	<u>\$ 84,144</u>	<u>\$ (38,783)</u>	<u>\$ 45,361</u>

18. Claims and Judgments

Claims and judgments are recorded as liabilities when the conditions of the Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

19. Other Post Employment Benefit Obligations

Other Post Employment Benefit (OPEB) expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of OPEB expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, OPEB expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual OPEB cost. The OPEB obligation represents the difference between the annual required contribution plus interest, net of payments.

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Note 1 - Summary of Significant Accounting Policies (Continued)

E. Governmental Accounting Standards for 2012

In fiscal year 2012, the County implemented the following GASBs:

- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*:** This statement addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard addresses SCAs in which there is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements*:** This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements.
- **GASB State No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*:** This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*:** The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

All County departments are required to submit their annual budget requests for the ensuing year to the County Executive by June 15. The Department of Administration, acting as staff for the County Executive, reviews the requests in detail with the departments during June, July and August. After all of the requests have been reviewed, the County Executive submits his proposed Executive Budget to the Board of Supervisors. County Ordinance requires that this be done on or before October 1. The Board of Supervisors must complete its review and adopt the budget on or before the first Tuesday after the second Monday in November.

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance- restriction for 2012 appropriations and encumbrances. For budget purposes, fund balance-restricted for 2012 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a restriction of fund balance.

The Board of Supervisors legally adopts annual budgets for the general, debt service, capital projects, enterprise and internal service funds. The legal level of budgetary control is by department. For budget purposes, the Debt Service and Capital Projects Funds are considered departments.

Once the budget is adopted, transfers of appropriations among departments require approval by the Board of Supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. No supplemental appropriations were approved during 2012 for emergencies or utilizing tax anticipation notes.

Budgetary Basis of Accounting

The “Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis) - General Fund” is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In the Non-GAAP Budgetary Basis statements, principal and interest payments on pension obligation bonds are considered a departmental personnel service appropriation and are reflected

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Budgetary Basis of Accounting (Continued)

as expenditure, instead of a debt service fund operating transfer under other financing sources (uses). The "Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds" is prepared on a basis consistent with GAAP. Under this method, encumbrances are considered a restriction of fund balance and charged to expenditures in the period in which goods or services are received.

The reconciliation of the General Fund is as follows:

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 894,898	\$ (125,838)
Encumbrances	12,306	-
Pension/Other	16,200	618
Transfers to Component Units	(6,561)	(6,561)
Non-GAAP Budgetary Basis	<u>\$ 916,843</u>	<u>\$ (131,781)</u>

Appropriations lapse at year-end except for capital projects, which are carried forward to the subsequent year.

Deficit Fund Net Position

The Information Management Services Internal Service Fund had a net position ending balance of \$ (2,532) as of December 31, 2012. The net liabilities were due to the fund incurring depreciation expense on assets purchased with the debt proceeds at a faster rate than the payment of principal on the outstanding debt. The net liabilities will breakeven in future years as the principal is paid down by the fund.

County Tax Rate Limit (Amounts Expressed in Dollars)

Section 59.605 of the Wisconsin Statutes imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of \$ 4.08 per \$ 1,000 of equalized value and \$ 1.42 per \$ 1,000 of equalized value, respectively. For the tax budget year of 2012, the County's actual operating and debt service levy rates were \$ 3.75 per \$ 1,000 of equalized value and \$.97 per \$ 1,000 of equalized value, respectively. For 2013, further limits on the increase in the overall operating tax levy have been imposed by the State, while allowing for increases due to changes in debt.

Note 3 - Deposits and Investments

The majority of the deposits and investments of the Primary Government, excluding the Pension Trust Fund, are maintained in a pool of cash and investments in which each fund participates on a dollar equivalent basis. Interest is distributed monthly to certain trusts and funds, which have been designated as interest earning funds. The remaining investment earnings are provided as an offset to costs for the government as a whole. A “zero balance account” mechanism provides for the sweep of deposits made to bank accounts and the payment for checks presented against accounts. The Primary Government, excluding the Pension Trust, then makes a decision to either transfer funds to an investment manager for the purchase of government securities, or to maintain the funds in the financial institution. Funds sent to the investment manager are used to purchase investments that meet the County’s investment policy and State Statute requirements. The net funds maintained at the County’s primary financial institution will earn a guaranteed rate of return set to the current market LIBOR rates. The funds maintained at the County’s primary financial institution are secured by collateral in the County’s name at a Federal Reserve Bank. The County maintains other bank accounts for convenience of deposit. These accounts are transferred to the primary account as warranted.

The following information presents the deposits and investments of the Primary Government and the Pension Trust Fund. The information has been split into two sections: Primary Government (excluding Pension Trust Fund) and Pension Trust Fund.

Statement of Net Position:	
Cash and Investments	\$ 292,578
Cash and Investments- Restricted	75,235
Subtotal	367,813
 Statement of Fiduciary Net Position:	
Cash and Investments	
Pension Trust Fund	1,748,629
Agency Fund	19,852
Total	<u><u>\$2,136,294</u></u>
Deposits-County/Agency	\$ 74,005
Investments-County/Agency	313,660
Pension Deposits	56,934
Pension Investments	1,691,695
Total	<u><u>\$2,136,294</u></u>

Cash Deposits – County/Agency

The carrying amount of the County’s deposits at December 31, 2012 was \$74,005 and the bank balance was \$ 77,858.

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk-Deposits – County/Agency

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250 beginning January 1, 2013. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. The County does not have a deposit policy for custodial credit risk. Of the \$ 77,858 of deposits with financial institutions, \$ 2,367 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund and \$ 73,663 was collateralized with government securities held in a separate financial institution in the County's name, and \$ 1,828 was uninsured, uncollateralized, or exposed to custodial credit risk.

Investments – County/Agency

The County's investment policy applies to all financial assets held or controlled by Milwaukee County, other than pension trust fund assets, consistent with the intent of State of Wisconsin Statutes (s.66.0603(1m)) and Milwaukee County Ordinance.

The primary objectives of the County's Statement of Investment Policies are to preserve and protect investment principal, maximize the return on the investment portfolio, and to avoid assuming unreasonable investment risk. The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County's investment portfolio will remain sufficiently liquid to enable the County to meet reasonably anticipated day-to-day operating requirements. The County will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

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Note 3 - Deposits and Investments (Continued)

Investments – County/Agency (Continued)

As of December 31, 2012 the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury Bonds	\$ 8,294
U.S. Treasury Inflation Protected Bonds	9,903
U.S. Treasury Notes	13,434
U.S. Treasury Bills	3,037
U.S. Agency Fixed Rate Securities	26,851
U.S. Agency Guaranteed Adjustable Rate Securities	30,247
U.S. Open Repurchase Agreements	20,057
U.S. Bankers Acceptance	99
U.S. Government Agencies	9,878
GNMA Fixed Rate Securities	384
FNMA Fixed Rate Securities	7,704
GNMA Guaranteed Adjustable Rate Securities	6,897
Small Business Administration Guaranteed Adjustable Rate Securities	7,060
Municipal Fixed Rate Securities	33,154
Treasury Mutual Fund	18,443
Corporate Government Guaranteed Notes	11,714
Corporate Asset Backed Securities	2,159
Corporate Bonds	6,907
Corporate Notes	4,025
Futures Hedge Contract with Commodities Broker	21
Certificates of Deposit	31,242
Money Market Cash Equivalents	62,150
Total	<u><u>\$ 313,660</u></u>

In its normal course of operations, the Transit System enters into futures contracts for heating oil as a hedge for its diesel fuel purchases. The aggregate fair value of these hedging derivative instruments in asset positions at December 31, 2012 was \$ 21. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by \$ 221 for collateral held with the counterparty, resulting in no credit risk to the County. The County has one contract for hedging derivative instruments with a single counterparty: Transit System hedge on diesel fuel. This counterparty is not rated. The County is exposed to basis risk on the hedging derivative instruments because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the futures contract is expected to settle.

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk-Investments – County/Agency

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are held by the counterparty's trust department or with its agent in the County's name. The County's investment policy states that all securities shall be properly designated as an asset of Milwaukee County and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States Government or the State of Wisconsin and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the County Treasurer or a designee. The County does not have any investments exposed to custodial credit risk.

Interest Rate Risk-Investments – County/Agency

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County's investment policy, the County attempts to match its investments with anticipated cash flow requirements to the extent possible. In the absence of individual security maturity limitations specified in the Wisconsin State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase.

For adjustable rate securities, the time to coupon reset is used as the effective maturity period. As of December 31, 2012, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
U.S. Treasury Bonds	\$ 8,294	\$ 3,647	\$ 4,647	\$ -	\$ -
U.S. Treasury Inflation Protected Bonds	9,903	3,015	6,888	-	-
U.S. Treasury Notes	13,434	753	11,484	1,197	-
U.S. Treasury Bills	3,037	3,037	-	-	-
U.S. Agency Fixed Rate Securities	26,851	5,805	17,030	4,016	-
U.S. Agency Guaranteed Adjustable Rate Securities	30,247	102	27,492	2,653	-
U.S. Open Repurchase Agreements	20,057	20,057	-	-	-
U.S. Bankers Acceptance	99	99	-	-	-
U.S. Government Agencies	9,878	9,878	-	-	-
GNMA Fixed Rate Securities	384	204	180	-	-
FNMA Fixed Rate Securities	7,704	2,511	5,193	-	-
GNMA Guaranteed Adjustable Rate Securities	6,897	-	1,430	5,467	-
Small Business Administration Guaranteed Adjustable Rate Securities	7,060	-	509	6,551	-
Municipal Fixed Rate Securities	33,154	28,892	4,262	-	-
Treasury Mutual Fund	18,443	18,443	-	-	-

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk-Investments – County/Agency (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Corporate Government Guaranteed Notes	\$ 11,714	\$ -	\$ 11,714	\$ -	\$ -
Corporate Asset Backed Securities	2,159	940	1,219	-	-
Corporate Bonds	6,907	510	6,397	-	-
Corporate Notes	4,025	-	4,025	-	-
Futures Hedge Contract with Commodities Broker	21	21	-	-	-
Certificates of Deposit	31,242	10,915	20,327	-	-
Money Market Cash Equivalents	62,150	59,116	3,034	-	-
Total	\$313,660	\$167,945	\$125,831	\$19,884	\$ -

Credit Risk-Investments – County/Agency

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's Investor Service or Standard & Poor's) gives an indication of the degree of credit risk for that security. Listed below are the County's investments with the corresponding credit quality ratings: The County does not have an investment policy pertaining to credit risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
U.S. Agency Fixed Rate Securities	\$14,051	AA+	AAA
U.S. Agency Fixed Rate Securities	12,800	AA+	Aaa
U.S. Agency Guaranteed Adjustable Rate Securities	14,139	AA+	Aaa
U.S. Agency Guaranteed Adjustable Rate Securities	2,293	AA+	WR
U.S. Agency Guaranteed Adjustable Rate Securities	13,815	NR	NR
U.S. Bankers Acceptance	99	A-1+	P-1
U.S. Government Agencies	9,878	A-1+/AA+/A	P-1/Aaa/Aa2
U.S. Open Repurchase Agreements	20,057	AA+	Aaa
U.S. Treasury Bills	2,837	AA+	Aaa
U.S. Treasury Bills	200	AAA	Aaa
U.S. Treasury Bonds	8,294	AA+	Aaa
U.S. Treasury Bonds - Inflation Protected	9,903	AA+	Aaa
U.S. Treasury Notes	13,434	AA+	Aaa
FNMA Fixed Rate Securities	1,697	AA+	AAA
FNMA Fixed Rate Securities	6,007	AA+	Aaa
GNMA Fixed Rate Securities	384	AA+	AAA
GNMA Guaranteed Adjustable Rate Securities	6,897	AA+	Aaa

Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments – County/Agency (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Small Business Admin Guaranteed Adj Rate Securities	\$7,060	AA+	Aaa
Municipal Fixed Rate Securities	154	A	NR
Municipal Fixed Rate Securities	681	A+	A1
Municipal Fixed Rate Securities	407	A+	Aa2
Municipal Fixed Rate Securities	586	AA	Aa1
Municipal Fixed Rate Securities	1,591	AA	Aa2
Municipal Fixed Rate Securities	257	AA	Aa2
Municipal Fixed Rate Securities	691	AA	AA3
Municipal Fixed Rate Securities	628	AA	NR
Municipal Fixed Rate Securities	256	AA-	A1
Municipal Fixed Rate Securities	2,843	AA-	Aa2
Municipal Fixed Rate Securities	595	AA-	AA2
Municipal Fixed Rate Securities	415	AA-	Aa3
Municipal Fixed Rate Securities	567	AA+	NR
Municipal Fixed Rate Securities	3,341	AA+	WR
Municipal Fixed Rate Securities	3,042	AA+	Aa1
Municipal Fixed Rate Securities	1,957	AA+	Aaa
Municipal Fixed Rate Securities	722	AA+	NR
Municipal Fixed Rate Securities	281	AAA	Aa1
Municipal Fixed Rate Securities	204	AAA	Aaa
Municipal Fixed Rate Securities	1,737	BBB	Aa3
Municipal Fixed Rate Securities	103	BBB	Baa2
Municipal Fixed Rate Securities	127	BBB	Aa2
Municipal Fixed Rate Securities	1,841	BBB+	Baa1
Municipal Fixed Rate Securities	958	NR	A2
Municipal Fixed Rate Securities	1,366	NR	Aa1
Municipal Fixed Rate Securities	459	NR	Aa2
Municipal Fixed Rate Securities	945	NR	AA2
Municipal Fixed Rate Securities	703	NR	Aaa
Municipal Fixed Rate Securities	545	NR	AAA
Municipal Fixed Rate Securities	2,465	NR	NR
Municipal Fixed Rate Securities	200	NR	NR
Municipal Fixed Rate Securities	2,384	NR	WR
Municipal Fixed Rate Securities	103	AA+	Baa2
Treasury Mutual Fund	18,443	AAA	Aaa
Corporate Government Guaranteed Notes	2,038	AA-	AA2

Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments – County/Agency (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Corporate Government Guaranteed Notes	\$ 9,676	AA+	Aaa
Corporate Asset Backed Securities	1,807	AAA	AAA
Corporate Asset Backed Securities	352	NR	AAA
Corporate Bonds	663	A	A2
Corporate Bonds	623	A-	AA3
Corporate Bonds	678	A+	A1
Corporate Bonds	510	A+	AA1
Corporate Bonds	593	A+	AA3
Corporate Bonds	480	AA	AA1
Corporate Bonds	575	AA-	AA3
Corporate Bonds	1,980	AA+	A1
Corporate Bonds	805	AA+	A1
Corporate Notes	1,323	A	A2
Corporate Notes	1,359	A+	A1
Corporate Notes	1,343	AA+	A1
Futures Hedge Contract with Commodities Broker	21	N/A	N/A
Certificates of Deposit	31,242	NR	NR
Money Market/Cash Equivalents	35,070	A-1	P-1
Money Market/Cash Equivalents	11,114	AA+	AAA
Money Market/Cash Equivalents	3,175	AA+	Aaa
Money Market/Cash Equivalents	12,791	NR	NR
	<u>\$313,660</u>		

Concentration of Credit Risk – Investments – County/Agency

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's written investment policy states that investments held by the County shall be diversified to control the risk of loss resulting from over concentration of investments in a specific maturity, issuer, instrument/and or class of instrument(s), and dealers through whom securities are bought and sold. The County's written investment policy also places limits on the percentage of the portfolio that may be invested in each type of investment.

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk – Investments – County/Agency (Continued)

The following percentage ranges of portfolio investments apply to the investment categories currently allowed by Wisconsin Statute:

- Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission. Direct Investment in public depository institutions and securities will be further limited to a maximum investment, per institution at any one time of \$250,000 unless an acceptable form of collateral, surety or other guarantee exists assuring the principal repayment to Milwaukee County. Certificate of Deposit Account Registry Service (CDARS) will have a maximum limit of \$50,000. 0% - 60%
- U. S. Treasury, GNMA, Federal Home Loan Mortgage and any other agency/instrumentality securities that are explicitly guaranteed by the federal government. 0% - 100%
- Agency Instrumentalities:
 - 1. Securities issued by the Federal National Mortgage Association, Fannie Mae, and Federal Home loan Mortgage Corp. – Freddie Mac. 0% - 30% per agency and 0% - 60% total
- Other agency/instrumentality securities (includes securities issued by the Federal Home Loan Bank, Federal Farm Credit Banks, Small Business Administration and others. 0% - 15% per agency and 0% - 30% total
- Local Government Pooled Investment Fund of the State Investment Board. 0% - 50%
- Repurchase Agreements with public depository institutions (only) and where specific and appropriate collateral is provided. 0% – 50%
- All other security types, when and if authorized in the future by amendment to Wisconsin statute. 0% to 25%

Note: It is understood that on an occasional and short-term basis, usually less than a month, it may be necessary to exceed the 50% maximum investment, per institution in the Local Governmental Pooled Investment Fund of the State Investment Fund.

The County's investment policy also limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only. At December 31, 2012, the County is not exposed to a concentration of credit risk.

Note 3 - Deposits and Investments (Continued)

Cash Deposits – Pension Trust Fund

The carrying amount of Pension Trust Fund deposits at December 31, 2012 was \$56,934 and the bank balance was \$ 57,671. The carrying amount consists of \$1,695 of cash held in deposit at banks and \$ 55,239 of cash equivalents held by investment managers.

Custodial Credit Risk Deposits – Pension Trust Fund

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250 beginning January 1, 2013. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. As of December 31, 2012, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk. However, substantially all assets of the Pension Trust Fund are held in its name.

Investments – Pension Trust Fund

As provided by state legislative act and County Ordinance, the ERS Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the ERS Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal.

The ERS Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk.

Note 3 - Deposits and Investments (Continued)

Investments – Pension Trust Fund (Continued)

Investments in primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximated fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

As of December 31, 2012 the Pension Trust Fund had the following investments:

Investment Type:		Fair Value
Domestic Common and Preferred Stocks	\$	408,643
Long / Short Hedge Funds		181,417
Fixed Income		445,499
International Common and Preferred Stocks		348,647
Real Estate and REIT'S		127,430
Infrastructure		130,215
Private Equity		49,844
Total	\$	<u>1,691,695</u>

Custodial Credit Risk – Investments – Pension Trust Fund

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty. No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2012. As of December 31, 2012, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

Interest Rate Risk – Investments – Pension Trust Fund

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk – Investments – Pension Trust Fund (Continued)

changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows. The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2012, the Retirement System had the following Option-Adjusted Durations for the fixed income investments:

	Fair	Option		Fair	Option
	Value	Adjusted		Value	Adjusted
<u>Fixed Income Sector</u>		Duration	<u>Fixed Income Sector</u>		Duration
		(In Years)			(In Years)
ABS-Car Loan	\$ 4,903	1.28	Materials	\$ 39	3.36
ABS-Equipment	553	0.46	Mining	896	4.88
ABS-Home Equity	2,016	0.12	News / Media	2,912	6.83
Aerospace & Defense	187	5.18	Non-US Government Bonds	172	17.84
Agency for Int'l Devel. Backed Debt	955	4.62	Oil & Gas	4,458	6.90
Automobiles & Components	222	6.22	Other Corporate Bonds	363	3.71
Banking & Finance	24,691	4.14	Private Placements-ABS	1,383	0.47
BSDT Reserve Deposit Accts.	1,490	0.08	Private Placements-MBS	2,914	2.88
Canadian Government Bonds	597	3.21	Pvt Placements-More 1 Yr	10,977	4.61
Capital Goods	77	7.46	Retail	1,127	10.48
Chemicals	1,524	7.82	Supranational Issues	196	2.84
CMO-Conduit	12,565	2.62	Taxable Municipals	942	17.06
CMO-U.S. Agencies	10,041	3.66	Technology	2,632	5.87
Commingled Fds Cash Equivalents	49,233	0.08	Transportation	2,071	7.35
FHLMC Multiclass	35,637	1.89	Treasury Bills-Less Than 1 Yr	2,694	0.41
FHLMC Pools	9,448	2.20	U.S. Agencies	9,818	6.27
FNMA Pools	27,038	3.08	U.S. Governments	8,921	5.92

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk – Investments – Pension Trust Fund (Continued)

		Option Adjusted Duration			Option Adjusted Duration
<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>(In Years)</u>	<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>(In Years)</u>
FNMA REMIC	\$ 39,587	2.28	U.S. Governments Interest Only	\$ 27,929	6.91
Food Beverage & Tobacco	1,114	5.86	Utility-Electric	5,614	6.77
Food Products	1,474	5.97	Utility-Gas	801	6.89
GNMA Multi Family Pools	1,888	2.03	Utility-Other	257	4.22
GNMA Single Family Pools	856	1.30	Utility-Telephone	4,249	7.64
Health Care	683	11.21	Whole Loan-CMO	16,544	0.70
Household Products	109	4.00	Whole Loan - Re-securitization	863	0.04
Industrial	533	5.74	Yankee Bonds	1,776	6.69
Insurance	1,760	5.28	Other*	118,929	
MBS PO - Principal Only (US Agencies)	259	18.42	Sub-total	\$269,477	
Sub-total	\$229,440		Total	\$498,917	**

* For 2012 this represents \$ 114,643 in units of participation, \$1,763 in FNMA Pools, \$1,602 in FHLMC Multiclass, \$728 in Private Placements, and \$193 in Whole Loans.

** For 2012 this represents \$445,499 in Fixed Income and \$53,418 in Cash Equivalents.

Credit Risk – Investments – Pension Trust Fund

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be an A or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality rating of investments in fixed income securities by Moody's as of December 31, 2012, and the \$17,000 not rated by Moody's as of December 31, 2012, \$14,100 is rated by Standard & Poor's as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2012, \$2,600 was not rated by Standard & Poor's or Moody's.

Note 3 - Deposits and Investments (Continued)

Credit Risk – Investments – Pension Trust Fund (Continued)

The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2012 are as follows:

<u>Moody's Quality Ratings</u>	<u>Fair Value</u>
AAA	\$ 143,959
AA1	1,161
AA2	5,049
AA3	5,571
A1	9,390
A2	11,619
A3	12,335
BAA1	13,321
BAA2	13,841
BAA3	5,172
BA1	527
BA2	1,427
BA3	654
B1	1,212
B3	504
CAA1	128
CAA2	311
CA3	193
CA	532
NR	<u>17,022</u>
Total Credit Risk Fixed Income Securities	\$ 243,928
U.S. Government and Agencies	86,928
Units of Participation (Not Rated)	<u>114,643</u>
Total Investment in Fixed Income	<u>\$ 445,499</u>

Concentration of Credit Risk – Pension Trust Fund

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's written investment policy states that investments held by the County shall be diversified to control the risk of loss resulting from over concentration of investments in a specific maturity, issuer, instrument/and or class of instrument(s), and dealers through whom securities are bought and sold. The County's written investment policy also places limits on the percentage of the portfolio that may be invested in each type of investment.

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk Investment – Pension Trust Fund

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2012 the Retirement System directly owned less than \$2, in investments denominated in foreign currencies.

The Pension Trust Fund does not have a policy for foreign currency risk.

Note 4 - Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectibles accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Accounts	\$ 35,926	\$ 102	\$ 1,305	\$ 37,333
Taxes:				
Current Levy	280,134	-	-	280,134
Delinquent	20,061	-	-	20,061
Interest	9,165	-	-	9,165
Other	9,858	-	-	9,858
Due from Other Governments	29,181	960	2,869	33,010
Gross Receivables	384,325	1,062	4,174	389,561
Less: Allowance for Uncollectibles	(16,977)	-	-	(16,977)
Net Total Receivables	<u>\$367,348</u>	<u>\$1,062</u>	<u>\$ 4,174</u>	<u>\$372,584</u>

Of the delinquent taxes receivable of \$ 20,061, \$ 7,198 is not expected to be collected within one year.

At December 31, 2012 accounts receivable of the Enterprise funds are as follows:

	<u>Airport</u>	<u>Transit System</u>	<u>Total</u>
Receivables:			
Accounts	\$ 6,373	\$ -	\$ 6,373
Other	79	2,397	2,476
Due from Other Governments	10,104	5,839	15,943
Total Receivables	<u>\$ 16,556</u>	<u>\$ 8,236</u>	<u>\$ 24,792</u>

Note 4 - Receivables (Continued)

All amounts are expected to be collected within one year. As of December 31, 2012 no amounts are deemed uncollectible.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

Unearned Revenue - Governmental Activities:	
2012 Property Tax Levy	\$279,321
Delinquent Tax Receivables	10,275
State and Federal Revenue Unavailable for Current Expenditures	5,115
Housing Loan Receivables	5,900
Other Unearned Revenue	722
Department for Family Care Unearned Revenue	1,222
Deferred Credits - Public Works Services	284
Total Deferred Revenue	\$302,839
Less: Amounts Earned but Not Available	(5,115)
Net Unearned Revenue	\$297,724

Unearned Revenue - Business-Type Activities:	
Airport - Lease Revenue	\$12,313
Deferred Credits - Transit	3,869
Total Unearned Revenue	\$16,182

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Note 5 - Capital Assets

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 59,303	\$ -	\$ -	\$ 59,303
Construction in progress	32,354	20,441	(7,173)	45,622
Total Capital Assets, not being Depreciated	91,657	20,441	(7,173)	104,925
Capital Assets, Being Depreciated				
Land Improvements	242,840	1,965	(375)	244,430
Buildings	618,259	1,897	-	620,156
Fixed Equipment Buildings	55,783	1,462	(1,950)	55,295
Infrastructure	183,425	13,081	(4,549)	191,957
Machinery and Equipment	99,246	2,291	(3,411)	98,126
Vehicles and Related Equipment	71,698	4,909	(3,349)	73,258
Furniture and Fixtures	4,963	654	(12)	5,605
Total Capital Assets, Being Depreciated	1,276,214	26,259	(13,646)	1,288,827
Less: Accumulated Depreciation				
Land Improvements	(142,378)	7,560)	375	(149,563)
Buildings	(360,200)	(15,908)	-	(376,108)
Fixed Equipment Buildings	(34,722)	(2,642)	1,904	(35,460)
Infrastructure	(79,607)	(9,598)	4,550	(84,655)
Machinery and Equipment	(76,640)	(5,357)	3,407	(78,590)
Vehicles and related Equipment	(25,199)	(8,130)	2,652	(30,677)
Furniture and Fixtures	(1,153)	(343)	10	(1,486)
Total Accumulated Depreciation	(719,899)	(49,538)	12,898	(756,539)
Net Capital Assets Being Depreciated	556,315	(23,279)	(748)	532,288
Governmental Activities Capital Assets- Net	\$ 647,972	\$ (2,838)	\$ (7,921)	\$637,213

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2012 are comprised of the following:

General Capital Assets, Net	\$624,925
Internal Service Fund Capital Assets, Net	12,288
Total	\$637,213

Note 5 - Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Governmental Activities:

Legislative and Executive and Staff	\$	4,431
Courts and Judiciary		213
General Governmental Services		695
Public Safety		6,421
Public Works and Highways		19,991
Human Services		4,005
Parks, Recreation and Culture		<u>13,782</u>
Total	\$	<u>49,538</u>

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2012.

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type Activities				
Capital Assets, not being Depreciated				
Land	\$ 21,367	\$ -	\$ -	\$ 21,367
Construction in progress	<u>34,708</u>	<u>41,456</u>	<u>(10,075)</u>	<u>66,089</u>
Total Capital Assets, not being Depreciated	<u>56,075</u>	<u>41,456</u>	<u>(10,075)</u>	<u>87,456</u>
Capital Assets, Being Depreciated				
Land Improvements	208,141	13	(5,580)	202,574
Buildings	187,707	878	-	188,585
Fixed Equipment Buildings	191,019	1,434	-	192,453
Machinery and Equipment	19,478	431	-	19,909
Vehicles and related Equipment	183,242	23,337	(61,837)	144,742
Furniture and Fixtures	<u>5,478</u>	<u>93</u>	<u>-</u>	<u>5,571</u>
Total Capital Assets, Being Depreciated	<u>795,065</u>	<u>26,186</u>	<u>(67,417)</u>	<u>753,834</u>
Less: Accumulated Depreciation				
Land Improvements	(108,942)	(7,600)	-	(116,542)
Buildings	(117,213)	(4,572)	-	(121,785)
Fixed Equipment Buildings	(51,498)	(8,445)	-	(59,943)
Machinery and Equipment	(12,006)	(2,009)	-	(14,015)
Vehicles and Related Equipment	(124,568)	(9,804)	60,350	(74,022)
Furniture and Fixtures	<u>(2,386)</u>	<u>(436)</u>	<u>-</u>	<u>(2,822)</u>
Total Accumulated Depreciation	<u>(416,613)</u>	<u>(32,866)</u>	<u>60,350</u>	<u>(389,129)</u>
Net Capital Assets Being Depreciated	<u>378,452</u>	<u>(6,680)</u>	<u>(7,067)</u>	<u>364,705</u>
Business-type Activities Capital Assets- Net	<u>\$ 434,527</u>	<u>\$ 34,776</u>	<u>\$ (17,142)</u>	<u>\$ 452,161</u>

Note 5 - Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Airport	\$	20,269
Transit System		<u>12,597</u>
Total	\$	<u>32,866</u>

Discretely Presented Component Units

Of the County's four component units, two have reportable capital assets, the Milwaukee Public Museum and the Marcus Center for the Performing Arts.

The capital assets of the Milwaukee Public Museum consist of the following:

Milwaukee Public Museum		
Construction in progress	\$	118
Building additions and improvements		19,310
Furniture, equipment and exhibits improvements		10,608
Less: Accumulated depreciation		<u>(15,035)</u>
Capital Assets, Net	\$	<u>15,001</u>

The capital assets of the Marcus Center for the Performing Arts consist of the following:

Marcus Center for the Performing Arts		
Building Improvements	\$	17,193
Parking Structure and Improvements		5,595
Furniture and Fixtures		98
Equipment and Computers		2,212
Less: Accumulated Depreciation		<u>(14,510)</u>
Capital Assets, Net	\$	<u>10,588</u>

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Note 5 - Capital Assets (Continued)

Construction Commitments

Following is a list of capital projects approved by the Milwaukee County Board of Supervisors per the 2012 Adopted Capital Improvements Budget. These reflect projects for both governmental funds and proprietary funds.

Project Number	Project Description	2012 Appropriations		2012 Expenditures & Encumbrances
<u>Airports (WA)</u>				
WA042	GMIA - Bag Claim Remodeling	\$ -	*	\$ 3,095
WA044	GMIA - In-line Baggage Screening Phase 2		*	20,716
WA123	GMIA RUNWAY SAFETY IMPROVEMENT	200	***	386
WA135	RUNWAYS 1L-19R AND 7R-25L REPA	2,750	***	6,529
WA139	GMIA - Redundant Main Electric Service Feed	7,405	***	100
WA141	GMIA - Training Facility	2,415	***	2,184
WA142	LJT - RW 15L-33R Extension	78	***	68
WA153	PURCHASE NON-CNTY OWND JET BRI	5,500	***	64
WA161	GMIA - Terminal Roadway Signage	2,850	***	341
WA162	GMIA - Cessna Service Apron Reconstruction	1,021	***	1
WA163	GMIA - Perimeter Road Bridge over Howell Avenue	3,200	***	4,116
WA166	GMIA PERIMETER ROAD EXTENSION	1,100	**	676
WA167	GMIA TERMINAL ESCALATOR REPLAC	600	**	566
WA169	LJT RUNWAY AND TAXIWAY LIGHTS	250	**	203
WA173	GMIA Fuel Farm Electrical Serv	150	**	74
<u>Department of Parks, Recreation and Culture (WP)</u>				
WP070	Lindbergh Park Pavilion		*	172
WP184	Park Retaining Wall Repairs and Replacement		*	48
WP190	South Shore Relocation Study		*	79
WP191	Moody Pool Renovation		*	5
<u>Zoo (WZ)</u>				
WZ600	Zoo Master Plan	100	**	-
<u>Courthouse Complex (WC)</u>				
WC070	Domestic Violence Area Reconstruction		*	95
WC071	District Attorney Office Security Card System		*	70
<u>Other County Agencies (WO)</u>				
WO098	LEGIS WORKFLOW/PUBLIC ACCESS	193	**	193
WO112	Fleet Airport Equipment Acquisition	1,100	***	2,295
WO114	Countywide Infrastructure Improvements	1,500	***	1,748
WO205	Fiscal Automation Program	195	***	568

Note 5 - Capital Assets (Continued)

Construction Commitments (Continued)

Project		2012		2012
<u>Number</u>	<u>Project Description</u>	<u>Appropriations</u>		<u>Expenditures & Encumbrances</u>
WO514	War Memorial Window Replacement and Reseal	\$ -	*	\$ 1
WO870	County Special Assessments	250	***	170
WO949	Inventory and Assessment of County Buildings		*	91
WO950	Milwaukee County Public Art Program		*	51
	Totals	<u>\$ 30,857</u>		<u>\$ 44,705</u>

Following is a list of capital projects transfers made in 2012.
These reflect projects for both governmental funds and proprietary funds.

Project		2012		2012
<u>Number</u>	<u>Project Description</u>	<u>Transfers</u>		<u>Expenditures & Encumbrances</u>
	<u>Highways and Bridges (WH)</u>			
WH010	County Highway Action Program (CHAP)	\$ -	*	\$ 2,255
WH020	Major Rehabilitation		*	658
WH080	Bridge Rehabilitation Program		*	3,481
WH089	13th Street and Puetz Road Intersection		*	300
	<u>Mass Transit (WT)</u>			
WT026	Bus Replacement Program		*	43,059
WT071	BUS PROTECTOR SHIELDS	596	**	-
WT303	HVAC Controls at MCTS Facility		*	149
	<u>Airports (WA)</u>			
WA124	Ground Power/Precon. Air Units		*	1,522
WA135	RUNWAY 1L-19R AND 7R-25L R	3,988	***	6,529
WA145	RUNWAY GUARD LIGHTS	(1,648)	***	2
WA163	PERIMETER RD BRIDGE-HOWARD AVE	2,500	***	4,116
WA165	Reconstruction Taxiway B		*	216
WA175	Concourse C Checkpoint		*	404
	<u>Department of Parks, Recreation and Culture (WP)</u>			
WP070	LINDBERG PARK WADING POOL ROOF	902	***	172
WP131	Oak Leaf Trail Improvements		*	304
WP143	MITCHELL PARK GREENHOUSE	14,825	**	387
WP191	MOODY POOL RENOVATION	(2,960)	***	5
WP192	Countywide Parks FEMA Improvements	90	***	186
WP200	JACKSON BOAT HOUSE ROOF	50	***	39
WP202	MLK JR. COMMUNITY CENTER HVAC	1,655	**	-

Note 5 - Capital Assets (Continued)

Construction Commitments (Continued)

Project		2012		2012
<u>Number</u>	<u>Project Description</u>	<u>Appropriations</u>		<u>Expenditures & Encumbrances</u>
WP228	Boat Launch Pier Replacement	\$ -	*	\$ 264
WP232	OAK LEAF TRAIL REHAB AT MEAUX	125	**	13
WP249	DRETZKA PARK SERVICE YARD ROOF	30	**	14
WP250	PARKS ADMINISTRATION BLDG ROOF	6	**	-
WP251	PARKS MAINTENANCE SHOP ROOF	125	**	11
WP252	ROOT RIVER PRKWAY LIGHTING SYST	200	**	39
WP253	MCGOVERN PARK S&C BLDG ROOF	50	**	44
WP271	JOHNSON PARK PAVILION	380	**	-
WP275	MENOMONEE RIVER PRKWAY WETLANDS	220	**	2
WP276	MCKINLEY MARINA BMPS AND WQI	100	**	7
WP279	HUMBOLDT PARK WALKWAYS	125	**	-
<u>Zoo (WZ)</u>				
WZ014	Small Mammal Building HVAC Replacement		*	318
WZ045	ACH Electrical Service Extension		*	25
WZ067	ZOO SEAL LION POOL COATING	150	**	131
WZ099	ZOO ARC CHIMNEY BASES REHAB	30	**	21
<u>Environmental Items (WV)</u>				
WV009	COUNTY-WIDE SANITARY SEWERS RE	165	***	117
WV018	UNDERGROUND STORAGE TANK UPGR	267	**	109
<u>Courthouse Complex (WC)</u>				
WC023	CH COMPLEX AUTOMATION & A	450	***	1,394
WC075	Courthouse Masonry Improvements		*	583
<u>Other County Agencies (WO)</u>				
WO060	Countywide Road Improvement Program	200	***	1,589
WO112	Fleet Airport Equipment Acquisition		*	2,295
WO114	Countywide Infrastructure Improvements		*	1,748
WO141	ZOO INTERCHANGE	684	**	719
WO143	FLEET/VEL PHILIPS IND HEATING	1,600	**	93
	Totals	<u>\$ 24,905</u>		<u>\$ 73,320</u>

* Project has funding appropriation carryovers from 2011.

** Project has additional funding appropriations in 2012.

*** Project has both funding carryovers from 2011 and additional funding in 2012.

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Note 5 - Capital Assets (Continued)

Construction Commitments (Continued)

2012 Funding Total

Encumbrances and Carryovers from 2011	\$275,456
2012 Appropriations	31,737
2012 Transfers	24,905
Other	1,946
Total	<u>\$334,044</u>

2012 Appropriations - Funding Source

Reimbursement Revenue	\$7,557
Sales Tax Revenue	445
Private Contributions	50
Property Tax Levy	1,743
PFC Revenue / Airport Reserve	14,945
Bonds	6,117
Total	<u>\$30,857</u>

2012 Transfers - Funding Source

Reimbursement Revenue	\$22,813
Miscellaneous Revenue / Sale of Asset	1,073
PFC Revenue / Airport Reserve	811
Bonds	208
Total	<u>\$24,905</u>

Capital outlays are reported as expenditures in the governmental funds and bond proceeds are reflected as revenue for projects built on behalf of the governmental funds. However, in the statement of activities, the cost of capital assets built for the governmental funds is allocated over their useful lives as depreciation expense, and the bond proceeds are no longer a revenue but an increase in the long-term liabilities. Similarly, the governmental funds also report the expenditures and associated revenues of building proprietary fund assets. However, in the statement of activities, the cost of building proprietary fund assets is reclassified as transfers between governmental and business-type activities.

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Note 6 - Interfund Transfers

The composition of interfund transfers as of December 31, 2012 is as follows:

Transfers From		General	Capital	Business	Internal	Internal	Internal	
		Fund	Projects	Type	Service	Service	Service	Total
			Fund	Airport	Risk	IMSD	DPW	
	General Fund	\$ -	\$ 997	\$ 6,310	\$ 205	\$1,249	\$ 815	\$ 9,576
	Capital Projects	5,119	-	-	-	-	-	5,119
	Debt Service	108,863	-	-	-	-	-	108,863
	Nonmajor:							
Transfers In	DTPW	-	-	-	-	-	4,752	4,752
	Internal Service:							
	IMSD	79	-	-	-	-	-	79
	Risk	1,891	-	-	-	-	-	1,891
	DPW	782	-	-	-	-	-	782
	Business-type:							
	Airport	2,597	-	-	-	-	-	2,597
	Transit	16,083	-	-	-	-	-	16,083
	Total	\$135,414	\$ 997	\$ 6,310	\$ 205	\$1,249	\$5,567	149,742
Less: Government - wide eliminations								(137,372)
Total Transfers - Government-wide Statement of Activities								\$ 12,370

No fund may have a reserve except for the Debt Service Fund and the Airport Fund. All funds that have a net increase at year-end must transfer that net increase to the General Fund. All funds that have a net decrease at year-end receive a transfer from the General Fund so that the fund breaks even for the year.

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Note 7 – Leases

Operating Leases - Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were \$1,894 for the year ended December 31, 2012.

The future minimum lease payments for these leases are as follows:

<u>Year-Ending December 31,</u>	<u>Amount</u>
2013	\$ 1,729
2014	1,004
2015	667
2016	203
2017	109
2018	36
Total	\$ 3,748

Capital Leases - Primary Government

In 2007 and 2008, the County entered into Capital Lease Agreements in the amounts of \$3,332 and \$1,510, respectively, with Chase Bank to improve the County's energy efficiency and promote environmental sustainability. The County has expended all acquisition funds associated with these leases. In 2010, the County entered into a Capital Lease Agreement in the amount of \$7,515 with Banc of America to improve the County's energy efficiency and promote environmental sustainability. The County has expended \$4,282 under this commitment as of December 31, 2012.

All equipment acquired through the lease agreements will transfer to the County at the end of the lease terms. The County is making lease payments over a period of 10 years and is required to make semi-annual payments during the term. Final payments are as follows: 2007 – December 1, 2017, 2008 – June 1, 2018, and 2010 – December 1, 2020. The gross amount of these assets under capital leases is \$ 9,124 and is presented in the capital assets in the Governmental Activities.

In current and prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is \$ 1,863 and is presented in the capital assets in the Business-type Activities.

Note 7 - Leases (Continued)

Capital Leases - Primary Government (Continued)

The assets acquired through capital leases are as follows:

Asset:	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Machinery & Equipment	\$ 9,124	\$ -
Vehicles and Related Equipment	-	1,863
Less: Accumulated Depreciation	<u>(3,269)</u>	<u>(1,478)</u>
Total	<u>\$ 5,855</u>	<u>\$ 385</u>

The future minimum lease payments and the net present value on these minimum lease payments as of December 31, 2012, are as follows:

Year Ending December 31,	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2013	\$ 1,509	\$ 225
2014	1,508	148
2015	1,509	33
2016	1,508	-
2017	1,509	-
2018 and beyond	<u>2,881</u>	<u>-</u>
Sub-totals	<u>10,424</u>	<u>406</u>
Less: Escrow (unspent) balance	(3,233)	
Less: Amount representing interest	<u>(1,336)</u>	<u>(21)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 5,855</u>	<u>\$ 385</u>

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Note 8 - Long-term Liabilities

Changes in Long-term Liabilities

Governmental Long-term liability activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments & Adjustments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 784,342	\$ 21,804	\$ (89,168)	\$ 716,978	\$ 65,491
Add (Subtract) Deferred Amounts for:					
Premium	5,399	3,223	(1,767)	6,855	-
Discount	(262)	-	55	(207)	-
Gain/(Loss) on Refunding	(3,085)	(1,355)	880	(3,560)	-
Sub-total Bonds Payable	<u>786,394</u>	<u>23,672</u>	<u>(90,000)</u>	<u>720,066</u>	<u>65,491</u>
Other Liabilities					
Unfunded Claims and Judgments	2,000	3,345	(1,345)	4,000	2,000
Landfill Post-closure Costs	1,970	1,203	(125)	3,048	110
Pollution Remediation Costs	310	18,738	(310)	18,738	5,492
Compensated Absences	42,184	20,419	(21,763)	40,840	21,186
Risk Claims	14,912	7,764	(8,032)	14,644	8,073
Other Post-Employment Benefits	246,084	83,037	(55,492)	273,629	-
Capital Leases	5,593	1,406	(1,144)	5,855	1,186
Sub-total Other Liabilities	<u>313,053</u>	<u>135,912</u>	<u>(88,211)</u>	<u>360,754</u>	<u>38,047</u>
Total Governmental Activities - (Non-current Liabilities)	<u>\$ 1,099,447</u>	<u>\$ 159,584</u>	<u>\$ (178,211)</u>	<u>\$ 1,080,820</u>	<u>\$ 103,538</u>

Compensated Absences consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments & Adjustments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Retirement sick pay payout	\$ 21,578	\$ 1,757	\$ (2,906)	\$ 20,429	\$ 2,435
Vacation time earned	17,059	16,327	(17,059)	16,327	14,969
Overtime earned	1,411	1,603	(1,411)	1,603	1,474
Holiday pay	2,136	2,481	(2,136)	2,481	2,308
Total Compensated Absences - Governmental Activities	<u>\$ 42,184</u>	<u>\$ 22,168</u>	<u>\$ (23,512)</u>	<u>\$ 40,840</u>	<u>\$ 21,186</u>

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Note 8 - Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

Business-type Long-term liability activity for the year ended December 31, 2012 was as follows:

Business-type Activities:	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Bonds Payable					
General Obligation Bonds	\$ 32,004	\$ 1,301	\$ (4,418)	\$ 28,887	\$ 3,579
Revenue Bonds	196,030	-	(8,510)	187,520	8,630
Add (Subtract) Deferred Amounts for:					
Premium	6,483	192	(859)	5,816	-
Discount	(2,183)	-	228	(1,955)	-
Gain/(Loss) on Refunding	(135)	(88)	55	(168)	-
Sub-total Bonds Payable	<u>232,199</u>	<u>1,405</u>	<u>(13,504)</u>	<u>220,100</u>	<u>12,209</u>
Other Liabilities					
Compensated Absences	11,377	6,332	(6,091)	11,618	6,380
Risk Claims	10,786	6,454	(188)	17,052	10,912
Other Post-Employment Benefits - Transit	222	17,705	(17,927)	-	-
Other Post-Employment Benefits - Airport	9,705	1,341	-	11,046	-
Capital Leases	534	125	(274)	385	211
Sub-total Other Liabilities	<u>32,624</u>	<u>31,957</u>	<u>(24,480)</u>	<u>40,101</u>	<u>17,503</u>
Total Business-type Activities - (Non-current Liabilities)	<u>\$ 264,823</u>	<u>\$ 33,362</u>	<u>\$ (37,984)</u>	<u>\$260,201</u>	<u>\$ 29,712</u>

Compensated Absences consist of the following:

Business-type Activities:	Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Retirement sick pay payout	\$ 6,482	\$ 1,262	\$ (1,196)	\$ 6,548	\$ 1,310
Vacation time earned	4,716	4,800	(4,716)	4,800	4,800
Overtime earned	89	137	(89)	137	137
Holiday pay	90	133	(90)	133	133
Total Compensated Absences - Business-type Activities	<u>\$ 11,377</u>	<u>\$ 6,332</u>	<u>\$ (6,091)</u>	<u>\$ 11,618</u>	<u>\$ 6,380</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the governmental activities. At year-end, \$32,916 of internal service funds long-term liabilities is included in the above figures. As claims and judgments expenditures are incurred the general fund is used to liquidate the costs. Adjustments to short and long-term liabilities are made at year end based on a detailed reevaluation of the accounts.

Note 8 - Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. As of December 31, 2012, the outstanding amount of claims and judgments due within one year totaled \$ 2,000 and the long-term liability is \$2,000.

In accordance with GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs, the County has recorded a long-term liability for its estimated maintenance and monitoring costs. As of December 31, 2012, the estimated liability for costs due within one year totaled \$110 and the long-term liability is \$2,938. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, the County has recorded a long-term liability for its estimated pollution remediation costs. As of December 31, 2012, the estimated liability for costs due within one year totaled \$5,492 and the long-term liability is \$13,246. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Risk claims include accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System. As of December 31, 2012, the outstanding amount of risk claims due within one year totaled \$ 18,985 and the long-term liability is \$ 12,711.

All Funds contribute toward their specific share and plan related to pension obligations. Other Post-Employment Benefits (OPEB) and pension costs are accounted for through the General Fund of the County, except for Transit, which maintains its own pension trust and OPEB trust. The County, except Transit, is on a pay-as-you-go basis for OPEB costs and, therefore, contributes only the annual cost incurred, net of employee contributions. OPEB costs are allocated to departments on a prorated basis. The OPEB obligation represents the accumulated liability that has not been funded by the County based on current accounting rules. The County, except Transit, accounts for the cost and liquidation of annual pension costs through the General Fund and allocates these costs to all departments on a prorated basis. Transit accounts for cost and liquidation of OPEB and pension costs through its applicable trust.

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Note 8 - Long-term Liabilities (Continued)

Governmental Activities

Proceeds from general obligation bonds issued are budgeted for and recorded within the Debt Service Fund, Capital Projects Fund or Proprietary Funds, where appropriate.

General obligation bonds are secured by the full faith, credit and unlimited taxing power of the County and are used to finance capital projects. General obligation bonds recorded in the Governmental Funds will be retired by future property tax levies and other resources accumulated in the Debt Service Fund.

Governmental Activities General Obligation Debt							
Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/12	Interest to Maturity	
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	\$ 93,515	\$ 64,832	\$	5,171
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	25,233	1,728		63
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	19,167	3,207		193
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	63,025	19,931		1,671
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	59,675	22,092		5,529
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	30,776	26,441		6,240
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	32,422	27,770		7,016
2009 Taxable General Obligation, Series 2009A	04/02/09	12/01/28	6.36%	265,000	233,726		146,310
2009 Taxable Pension Notes, Series 2009B	04/02/09	12/01/13	5.52%	135,000	135,000		7,277
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04%	31,980	30,114		11,074
General Obligation Refunding Bonds, Series 2009D	08/01/09	10/01/13	2.78%	16,789	143		3
General Obligation Corporate Purpose Bonds, Series 2009E	11/15/09	08/01/24	4.87%	24,051	24,051		9,605
General Obligation Promissory Notes, Series 2009F	11/15/09	08/01/19	2.55%	15,610	10,045		1,055
Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60%	22,725	22,725		8,573
General Obligation Promissory Notes, Series 2010B	05/01/10	10/01/18	2.37%	12,325	9,625		892
Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.78%	27,362	27,362		12,177

Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

Governmental Activities General Obligation Debt							
Bond Issue		Date of Bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/12	Interest to Maturity
General Obligation Notes, Series 2010D	Promissory	12/21/10	10/01/20	2.82%	\$ 9,770	\$ 8,825	\$ 1,357
General Obligation Bonds, Series 2011A	Refunding	03/15/11	10/01/18	5.04%	31,757	27,558	4,146
General Obligation Bonds, Series 2012A	Refunding	12/20/12	12/01/20	4.00%	21,803	21,803	4,388
Total Governmental Activities - General Obligation Debt						\$ 716,978	\$ 232,740
Premium						6,855	
Discount						(207)	
Loss						(3,560)	
Total Governmental Activities - General Obligation Debt, Net						\$ 720,066	
Bonds and Notes Payable - General Obligation (Current Liabilities)						65,491	
Bonds and Notes Payable - General Obligation (Non-current Liabilities)						654,575	
Total Debt per Statement of Net Position - Governmental Activities						\$ 720,066	

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 4.92% including 1.29% related to direct County indebtedness at December 31, 2012.

The County in July 2012 made the decision to pay off the 2007 and 2009 State Trust Fund Loans with funds from the Debt Service Reserve.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized value of taxable property. As of December 31, 2012 under Wisconsin Statutes, the County could borrow an additional \$ 2,143,250.

At December 31, 2012, the weighted average interest rate of general obligation bonds and notes outstanding was 5.12%.

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Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

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

<u>December 31,</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2013	\$ 65,491	\$ 36,167	\$ 101,658
2014	67,093	26,304	93,397
2015	51,303	23,808	75,111
2016	49,895	21,860	71,755
2017	48,915	19,950	68,865
2018-2022	197,290	72,814	270,104
2023-2027	156,910	30,331	187,241
2028	80,081	1,506	81,587
Total Debt Service	<u>\$716,978</u>	<u>\$232,740</u>	<u>\$ 949,718</u>

*The principal in the maturity schedule has been adjusted to show the refinancing of \$135,000 of 2009 taxable pension notes that occurred in January 2013.

On December 20, 2012, the County issued \$23,105 of General Obligation Refunding Bonds, Series 2012 to advance refund \$13,040 of outstanding General Obligation Bonds, Series 2004A and \$11,750 of outstanding General Obligation Bonds, Series 2005A. Net proceeds of \$26,333 (par amount of bond issue of \$23,105, plus premium of \$3,466, less issue costs and underwriter's discount of \$236) along with \$3 of funds on hand were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the outstanding bonds. As a result, the outstanding bonds are considered defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$30,360 from 2013 through 2020. The cash flow requirements on the refunding bonds are \$27,756, a savings of \$2,604. The advance refunding resulted in an economic gain (difference between the present values of the debt service payment of the old and new debt) of \$2,543.

On January 24, 2013, the County refinanced \$135,000 2009 Taxable Pension Notes, Series 2009B. The \$135,000 POB Notes were set to mature on December 1, 2013. A refinancing was planned for these notes when they were originally issued in 2009. The refinanced \$135,000 POB Notes are now being shown as long term notes, as a result of this refinancing, and the Government

Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

Activities maturities have been adjusted based on the refinancing. The refinanced notes will have bonds maturing from 2014 to 2030. The average interest rate of the refinancing was 3.28%.

Business-type Activities

The County has pledged future airport revenues generated from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport, net of specified operating expenses, to repay \$ 190,887 of revenue bonds issued in previous years. Proceeds from the revenue bonds provided financing for capital improvements. The bonds are payable solely from net revenues and deposits made to the Coverage Fund, and are payable through December 1, 2034. The Coverage Fund is equal to 25% of the highest annual revenue bond debt service amount. Net revenues plus Coverage Fund assets are required to cover a minimum of 125% of annual debt service for the revenue bonds. Principal and interest paid for the current year and net revenues plus Coverage Fund assets were \$17,880 and \$28,729, respectively, resulting in net revenues plus Coverage Fund assets of 161% of annual debt service for 2012. The principal and interest payment of \$17,880 represents 21% of operating revenues. The total principal and interest remaining to be paid on the bonds is \$278,904.

Business-type Activities General Obligation and Revenue Bond Debt

Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/12	Interest to Maturity
General Airport Revenue Bonds, Series 2003A	01/01/03	12/01/22	4.88%	\$ 7,125	\$ 3,750	\$ 1,097
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	6,510	4,513	360
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	1,717	127	5
General Airport Revenue Bonds, Series 2004A	03/31/04	12/01/20	4.47%	37,360	29,545	13,645
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	950	143	9
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	3,350	1,119	94
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90%	29,010	28,240	16,121

Note 8 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

Business-type Activities General Obligation and Revenue Bond Debt						
Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/12	Interest to Maturity
Airport Revenue Refunding Bonds, Series 2005B General Obligation	12/22/05	12/01/14	3.65%	\$ 7,755	\$ 1,970	\$ 119
Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	819	663	166
Airport Revenue Refunding Bonds, Series 2006B	10/01/06	12/01/15	4.08%	5,020	1,065	106
General Airport Revenue Bonds, Series 2006A General Obligation	11/16/06	12/01/31	4.60%	25,665	22,300	12,643
Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	203	179	42
General Airport Revenue Bonds, Series 2007A General Obligation	11/15/07	12/01/32	4.60%	13,445	11,875	6,794
Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	185	185	47
General Purpose Bonds, Series 2009C General Obligation	08/01/09	10/01/24	5.04%	636	636	279
Refunding Bonds, Series 2009D General Obligation	08/01/09	10/01/16	2.00%	461	7	-
Corporate Purpose Bonds, Series 2009E	11/15/09	08/01/24	4.87%	6,314	6,314	2,522
General Airport Revenue Bonds, Series 2009A	12/21/09	12/01/32	4.90%	12,690	12,690	7,735
General Airport Revenue Bonds, Series 2009B	12/21/09	12/01/14	3.20%	2,350	915	50
Airport Revenue Bonds, Series 2010A	10/14/10	12/01/34	4.30%	31,570	31,570	20,478
Airport Revenue Refunding Bonds, Series 2010B	10/14/10	12/01/23	3.75%	51,590	43,600	12,596
Taxable General Obligation Corporate Purpose Bonds, Series 2010C General Obligation	12/21/10	10/01/26	4.78%	10,803	10,803	4,808
Refunding Bonds, Series 2011A General Obligation	03/15/11	10/01/18	5.04%	3,338	2,896	436
Refunding Bonds, Series 2012A	12/20/12	12/01/20	4.00%	1,302	1,302	262
Total Business-Type - General Obligation Debt					\$ 216,407	\$ 100,414

Note 8 - Long-term Liabilities (Continued)

Business-type Activities (Continued)

Business-type Activities	
General Obligation and Revenue Bond Debt	
	Principal Outstanding 12/31/12
Premium	\$ 5,816
Discount	(1,955)
Loss	(168)
Total Business-Type - General Obligation Debt	\$ 220,100
Bonds and Notes Payable - General Obligation (Current Liabilities)	\$ 3,579
Bonds and Notes Payable - Revenue (Current Liabilities)	8,630
Bonds and Notes Payable - General Obligation (Non-current Liabilities)	25,634
Bonds and Notes Payable - Revenue (Non-current Liabilities)	182,257
Total Debt per Statement of Net Position - Business-type Activities	\$ 220,100

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

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2013	\$ 12,209	\$ 10,241	\$ 22,450
2014	12,217	9,708	21,925
2015	12,172	9,164	21,336
2016	11,930	8,614	20,544
2017	12,215	8,062	20,277
2018-2022	62,520	31,530	94,050
2023-2027	51,870	16,962	68,832
2028-2032	36,705	5,787	42,492
2033-2034	4,569	346	4,915
Total Debt Service	\$ 216,407	\$ 100,414	\$ 316,821

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation bonds and Airport revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the County's financial statements. As of December 31, 2012, \$24,790 of bonds outstanding is considered defeased.

Note 8 - Long-term Liabilities (Continued)

Debt Issued on Behalf of Other Entities / Conduit Debt

Midwest Airlines, Inc.

In 2003, the County guaranteed \$ 14,400 of loans for a local corporation. The loans are secured by mortgages and a cash trust of \$ 5,944 on certain buildings. Midwest Airlines is now a subsidiary of another airline. The parent corporation is making principal payments on the debt, which has a balance of \$13,015 as of December 31, 2012.

City of Wauwatosa Redevelopment Authority.

In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 (TID) in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of \$8,860 to fund infrastructure development costs in TID #2. In 2004, the Wauwatosa Redevelopment Authority issued lease revenue bonds of \$ 24,500 for construction of facilities at the Milwaukee County Research Park located in TID #2. In 2007, the Wauwatosa Redevelopment Authority retired \$ 7,100 of principal remaining on the 1997 bonds with redevelopment refunding lease revenue bonds of \$ 6,200. The 2007 lease revenue bonds were retired in December of 2012 leaving only the 2004 issue outstanding. The County has agreed to guarantee the payment of the lease revenue bonds, if the tax increments generated by Tax Incremental District #2 are insufficient to pay principal and interest due on the 2004 notes. The total of the 2004 redevelopment lease notes outstanding as of December 31, 2012 was \$ 14,425.

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Note 9 - Net Position

Governmental Activities

Restricted net position consists of the following:

Governmental Activities

2014 Appropriations	\$ 5,000
2013 Appropriations	5,539
Debt Service	27,063
Commitments	10,005
Capital Project Commitments	31,737
Department of Family Care - State Restricted	11,432
Department of Family Care - Excess Reserves	16,322
Delinquent Property Tax	15,275
Investment Market Value in Excess of Book Value	999
Housing	627
Airport- PFC and Debt	29,369
Behavioral Health Division	9,986
Fleet and Facilities Divisions	10,270
Administrative Services	6,984
Zoo	914
Parks	1,074
Persons with Disabilities	110
Total Net Position - Restricted - Governmental Activities	<u><u>\$182,706</u></u>

Business-type Activities

Restricted net position consists of the following:

Business-type Activities

Operations and Debt Service	\$15,288
Capital Asset Needs	10,450
Commitments	3,619
Total Net Position - Restricted - Business-type Activities	<u><u>\$29,357</u></u>

Discretely Presented Component Units

Restricted net position for the Marcus Center for the Performing Arts, Inc., the Milwaukee County Research Park, Inc., and the Milwaukee County War Memorial, Inc. consist of the following:

Temporarily Restricted

Restricted for Programming Events - Marcus Center for the Performing Arts, Inc.	\$ 13
Restricted for the Research Development Fund - Milwaukee County Research Park, Inc.	347
Restricted for the Building Account - Milwaukee County War Memorial, Inc.	1
Total Net Position	<u><u>\$ 361</u></u>

Note 9 - Net Position (Continued)

Discretely Presented Component Units (Continued)

Restricted net positions for the Milwaukee Public Museum consist of the following:

Temporarily Restricted

Exhibits and Museum Renovations	\$ 482
Educational Lecture Costs	90
Purchase and Maintenance of Collections	294
Restricted for time	266
Capital Campaign - Debt	3,796
Endowment Fund:	
Purchase and Maintenance of Collections	293
Internship Programs	50
Total Temporarily Restricted Assets	<u>\$ 5,271</u>

Permanently Restricted

Operations	\$ 2,521
Special Exhibits	1,238
Starr Adventure and Internship	71
Total Permanently Restricted Assets	<u>\$ 3,830</u>

Note 10 - Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employee or natural disasters. The County uses a Risk Management Fund, which is presented as an internal service fund, to account for the financing of uninsured risks of loss. The County is self-insured for worker's compensation. In accordance with Wisconsin Statutes, the County's overall exposure for general liability and automobile liability is limited to \$ 50 (fifty dollars) and \$ 250 (two hundred fifty dollars) per person respectively. The County purchases commercial insurance to cover a substantial portion of the potential general liability, automobile liability and discrimination claims. The County also purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims from insured losses have not exceeded commercial insurance coverage for each of the past three years.

All funds of the County except for the Transit System participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board Statement No 10, a liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim

Note 10 - Risk Management (Continued)

settlement trends including frequency and amount of payouts and other economic and social factors.

The County has recognized \$ 14,644 of claims liabilities in the Risk Management Fund. The short-term portion is \$8,073 and is classified as a current liability.

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

	Year Ended <u>12/31/2012</u>	Year Ended <u>12/31/2011</u>
Beginning of year Liability	\$ 14,912	\$ 14,077
Current Year Claims and Changes in Estimates	7,764	9,859
Claims Payments	<u>(8,032)</u>	<u>(9,024)</u>
End of Year Liability	<u>\$ 14,644</u>	<u>\$ 14,912</u>

The Transit System has recognized \$ 17,052 of claims liabilities in the Transit System Fund. The short-term portion is \$ 10,912 and is classified as a current liability. Changes in the Transit System balances of the claims liability for the past two years are as follows:

	Year ended <u>12/31/2012</u>	Year ended <u>12/31/2011</u>
Beginning of year Liability	\$ 10,786	\$ 11,700
Current Year Claims and Changes in Estimates	6,454	1,026
Claims Payments	<u>(188)</u>	<u>(1,940)</u>
End of Year Liability	<u>\$ 17,052</u>	<u>\$ 10,786</u>

Note 11 - Related Party Transactions

Milwaukee County provides funds required for the operation of the Milwaukee War Memorial Center, Inc. ("Memorial"). To the extent these funds exceed actual disbursements, such excess is required to be returned to the County. The County and the Memorial agreed that when revenues exceed budget, the Memorial is permitted to create a reserve account whereas up to \$ 25 can be deposited annually. These funds are to be used in future years for the Memorial's operational needs. Total appropriations received by the Memorial for 2012 were \$ 2,574, of which \$1,088 was transferred to the Marcus Center for the Performing Arts and \$207 was transferred to the Charles Allis/Villa Terrace Art Museum for their respective operations. During 2012 the Charles Allis/Villa Terrace Art Museum secured its own 501(c) (3) designation.

Note 11 – Related Party Transactions (Continued)

Interest earned on the investment of excess funds is not considered to be revenue, which must be returned to the County. Milwaukee County has agreed to permit this interest income to be used at the discretion of the Board of Trustees for the benefit of their respective operations.

The Milwaukee County Treasurer's office acts as the trustee for the Charles Allis Art Museum Trust. Distributions from the trust totaling \$ 1 were made to the Memorial during 2012.

Milwaukee County has legal title to the Milwaukee Public Museum (MPM, Inc.) building, exhibits and artifacts, including any building additions and improvements and additions funded by the County or MPM, Inc. All such assets are leased to MPM, Inc. under a long-term lease. MPM, Inc. has not recorded the building and exhibits from the long-term lease in its consolidated financial statements, as the value cannot be determined. MPM, Inc. capitalizes building additions, improvements and exhibit costs when MPM, Inc. is obligated to pay for those capital items including the IMAX Theater, the Butterfly Wing, the Concourse, the garden gallery, gift shops and restaurants. These assets will revert to Milwaukee County if MPM, Inc. were to vacate the facility. MPM, Inc. amortizes these costs over their anticipated useful lives.

Milwaukee County and MPM, Inc. entered into a Lease and Management Agreement, which provides for the not-for-profit operations and management of MPM, Inc. The agreement, effective March 31, 1992, encompasses (1) the lease and management of MPM, Inc. and (2) the transition of employees to MPM, Inc. The agreement includes annual rental payments of \$ 10.00 (ten dollars) and is renewable every five years through March 31, 2042. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The agreement also provides for certain employee benefits for qualifying employees then employed by the County who became employees of MPM, Inc. in 1992. The County is responsible for, among other items, any special assessments, structural repairs and capital projects.

An amendment to the agreement provides for base annual operating support of \$3,502 per year for 10 years beginning in calendar year 2008 through 2017. In addition, the County committed to a minimum of \$ 4,000 in capital expenditures over a period of five years, from 2008 to 2012 for infrastructure and deferred maintenance projects. Total payments to MPM, Inc. for the year ended August 31, 2012 was \$ 3,502.

Milwaukee County and the Milwaukee County Research Park Corporation (MCRPC) entered into a ground lease for 100 years commencing March 24, 1993 at \$ 1.00 (one dollar) per year. This lease covers approximately 158 acres consisting of the southwest quadrant, the Watertown Plank Road Park and Ride

Note 11 – Related Party Transactions (Continued)

Lot and approximately 16 acres of northeast quadrant of the Milwaukee County grounds located in Wauwatosa, Wisconsin.

Milwaukee County and MCRPC entered into a lease, to manage and sublease the Technology Innovation Center (TIC), through September 30, 2013 with one additional five-year extension option. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires MCRPC to charge annual base rentals of not less than \$ 7.50 (seven dollars and 50 cents) per tenant occupied foot space, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs; the MCRPC will pay Milwaukee County 66-2/3% of the base rent collected.

Note 12 - Subsequent Events

Taxable General Obligation Pension Promissory Notes, Series 2013 were issued by Milwaukee County on January 24, 2013, in the amount of \$138,730. These Notes were issued pursuant to Chapter 67 of the Wisconsin Statutes. The Notes were planned to extend the financing of \$135,000 of Taxable pension note, series 2009B that were to mature on December 1, 2013.

On July 24, 2013, the County issued \$26,935 of General Obligation Corporate Purpose Bonds, Series 2013A. Total proceeds of \$27,473 (par amount of bond issue of \$26,935, net premium of \$538) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County purposes pursuant to the County's 2013 Adopted Capital Improvement Budget.

Taxable General Obligation Pension Refunding Bonds Series 2013B were issued by Milwaukee County on June 27, 2013, in the amount of \$99,300. These Notes were issued pursuant to Chapter 67 of the Wisconsin Statutes. The Notes are being issued for tendering \$95,000 of Series 2009A Bonds, dated April 2, 2009, that were held by an investor.

Note 13 - Commitments and Contingencies

Claims and Other Legal Proceedings

The County is subject to numerous claims and other legal proceedings incidental to the ordinary course of its operations. For claims and other legal proceedings that were open at the end of 2012 but resolved in early 2013, a current liability

Note 13 - Commitments and Contingencies (Continued)

Claims and Other Legal Proceedings (Continued)

was established in the general fund. For the remaining open items, although the outcome of these claims and legal proceedings is not presently determinable, in the opinion of the County's Corporate Counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Environmental

The County has sanitary sewer and storm sewer systems that it is responsible for on County land. The State Attorney General issued an order that requires monitoring, maintenance, and repair of these systems. The purpose of this order is to ensure that the metropolitan areas sanitary sewer systems receive only sanitary system flow, and not storm water, from the County. The order will require future capital and operating commitments. For 2013, the commitment is \$480.

The County has various environmental commitments that will require future capital and operating commitments that are not specifically court mandated. The 2013 commitments include: Landfills: \$110, Asbestos removal and abatement: \$580, Dam repairs, dredging and maintenance: \$4,250 and Underground storage tank management: \$267.

Intergovernmental Awards

Intergovernmental awards are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the County may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, would not be material to the accompanying government-wide and fund financial statements at December 31, 2012.

Note 14 - Other Post-employment Benefits

Countywide Program (excluding Transit System)

Description and Provisions

The County administers a single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance for eligible retirees and their eligible spouses through the County's self-insured health insurance plans and the County's group life insurance plan.

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Description and Provisions (Continued)

The retiree healthcare and life insurance plans do not issue separate financial reports.

The retiree healthcare benefits are authorized by County Ordinance, Section 17.14. The retirement health insurance premium is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994, except for certain union groups which have a later cutoff date for this benefit. Retirees with non-contributory health insurance premiums also receive reimbursement of the Medicare Part B premium for themselves and their covered spouses. Employees eligible for postretirement healthcare benefits who retire after December 31, 2011, except nurses, which is December 31, 2012, will not be eligible for Medicare Part B reimbursement.

Retirees with less than 15 years of service and/or hired on and after January 1, 1994 are responsible for the full cost of the health insurance premiums upon retirement and are not eligible for Medicare Part B premium reimbursement. For those retirees, any unused sick leave at retirement would not be paid out in cash, but would be credited for the purchase of retiree health insurance. The credit was capped as of June 23, 2012 to the unused balance at that date, less any subsequent sick leave usage. See Note 1, section D and item 1 for information regarding the County's accrued sick leave liability as of December 31, 2012.

Retiree life insurance benefits are authorized by County Ordinance, Section 62.02. The life insurance benefit is equal to the retiree's annual salary at the time of retirement, rounded to the next highest \$1. Milwaukee County provides the first \$25 (\$20 for select bargaining units) for retirees under age 65. The retiree is responsible for the cost of additional coverage at the rate of \$0.34 per thousand. At age 65, the plan becomes non-contributory and the original life insurance benefit reduces by 8% per year beginning at age 65 to 25% at age 70 and over.

The health insurance and life insurance benefits for retirees are financed with current tax levy funds through the General Fund. The County pays for retiree's health and life insurance premiums on a pay-as-you-go basis and therefore, contributes only the annual cost incurred, net of retiree contributions.

The County's annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Description and Provisions (Continued)

cost each year and amortize any unfunded actuarial liability (or asset) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation

The following schedules provide the components of the County's 2012, 2011, and 2010 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal Cost	\$ 2,228	\$ 12,370	\$ 12,370
Amortization of Unfunded Actuarial Accrued Liability	85,680	106,442	106,442
Annual Required Contribution (ARC)	87,908	118,812	118,812
Interest on Net OPEB Obligation	15,347	12,673	10,232
Adjustment to the ARC	(18,876)	(28,698)	(23,171)
Annual OPEB Cost	\$ 84,379	\$ 102,787	\$ 105,873

Schedule of Employer Contributions For the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Premiums Paid on Behalf of Retirees	\$ 56,287	\$ 62,372	\$ 66,500
Less: Retiree Contributions	(796)	(4,150)	(1,310)
Net Employer Contribution	\$ 55,491	\$ 58,222	\$ 65,190

Percent of Annual OPEB Cost Contributed by Employer	65.8%	56.6%	61.6%
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Schedule of Net OPEB Obligation For the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net OPEB Obligation - January 1,	\$ 255,789	\$ 211,224	\$ 170,541
Annual OPEB Cost	84,379	102,787	105,873
Less: Net Employer Contributions	(55,491)	(58,222)	(65,190)
Net OPEB Obligation - December 31,	\$ 284,677	\$ 255,789	\$ 211,224

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the County's OPEB plan was not funded. The actuarial accrued liability for benefits was \$1,134,995, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,134,995. The annual payroll of active employees covered by the plan was \$ 87,908, and the ratio of UAAL to covered payroll was 12.9 to 1. The schedule of funding progress, presented as Required Supplementary Information, following the notes to the financial statements, presents multiyear trend information.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and estimates are revised. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The schedules of funding progress presented in the supplementary schedules were determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Closed
Remaining amortization periods	25 Years
Asset valuation method	N/A

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Actuarial Assumptions and Methods (Continued)

Actuarial Assumptions:

Investment rate of return	6.0%
Projected salary increases	Varies from 3.0% to 10.0% based upon current age and employment category
Post-retirement benefit increases	N/A
Healthcare cost trend	9.0%, decreasing by 1.0% annually to 5.0%
Mortality	RP-2000 Combined Mortality Projected to 2010
Disability rate	Graduated rates based upon current age
Retirement age	Estimates based upon current age, years of service, and employment category
Withdrawal	Graduated rates based upon current age, years of service, and employment category
Inflation Rate	3.0%

2012 Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- Trend assumption changed from 5% for all future years to 9% in 2012 decreasing by 1% per year to 5% for 2016 and later.
- As of 12/31/2011, the Medicare Part B premium reimbursement has been eliminated for all others who are not already retired, except for represented Nurses, Sheriffs and Firefighters.
- As of 12/31/2012, the Medicare Part B premium reimbursement has been eliminated for Nurses who are already not retired.
- Effective 1/1/2013, prescription drug coverage for Medicare eligible retirees has been changed to an Employer Group Waiver Plans (EGWP) plan.
- AFSCME employees hired after 8/1/2011 are eligible for normal retirement at age 64 (previously age 60).
- Nurses and Building Trades employees hired after 1/1/2012 are eligible for normal retirement at age 64 (previously age 60).

Contributions Required and Contributions Made

As of December 31, 2012, the County had 5,983 retirees enrolled in a health plan. The 2012 expenditures for retiree healthcare costs were \$ 48,906. The County's 2012 expenditures also included reimbursement of Medicare Part B premiums for health plan retirees of \$ 6,447. The total health plan expenditures were offset by \$ 632 in contributions from retirees who were responsible for the partial or full health benefit premium cost.

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made (Continued)

As of December 31, 2012, the County had 5,147 retirees enrolled in the group life insurance plan. The 2012 expenditures for the group life insurance plan were \$ 935. The total life insurance expenditures were offset by \$ 164 in contributions from retirees who were responsible for the partial or full life insurance premium cost.

Transit System Program

Description and Provisions

Milwaukee Transport Services, Inc. (the "Company") provides single-employer defined benefit healthcare and life insurance benefits for eligible retired employees and eligible surviving spouses. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Company and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 35. The same benefits are provided to non-represented employees and retirees.

Active employees with 14 years of service are eligible provided they satisfy one of the following conditions: 100% vested in retirement program at early retirement age of 57, reach age 62, rule of 85 (combined age and years of service equal 85), attain 25 years of service or become disabled. Employees hired after July 16, 2007 are not eligible for retiree healthcare benefits.

The Plan offers two choices for medical: an HMO and a PPO. Employees who retired on or before April 1, 2007 and live more than 30 miles from an approved HMO provider may elect the PPO plan and pay the monthly PPO premium contribution. Employees who retired after April 1, 2007 and elect the PPO plan will pay the PPO monthly premium contribution plus the difference in cost between the PPO and HMO premium. The PPO premium contribution is 10% of the premium for the applicable rate class. Effective January 1, 2012, any employee whose combined age and years of service equal less than 75 will pay an additional 20% for coverage. Those whose combined age and years of service equal greater than or equal to 75, but less than 80, will pay an additional 12% for coverage.

Effective January 1, 2012, for surviving spouses not eligible for Medicare and dependent children, the Company will pay one-half (½) of the health insurance

Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Description and Provisions (Continued)

premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least fourteen years of service.

The Company pays the full premiums on a term life insurance policy for all eligible retired employees at the face value in effect at the time of retirement. The face value of life insurance for employees who retired before April 1, 2001 range from \$500 to \$16,500. The face value for employees retiring after April 1, 2001 but before April 1, 2007 is \$8,500. The face value for employees retiring after April 1, 2007 is \$9,000.

Funding Policy

The health insurance and life insurance benefits for retirees are recognized under the accrual method of accounting. Under this method retiree healthcare and life insurance benefits are recognized when the benefits are earned by employees. In addition, the Company recognizes a portion of the unfunded actuarial accrual liability (UAAL) for the past service costs of its employees and retirees. The UAAL is amortized over thirty (30) years under the level percent method. Under the level percent method, the UAAL is paid off by contributing a fixed percentage of payrolls each year. Under this method, the payments are smaller in the initial years and increase over time, as the payroll increases. It is assumed that the active group of employees' size remains constant and that the payroll increases 3 percent per year. It is the Company's intent to contribute the amount of the ARC each year into a trust. The Company does not issue a publicly available report that includes the financial statements for the trust on OPEB.

Annual OPEB Cost and Net OPEB Obligation

The Company's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period of thirty (30) years.

Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following schedule provides the components of the Company's 2012, 2011, and 2010 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal Cost	\$ 4,059	\$ 3,979	\$ 3,893
Amortization of Unfunded Actuarial Accrued Liability	13,646	14,945	14,729
Annual Required Contribution (ARC)	17,705	18,924	18,622
Interest on Net OPEB Obligation	-	-	(1)
Adjustment to the ARC	-	-	1
Annual OPEB Cost	\$ 17,705	\$ 18,924	\$ 18,622

Schedule of Employer Contributions for the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Premiums Paid on Behalf of Retirees	\$13,841	\$12,338	\$14,306
Contribution to OPEB Trust	8,000	9,000	3,000
Less: Retiree and Survivor Contribution	(1,641)	(1,399)	(1,526)
Net Employer Contribution	\$20,200	\$19,939	\$15,780
Percent of Annual OPEB Cost Contributed by Employer	114.1%	105.4%	84.7%

Schedule of Net OPEB Obligation For the Year Ending December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net OPEB Obligation - January 1,	\$ 222	\$ 1,237	\$ (10)
Annual OPEB Cost	17,705	18,924	18,622
Less: Net Employer Contributions	(20,200)	(19,939)	(15,780)
Medicare Part D reclassified to revenue*	-	-	(1,595)
Net OPEB Obligation - December 31,	\$ (2,273)	\$ 222	\$ 1,237

* Beginning in 2010, Medicare D is not part of the OPEB trust. Medicare Part D monies from 2007, 2008 and 2009 have been reclassified from the Net OPEB Obligation to revenue.

Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Funding Policy

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing overtime relative the actuarial accrued liability for benefits.

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the Company's OPEB plan was partially funded. The actuarial accrued liability for benefits was \$245,991, and the actuarial value of assets was \$34,603, resulting in an unfunded actuarial accrued liability (UAAL) of \$211,388. The annual payroll of active employees covered by the plan was \$45,489, and the ratio of UAAL to the covered payroll was 4.65 to 1.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and estimates are revised. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Actuarial Assumptions and Methods (Continued)

The schedules of funding progress presented in the supplementary schedules were determined as part of the actuarial valuations at the dates indicated.

Valuation date	1/1/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent
Remaining amortization periods	30 Years
Asset valuation method	Market

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases	3.0%
Post-retirement benefit increases	N/A
Healthcare cost trend	8.0%, decreasing by 0.5% annually to 5.0%
Mortality	1983 Group Annuity Mortality Table
Disability rate	N/A
Retirement age	Estimates vary based upon historical experience of the Transit System
Withdrawal	Graduated rates based upon current age
Inflation Rate	3.0%

2012 Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- Discount rate was changed from 8.0% to 7.5%. This has resulted in a \$14,999 unrecognized actuarial loss.
- Effective 1/1/2012, any employee whose combined age and years of service equal less than 75 will pay an additional 20% for coverage.
- Effective 1/1/2012, any employee whose combined age and years of service equal to or greater than 75 but less than 80 will pay an additional 12% for coverage.
- Effective 1/1/2012, for surviving spouses not eligible for Medicare and dependent children, the Company shall pay ½ of the health insurance premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least 14 years of service.

Contributions Required and Contributions Made

The Company's policy is to fully fund its OPEB plan. The Company funds its annual OPEB cost with operating revenues and tax levy support from Milwaukee County and the State of Wisconsin. As of December 31, 2012, the Company had

Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Contributions Required and Contributions Made (Continued)

968 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2012 expenditures for the HMO and PPO healthcare plans were \$13,621. The total HMO and PPO expenditures were offset by \$1,641 in retiree contributions from retirees and survivors who were responsible for the partial or full health benefit premium cost.

As of December 31, 2012, the Company had 968 retirees enrolled in the life insurance plan. The 2012 expenditures for the life insurance plan were \$220. There were no retiree contributions towards the life insurance plan.

Note 15 - Employee Retirement Systems and Pension Plans

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions

The description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") has been extracted from the Annual Report of the Pension. Additional narrative has been added to the plan descriptions and provisions section. The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients. Requests for ERS financial information should be sent to: Milwaukee County ERS, 901 N. 9th Street Room 210C, Milwaukee, WI 53233.

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Board. The Board consists of ten members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson, one member appointed by the Milwaukee Deputy Sheriffs' Association and one retiree member elected by retirees.

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

The Retirement System had been substantially noncontributory. However, starting in 2011, members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions in 2012. The employee contribution ranged from 4.7% to 6.59% of compensation. In 2013, the employee contribution percentages will range from 4.4% to 6.59% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment present pension eligibility may request a refund of all accumulated contributions made, with simple interest at 5% annum. For employees terminating employment with the County, any refund of accumulated contributions must be requested within sixty (60) days after termination.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

In 2012, the Retirement System started receiving contributions from the State of Wisconsin (the "State") for members who were transferred from Milwaukee County to the State of Wisconsin. As a result of the agreement between the State and the County, non-vested members of the Retirement System were able to continue to accrue pension benefits with the ERS, while they were employed with the State. Once the member is vested, they are transferred to the State retirement plan. The State employees were required to contribute 4.7% of their wages to ERS and the State contributed the same percentage to the County for 2012.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget.

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula: Multiplier x Creditable Service x Final Average Salary.

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. County Ordinance and several labor agreements require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreement and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2.0% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for COLA increases that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA based on the backdrop date once the member terminates employment.

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for eligible employees who choose a backdrop date after April 1, 2013. If a member chooses a backdrop date after April 1, 2013, then the monthly drop benefit is calculated using the member's final average salary, service credit, and applicable multipliers as of April 1, 2013. This plan change does not apply to Elected Officials, Building and Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental or ordinary disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed \$2,000 (two thousand dollars).

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Members may choose among several benefit payment options when retiring. Currently there are eight options with different payouts depending upon if the member wants payments to cease upon member's death or if payments should continue to the member's beneficiary at different levels.

As of December 31, 2012 there are 12,997 participants of which 7,867 are receiving benefits. Benefits of \$178,800 were paid in 2012 including periodic pension payments of \$157,100 and backdrop lump sum pension payments of \$21,700.

OBRA 1990 Retirement System of the County of Milwaukee

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

As of December 31, 2012 there were 3,280 participants with vested benefits in OBRA of which 38 are receiving benefits. The average annual benefit payment is \$1,614 (one thousand six hundred fourteen dollars) for 2012.

Summary of Significant Accounting Policies

GASB Statement No. 50 - The Retirement System follows the provisions of GASB 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and progress are based.

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Summary of Significant Accounting Policies (Continued)

The required schedules of funding progress present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting – The ERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

Investments – Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System’s investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

Valuation of International Securities – Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs – Capitalized software developments costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses.

Expenses – Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled \$1,187 in 2012.

Income Taxes – Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Summary of Significant Accounting Policies (Continued)

contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

Deposit and Investment Risk Disclosure

Security Lending - Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security-lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2012, the net investment income realized from security lending was \$21.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held as of December 31, 2012 is as follows:

Fair Value of Securities Loaned	\$	54,587
Fair Value of Collateral	\$	55,611
Percent Collateral to Securities Loaned		101.88%

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Deposit and Investment Risk Disclosure (Continued)

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of \$20 and U.S. Treasury securities, domestic stocks and REIT's of \$36 for the year ended December 31, 2012. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

Financial Instruments with Off-Balance Sheet Risks

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days. The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2012.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell

**Note 15 - Employee Retirement Systems and Pension Plans
(Continued)**

Countywide Program (excluding Transit System Continued)

Financial Instruments with Off-Balance Sheet Risks (Continued)

a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit- worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

	12/31/12
Cash Held:	
US Equity Investment Managers	\$14,131
Cash Used to Pay Benefits and Expenses	<u>17,750</u>
Total Cash Held	<u>31,881</u>
Futures Purchased:	
S&P 500 (US Equity)	21,088
Barclays AGG (Fixed Income)	7,813
MSCI EAFE (International Equity)	<u>3,160</u>
Total Futures Purchased	<u>32,061</u>
Futures Above/(Below) Cash	<u>\$ 180</u>
Market Value	\$ 82

Contributions Required and Contributions Made

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made (Continued)

Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30-year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions to ERS totaling \$28,288, \$31,589 and \$32,894 were recorded in 2012, 2011 and 2010, respectively. The 2012, 2011 and 2010 contributions were \$2,576, \$4,781 and \$5,344 above the Funding Contribution amount ("FCA"), respectively. The County contributions include contributions made by the members. Member contributions were \$9,041 for the year ended December 31, 2012 and \$3,314 for the year ended December 31, 2011. This increase was caused by changes in County Ordinances and State Statutes, which required employees to pay one half of actuarially required contribution. Certain public safety employees are excluded from this contribution. By the end of 2012, most County employees were required to make pension contributions for the full year. See the Schedule of Employer and Other Contributions presented as required supplementary information (RSI) immediately following the notes to the financial statements.

County contributions to OBRA totaling \$880, \$2,022 and \$786 were recorded in 2012, 2011 and 2010, respectively. The 2012 contribution was \$434 above the Funding Contribution amount ("FCA"). There are no member contributions for OBRA.

The 2012 contributions reflected in the Retirement System's financial statements were actuarially determined as of January 1, 2011. These amounts were included in the County's 2012 budget. The Retirement System's financial reports reflect the unpaid portion of the 2012 contribution as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually, (b) projected payroll growth increases averaging 3.5% per year for ERS and 4.5% per year for OBRA compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for ERS and 3.0% for OBRA.

The Annual Pension Cost (APC) is calculated by adding together the Annual Required Contribution (ARC), Interest on Net Pension Obligation and any

**Note 15 - Employee Retirement Systems and Pension Plans
(Continued)**

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made (Continued)

Adjustments to the ARC. The annual change in the Net Pension Obligation / (Asset) is calculated by subtracting contributions made from the APC. The Net Pension Obligation / (Asset) is calculated by adding the annual change to the balance at the beginning of the year.

The three year trend information for ERS and OBRA are as follows:

	Actuarial Valuation Date	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation / (Asset)
ERS	1/1/13	2012	\$ 21,135	129.7%	\$ (419,587)
	1/1/12	2011	22,508	140.1%	(413,315)
	1/1/11	2010	22,570	145.7%	(404,328)
OBRA	1/1/13	2012	\$ 660	133.3%	\$ (1,474)
	1/1/12	2011	815	248.1%	(1,254)
	1/1/11	2010	712	110.4%	-

The County maintains a Net Pension Asset, due to a contribution of \$397,800 in 2009 from the issuance of Pension Obligation Bonds. The following is an accounting of the Net Pension Asset for 2012.

	<u>ERS</u> 1/1/13
Valuation Date	
Annual Required Contribution (ARC)	\$ 28,406
Interest on Net Pension Asset	(33,065)
Adjustment to ARC	25,794
Annual Pension Cost (APC)	<u>\$ 21,135</u>
Pension Contribution Made	\$ 27,407
Less Annual Pension Cost (APC)	<u>21,135</u>
Increase in Net Pension Asset	6,272
Net Pension Asset - beginning of year	<u>413,315</u>
Net Pension Asset - end of year	<u>\$ 419,587</u>

**Note 15 - Employee Retirement Systems and Pension Plans
(Continued)**

Countywide Program (excluding Transit System Continued)

Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. Actuarial valuations are stated as of January 1 and consider the changes for the prior year ending December 31.

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
ERS	1/1/13	\$1,768,505	\$2,025,319	\$ 256,814	87.3%	\$189,132	135.8%
OBRA	1/1/13	1,662	2,869	1,207	57.9%	7,736	15.6%

The Schedules of Funding Progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method and significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

	<u>ERS</u>	<u>OBRA</u>
Valuation date	1/1/2013	1/1/2013
Actuarial cost method	Aggregate Entry Age Normal	Unit Credit
Amortization method	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Remaining amortization periods	5 - 30 Years	5 - 30 Years
Asset valuation method	10-year Smoothed Market	Market

**Note 15 - Employee Retirement Systems and Pension Plans
(Continued)**

Countywide Program (excluding Transit System Continued)

Funded Status and Actuarial Information (Continued)

	<u>ERS</u>	<u>OBRA</u>
Actuarial assumptions:		
Investment rate of return *	8.0%	8.0%
Projected salary increases	3.50%	4.50%
Post-retirement benefit increases	2.0%, simple	3.0%, simple
Mortality-healthy pensioners	Sex-Distinct UP-1994 Mortality Table	Sex-Distinct UP-1994 Mortality Table
Mortality-disabled pensioners	RP2000 Disabled Mortality Table	-
Withdrawal	Graduated rates based upon current age, years of service, employment category	Graduated rates based upon current age
* Components of rate of return:		
Inflation	3.0%	3.0%
Real rate of return	5.0%	5.0%

2012 Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Building and Trades, Machinists, Federated Nurses and Firefighters. The plan change results in a decrease of the unfunded accrued liability in the amount of \$10,251
- There were no changes for OBRA in 2012

Transit System Program

Plan Description and Provisions

The Transit System issues a publicly available report that includes the financial statements and required supplementary information for the Transport Employees' Pension Plan. The financial report may be obtained by writing to the Transport Employees' Pension Plan, 1942 North 17th Street, Milwaukee, Wisconsin 53205.

The Transit System's Transport Employees' Pension Plan (the "Plan") is a single employer contributory defined benefit plan sponsored by Milwaukee Transport Services, Inc (the "Company"). The plan is administered by an administration board, which consists of three members representing the Company and three members representing the employees. The plan is not subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974 as amended (ERISA), as it is a governmental plan exempted under Section 4(b)(1) of Title I of the Act.

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Transit System Program (Continued)

Plan Description and Provisions (Continued)

All regular full-time employees of the Company are eligible to participate in the plan. An employee's normal retirement date is the earlier of: the first day of the month coincident with, or the next following, the attainment of age 62 (sixty-two) and the completion of five years of credited service or the first day of any month where the sum of employee's age and credited service total 85 (eighty-five) or more years or the first day of the month following completion of twenty-five years of credited service.

Credited service, not to exceed thirty-five years, is equal to total years and completed months of unbroken service with the Company. Absences due to temporary layoffs followed by re-employment within three years and other periods of specifically approved leaves of absence are not considered breaks in continuous service. Periods of leave of absence where the employee did not make the mandatory contributions, periods of absence due to unpaid sickness which accumulates in excess of thirteen days within any one calendar year and other periods of absence are not included in credited service.

The amount of annual benefit to be paid in monthly installments for life is equal to the sum of: 2.0% of the retiree's highest average salary x years of credited service after March 31, 1966 plus \$90 (ninety dollars) x years of credited service before April 1, 1966. Credited service is limited to a maximum of thirty-five years. The minimum annual normal retirement benefit for an employee with at least ten years of service is \$3,000 (three thousand dollars). Employees who retired prior to April 1, 2002 receive a \$35 (thirty-five dollars) per month supplemental effective upon their attainment of age 65. On January 1st of each year, the retirement benefit of each retiree (excluding beneficiaries and surviving spouses) is increased by 2%.

Upon completion of five years of continuous service and the attainment of age fifty-seven, an employee may elect early retirement. The employee has two choices: begin collecting at age sixty-two and receive 100% accrued benefit or beginning collecting at the early retirement date and receive accrued benefit reduced by 7/12 of 1% for each full month by which the payment date precedes age sixty-two.

An employee who has ten years of credited service and who becomes total and permanently disabled before normal retirement date may retire and receive a disability retirement benefit calculated as their accrued benefit on the date of

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Transit System Program (Continued)

Plan Description and Provisions (Continued)

disability, payable immediately. The minimum annual disability benefit is \$3,000 (three thousand dollars).

If a disabled employee dies while receiving a disability retirement benefit, the surviving spouse will receive a monthly benefit of 50% of the disability retirement benefit for the remainder of their lifetime.

Upon termination of employment before five years of credited service, an employee will receive a lump sum equal to their own employee contributions together with 2% simple interest from the January 1st following the date on which contribution were made up to the last day of the calendar year in which the termination of service occurs. Upon termination of employment after five or more years of credited service, an employee may elect to receive the lump sum equal to the aggregate of their contributions with 2% simple interest or to leave their contributions in the trust fund and on or after age fifty-seven receive their accrued benefit.

In the event of the death of an active employee who has ten or more years of credited service, the surviving spouse receives a pension benefit equal to 50% of the employee's accrued benefit payable immediately or the lump sum equivalent of the employee's contributions with 2% simple interest. In the event of the death of an active employee with less than ten years of credited service, their beneficiary will receive the lump sum equivalent of the employee's contributions with 2% simple interest.

As of December 31, 2012 there were 2,308 participants with vested benefits of which 1,250 are receiving benefits. Benefits of \$25,900 were paid in 2012.

Summary of Significant Accounting Policies

Basis of Accounting - The financial information of the Plan has been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles within the United States of America.

GASB Statement No. 50 - The Plan implemented provisions of GASB Statement No. 50 - Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27. This statement requires that information about the funded status of the

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Transit System Program (Continued)

Summary of Significant Accounting Policies (Continued)

pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in the valuations on which reported information about Annual Required Contributions (“ARC”) and the funded status and progress are based. The schedules of funding progress present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated value. Because of the inherent uncertainty of valuation, the estimated values for the limited partnerships may differ significantly from the values that would have been used had a ready market for the investments existed. Income and realized gains from investments are reinvested. Investment security transactions are the related gains and losses are recognized as of the trade date. The average cost basis is used in determining the cost of investments sold. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend is recorded on the ex-dividend date.

Income Taxes - The Plan is exempt from Federal income taxes under section 115 of the Internal Revenue Code.

Contributions Required and Contributions Made

Effective January 1, 2012, employees covered under the Plan contribute 25% of the actuarially determined contribution necessary to fund the Plan and the Company contributes the remaining 75%. Effective January 1, 2013, employee will contribute 30% of the contribution and the Company will contribute the remaining 70%.

In 2012, the Company contributed \$13,604 which includes contributions made by the members. Member contributions were \$3,351 for the year ended December 31, 2012.

Note 15 - Employee Retirement Systems and Pension Plans (Continued)

Transit System Program (Continued)

Contributions Required and Contributions Made (Continued)

See the Schedule of Employer and Other Contributions, presented as required supplementary information (RSI) immediately following the notes to the financial statements.

The three year Trend Information for the Company's Plan is as follows:

Actuarial Valuation	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/13	2012	\$ 10,253	100.0%	\$ -
1/1/12	2011	9,867	100.0%	-
1/1/11	2010	9,939	100.0%	-

Contributions are designated to fund current service costs as well as to fund, over approximately 30 years, the estimated accrued benefit costs arising from qualifying service that occurred prior to the establishment of the Plan or subsequent Plan amendments. Interest on employee contributions is accumulated at a rate of 2% per year. The Annual Required Contributions for the employer's portion of the Plan were \$10,253, \$9,867, and \$9,939 for 2012, 2011 and 2010 respectively. The Annual Required Contribution for the employee portion of the Plan was \$ 3,351 and \$ 1,739 for 2012 and 2011, respectively.

The Company funds the Annual Required Contribution during the fiscal year beginning on the valuation date. The Annual Required Contribution comprises the normal cost plus amortization of the Unfunded Actuarial Accrued Liability on a level dollar basis over an open period of thirty years.

Funded Status and Actuarial Information

Following is a listing of the actuarial method significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

	<u>Transit</u>
Valuation date	January 1, 2013
Actuarial cost method	Frozen Initial Liability Method with initial liability as Entry Age Normal Method
Amortization method	Level Dollar Basis
Remaining amortization periods	30 years
Asset valuation method	Five-Year moving average

**Note 15 - Employee Retirement Systems and Pension Plans
(Continued)**

Transit System Program (Continued)

Funded Status and Actuarial Information (Continued)

	<u>Transit</u>
Actuarial Assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.75%
Post-retirement benefit increases	2.0%, simple
Mortality-healthy pensioners	RP-2000 Generational Mortality for blue collar workers - Scale AA
Mortality-disabled pensioners	RP-2000 Disabled Mortality Table
Withdrawal	Graduated rates based upon current age and years of service
Inflation Rate	3.0%

The Transport Employees' Pension Plan engages an independent actuarial firm to perform an annual actuarial valuation. Actuarial valuations are stated as of January 1, 2013 the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) / Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/13	\$355,636	\$457,181	\$ 101,545	77.8%	\$ 57,750	175.8%

The schedules of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AAL's for benefits.

Note 16 - Pending Governmental Accounting Standards

The County has not yet implemented the following GASBs into the CAFR presentation:

- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*** - an amendment of GASB Statements No. 14 and No. 34 will be effective for the County beginning the year ending December 31, 2013. This statement amends its accounting and financial reporting standards for including, presenting, and disclosing information about governmental

Note 16 - Pending Governmental Accounting Standards (Continued)

component units, including equity interests. It is designed to result in governmental financial statements that include all appropriate entities that a government is accountable for or financially intertwined with.

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, will be effective for the County beginning the year ending December 31, 2013. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.
- **GASB Statement No. 66, *Technical Corrections-2012***, an amendment of GASB Statements No. 10 and No. 62 will be effective for the County beginning the year ending December 31, 2013. This statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.
- **GASB Statement No. 67, *Financial Reporting for Pension Plans***, an amendment of GASB Statements No. 25 and No. 50 will be effective for the County beginning the year ending December 31, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions***, will be effective for the County beginning the year ending December 31, 2015. This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Unless otherwise stated, the County's management has not yet determined the effect these GASB statements will have on the financial statements.

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Note 17 – Reclassification of Internal Service Fund Activities

Effective January 1, 2012 the County began reporting for the activities of its Architecture Engineering & Environmental Services division as part of the General Fund. Prior to January 1, 2012 these activities were accounted for and reported as part of the Public Works Services Internal Service Fund. The County has determined that for the purposes of budgeting and financial reporting, the activities of Architecture Engineering & Environmental Services are similar to other departments reported in the General Fund. As a result, the County began reporting financial position and activities of this department as part of the General Fund on January 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress and Employer Contributions

Retirement Systems

Employee's Retirement System (ERS)

Substantially all full-time employees of the County are participants in the Employees' Retirement System of the County of Milwaukee (ERS), which is a single-employer contributory defined benefit pension plan.

OBRA

The County established the OBRA 1990 Retirement System of the County of Milwaukee to cover seasonal and certain temporary employees who are not enrolled in ERS.

Transit System

The Transport Employees' Pension Plan sponsored by Milwaukee Transport Services Inc., a nonprofit, non-stock corporation, is a single employer contributory defined benefit pension plan. All regular full-time employees of Milwaukee Transport Services Inc. are eligible to participate in the plan.

Other Postemployment Benefits (OPEB)

Countywide Program

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plan provides health and life insurance for eligible retirees and their eligible spouses through the County's self-insured health insurance plans and the County's group life insurance plan.

Transit System Program

Milwaukee Transport Services, Inc. provides single-employer defined benefit healthcare and life insurance benefits for eligible retired employees and eligible surviving spouses. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Milwaukee Transport Services, Inc. and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 35. The same benefits are provided to non-represented employees and retirees.

County of Milwaukee
Required Supplementary Information
Schedule of Funding Progress - ERS and OBRA Pension Plans
(Unaudited - in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Retirement System							
ERS							
	1/1/13	\$1,768,505	\$2,025,319	87.32%	\$ 256,814	\$189,132	135.79%
	1/1/12	1,836,543	2,059,554	89.17%	223,011	190,748	116.91%
	1/1/11	1,929,428	2,091,927	92.23%	162,499	221,647	73.31%
	1/1/10	1,956,444	2,097,332	93.28%	140,888	237,040	59.44%
	1/1/09*	1,968,518	2,057,377	95.68%	88,859	233,820	38.00%
	1/1/08	1,627,288	2,024,923	80.36%	397,635	227,364	174.89%
	1/1/07	1,525,532	1,931,220	78.99%	405,688	223,005	181.92%
	1/1/06	1,454,302	1,909,321	76.17%	455,019	225,722	201.58%
	1/1/05	1,424,918	1,782,884	79.92%	357,966	209,796	170.63%
	1/1/04	1,446,726	1,707,999	84.70%	261,273	233,478	111.90%
OBRA							
	1/1/13	\$ 1,662	\$ 2,869	57.93%	1,207	\$ 7,736	15.60%
	1/1/12	1,236	2,444	50.57%	1,208	8,939	13.51%
	1/1/11	1,402	5,520	25.40%	4,118	8,936	46.08%
	1/1/10	1,039	5,069	20.50%	4,030	6,901	58.40%
	1/1/09	860	4,452	19.32%	3,592	8,498	42.27%
	1/1/08	1,355	4,077	33.24%	2,722	8,284	32.86%
	1/1/07	1,261	3,843	32.81%	2,582	7,057	36.59%
	1/1/06	1,090	3,530	30.88%	2,440	8,353	29.21%
	1/1/05	944	2,872	32.87%	1,928	8,406	22.94%
	1/1/04	790	2,535	31.16%	1,745	8,397	20.78%

* In order to facilitate long-term planning, the pension board for the Retirement System requested the actuary to include the \$397,797 in pension obligation bond proceeds received in April 2009 in its determination of the plan's funded status as of January 1, 2009.

Note: Analysis of the dollar amounts of plan assets, actuarial accrued liability (AAL), and unfunded (overfunded) actuarial accrued liability (UAAL) in isolation can be misleading. Expressing plan net assets as a percentage of the AAL provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the AAL and annual covered payroll are by affected by inflation. Expressing the UAAL as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the lower this percentage is, the stronger the Retirement

County of Milwaukee
Required Supplementary Information
Schedule of Employer and Other Contributions - ERS and OBRA Pension Plans
For the Year Ended December 31,
(Unaudited - in Thousands)

<u>Retirement System</u>	<u>Fiscal Year</u>	Annual Required Contribution (ARC)	<u>Employees Contribution</u>	<u>County Contribution</u>	Percentage of ARC Contributed
ERS	2012	\$ 28,406	\$ 9,041	\$ 18,410	96.6%
	2011	29,621	3,314	28,276	106.6%
	2010	29,529	76	32,894	111.7%
	2009 *	30,356	132	457,789	1508.5%
	2008	53,064	140	34,841	65.9%
	2007	52,395	345	49,291	94.7%
	2006	52,638	545	27,435	53.2%
	2005	37,438	360	35,415	95.6%
	2004	33,248	711	35,143	107.8%
	2003	23,131	705	33,981	150.0%
OBRA	2012	\$ 446		\$ 880	197.3%
	2011	807		2,022	250.6%
	2010	716		786	109.8%
	2009	661		661	100.0%
	2008	558		522	93.5%
	2007	486		529	108.8%
	2006	499		462	92.6%
	2005	386		365	94.6%
	2004	338		348	103.0%
	2003	280		280	100.0%
	2002	275		275	100.0%

* Actual contribution includes \$397.8 million in pension obligation bonds and \$29.0 million from a lawsuit settlement.

County of Milwaukee
Required Supplementary Information
Schedule of Funding Progress - OPEB
(Unaudited - in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>County-wide Program</u>							
	1/1/2012	\$ -	1,134,995	0.0%	\$ 1,134,995	\$ 87,908	1291.1%
	1/1/2010	-	1,465,159	0.0%	1,465,159	97,620	1500.9%
	1/1/2008	-	1,546,458	0.0%	1,546,458	118,977	1299.8%
	1/1/2006	-	1,313,632	0.0%	1,313,632	99,327	1322.5%
<u>Transit System Program</u>							
	1/1/2012	\$ 34,603	\$ 245,991	14.1%	\$ 211,388	\$ 46,695	452.7%
	1/1/2011	24,840	243,077	10.2%	218,237	50,958	428.3%
	1/1/2010	19,676	209,963	9.4%	190,287	57,356	331.8%
	1/1/2009	12,678	201,686	6.3%	189,008	63,921	295.7%

County of Milwaukee
Required Supplementary Information
Schedule of Employer Contributions - OPEB
For the Year Ended December 31,
(Unaudited - in Thousands)

<u>County-Wide Program</u>	<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Net Employer Contribution</u>	<u>Employer Percentage Contributed</u>
	2012	\$ 87,908	\$ 55,491	63.1%
	2011	118,812	58,222	49.0%
	2010	118,812	65,190	54.9%
	2009	130,752	60,951	46.6%

<u>Transit System Program</u>	<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Net Employer Contribution</u>	<u>Employer Percentage Contributed</u>
	2012	\$ 17,705	\$ 20,200	114.1%
	2011	18,924	19,939	105.4%
	2010	18,622	15,780	84.7%
	2009	17,034	13,407	78.7%

County of Milwaukee
Required Supplementary Information
Schedule of Funding Progress - Transit Pension Plan
(Unaudited - in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Transit System</u>	1/1/13	\$ 355,636	\$ 457,181	77.8%	101,545	\$ 57,750	175.8%
	1/1/12	352,553	442,809	79.6%	90,256	56,200	160.6%
	1/1/11	352,396	410,915	85.8%	58,519	57,300	102.1%
	1/1/10	318,883	378,311	84.3%	59,427	60,000	99.0%
	1/1/09	321,519	384,833	83.5%	63,314	61,000	103.8%
	1/1/08	351,688	375,684	93.6%	23,995	62,000	38.7%
	1/1/07	327,134	354,337	92.3%	27,203	62,000	43.9%
	1/1/06	308,489	334,648	92.2%	26,159	63,750	41.0%
	1/1/05	293,281	312,184	93.9%	18,802	63,350	29.7%
	1/1/04	254,519	284,683	89.4%	30,164	64,500	46.8%

County of Milwaukee
Required Supplementary Information
Schedule of Employer Contributions - Transit Pension Plan
For the Year Ended December 31,
(Unaudited - in Thousands)

<u>Transit System</u>	<u>Fiscal Year</u>	Annual Required Contribution (ARC)	<u>Total Contribution</u>	Percentage of ARC Contributed
	2012	\$ 10,253	\$ 10,253	100.00%
	2011	9,867	9,867	100.00%
	2010	9,939	9,939	100.00%
	2009	9,190	9,190	100.00%
	2008	7,243	7,243	100.00%
	2007	7,429	7,429	100.00%
	2006	7,251	7,251	100.00%
	2005	7,316	7,316	100.00%
	2004	7,391	7,391	100.00%
	2003	6,555	6,555	100.00%

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

BUDGETARY COMPARISON SCHEDULES

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2012
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	\$ 243,437	\$ 227,901	\$ 227,996	\$ 95
Property Taxes	278,571	278,571	279,179	608
Sales Taxes	64,001	64,001	64,295	294
Charges for Services	353,707	397,386	398,093	707
Fines and Forfeits	3,471	3,471	2,621	(850)
Licenses and Permits	699	699	577	(122)
Investment Income and Rents	7,872	7,872	8,454	582
Other	47,717	51,509	48,744	(2,765)
Total Revenues	999,475	1,031,410	1,029,959	(1,451)
Expenditures:				
Current:				
County Board	6,111	5,986	5,721	265
Department of Audit	2,598	1,258	1,174	84
Veterans Service	332	309	271	38
Community Development Business Partners	839	848	756	92
Procurement	884	826	729	97
Labor Relations	460	453	353	100
Office for Persons with Disabilities	819	979	976	3
County Executive	1,125	1,086	1,067	19
Civil Service Commission	14	14	12	2
Personnel Review Board	253	268	214	54
Corporation Counsel	1,587	1,517	1,188	329
Department of Human Resources	4,322	4,000	3,677	323
Department of Administrative Services	4,402	2,874	2,785	89
Economic & Community Development	2,501	4,095	3,111	984
Other Executive and Staff	3,563	4,317	4,185	132
Legislative, Executive and Staff	29,810	28,830	26,219	2,611
County-funded State Court Services	33,524	33,248	31,558	1,690
Child Support Enforcement	18,652	20,083	19,032	1,051
Alternatives to Incarceration	4,955	5,410	5,180	230
Courts and Judiciary	57,131	58,741	55,770	2,971
Election Commission	974	1,567	1,565	2
County Treasurer	1,503	1,453	1,004	449
County Clerk	718	696	676	20
Register of Deeds	4,294	4,668	4,540	128
Office of the Comptroller	(134)	2,504	2,325	179
Other General Government	245	430	427	3
General Governmental Services	7,600	11,318	10,537	781

COUNTY OF MILWAUKEE
 Statement of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sheriff	\$ 133,324	\$ 137,060	\$ 133,130	\$ 3,930
District Attorney	17,241	17,121	16,222	899
Medical Examiner	4,312	4,311	4,138	173
Public Safety	<u>154,877</u>	<u>158,492</u>	<u>153,490</u>	<u>5,002</u>
Highway Maintenance	14,930	15,383	14,647	736
Fleet / Facilities Services	35,084	37,220	32,877	4,343
Administration	(42)	7	(179)	186
Other Public Works and Highways	10	10	-	10
Public Works and Highways	<u>49,982</u>	<u>52,620</u>	<u>47,345</u>	<u>5,275</u>
Department on Aging	18,037	18,817	18,410	407
Family Care	233,372	278,230	275,891	2,339
DHHS - Behavioral Health Division	184,590	189,099	186,861	2,238
Department of Human Services	102,486	85,194	82,399	2,795
Human Services	<u>538,485</u>	<u>571,340</u>	<u>563,561</u>	<u>7,779</u>
Department of Parks	37,283	38,499	36,619	1,880
Zoological Department	24,515	24,530	22,432	2,098
UW Extension Service	251	252	249	3
Other Cultural Organizations	604	624	621	3
Parks, Recreation and Culture	<u>62,653</u>	<u>63,905</u>	<u>59,921</u>	<u>3,984</u>
Other	1,691	57	-	57
Total Expenditures	<u>902,229</u>	<u>945,303</u>	<u>916,843</u>	<u>28,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97,246</u>	<u>86,107</u>	<u>113,116</u>	<u>27,009</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	10	170	-	(170)
Transfers In	-	-	4,419	4,419
Transfers Out	(89,686)	(104,339)	(129,639)	(25,300)
Transfers To Component Units	(6,076)	(6,076)	(6,561)	(485)
Total Other Financing Sources (Uses)	<u>(95,752)</u>	<u>(110,245)</u>	<u>(131,781)</u>	<u>(21,536)</u>
Net Change in Fund Balance	1,494	(24,138)	(18,665)	5,473
Fund Balances -- Beginning	59,986	59,986	59,986	-
Fund Balances -- Ending	<u>\$ 61,480</u>	<u>\$ 35,848</u>	<u>\$ 41,321</u>	<u>\$ 5,473</u>

COUNTY OF MILWAUKEE
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
 (Non-GAAP Budgetary Basis)
 Debt Service Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental Revenue	\$ -	\$ -	\$ 1,920	\$ 1,920
Other	9,906	12,220	5,400	(6,820)
Total Revenues	<u>9,906</u>	<u>12,220</u>	<u>7,320</u>	<u>(4,900)</u>
Expenditures:				
Debt Service:				
Principal Retirement	66,528	68,794	63,913	4,881
Interest and Other Charges	41,001	41,048	36,993	4,055
Total Expenditures	<u>107,529</u>	<u>109,842</u>	<u>100,906</u>	<u>8,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(97,623)</u>	<u>(97,622)</u>	<u>(93,586)</u>	<u>4,036</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	-	20,301	20,301
Premium on Debt Issued	-	-	3,053	3,053
Payment to Refunded Bond Escrow Agent	-	-	(23,145)	(23,145)
Transfers In	97,623	97,622	108,863	11,241
Total Other Financing Sources (Uses)	<u>97,623</u>	<u>97,622</u>	<u>109,072</u>	<u>11,450</u>
Net Change in Fund Balance	-	-	15,486	15,486
Fund Balances - Beginning	11,577	11,577	11,577	-
Fund Balances - Ending	<u>\$ 11,577</u>	<u>\$ 11,577</u>	<u>\$ 27,063</u>	<u>\$ 15,486</u>

COUNTY OF MILWAUKEE
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
 (Non-GAAP Budgetary Basis)
 Capital Projects Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	\$ -	\$ 13,376	\$ 24,756	\$ 11,380
Sales Tax	445	445	445	-
Investment Income and Rents	-	71	358	287
Other	1,150	8,283	2,630	(5,653)
Total Revenues	<u>1,595</u>	<u>22,175</u>	<u>28,189</u>	<u>6,014</u>
Expenditures:				
Capital Outlay	3,337	107,147	109,858	(2,711)
Total Expenditures	<u>3,337</u>	<u>107,147</u>	<u>109,858</u>	<u>(2,711)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,742)</u>	<u>(84,972)</u>	<u>(81,669)</u>	<u>3,303</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	8,865	-	(8,865)
Transfers In	-	4,291	5,119	828
Transfers Out	-	-	(997)	(997)
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,156</u>	<u>4,122</u>	<u>(9,034)</u>
Net Change in Fund Balance	(1,742)	(71,816)	(77,547)	(5,731)
Fund Balances - Beginning	67,872	67,872	67,872	-
Fund Balances - Ending	<u>\$ 66,130</u>	<u>\$ (3,944)</u>	<u>\$ (9,675)</u>	<u>\$ (5,731)</u>

COUNTY OF MILWAUKEE
 Schedule of Revenues, Expenses and Changes in Net Position-Budget and Actual
 (Non-GAAP Budgetary Basis)
 Airports Enterprise Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Operating Revenues:				
Rentals and Other Service Fees	\$ 73,022	\$ 76,206	\$ 67,204	\$ (9,002)
Admissions and Concessions	11,885	11,885	16,098	4,213
Total Charges for Services	84,907	88,091	83,302	(4,789)
Other Revenues	15	15	4	(11)
Total Operating Revenues	84,922	88,106	83,306	(4,800)
Operating Expenses:				
Personnel Services	24,870	24,870	24,119	751
Contractual Services	21,593	23,646	21,014	2,632
Intra-County Services	10,452	10,452	9,346	1,106
Commodities	4,672	5,156	5,270	(114)
Depreciation and Amortization	19,210	19,210	20,269	(1,059)
Maintenance	997	1,679	1,002	677
Other	831	985	32	953
Total Operating Expenses	82,625	85,998	81,052	4,946
Operating Income (Loss)	2,297	2,108	2,254	146
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	75	75	579	504
Investment Income	550	550	219	(331)
Interest Expense	(9,430)	(9,430)	(9,066)	364
Total Nonoperating Revenues (Expenses)	(8,805)	(8,805)	(8,268)	537
Income (Loss) Before Transfers	(6,508)	(6,697)	(6,014)	683
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	6,507	6,507	23,037	16,530
Transfers In	1	190	2,597	2,407
Transfers Out	-	-	(6,310)	(6,310)
Change in Net Position	\$ -	\$ -	\$ 13,310	\$ 13,310

COUNTY OF MILWAUKEE
 Schedule of Revenues, Expenses and Changes in Net Position-Budget and Actual
 (Non-GAAP Budgetary Basis)
 Transit Enterprise Fund
 For the Year Ended December 31, 2012
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Operating Revenues:				
Rentals and Other Service Fees	\$ 100	\$ 100	\$ 75	\$ (25)
Transit Fares	57,642	57,642	46,364	(11,278)
Total Charges for Services	57,742	57,742	46,439	(11,303)
Other Revenues	85	85	4,082	3,997
Total Operating Revenues	<u>57,827</u>	<u>57,827</u>	<u>50,521</u>	<u>(7,306)</u>
Operating Expenses:				
Personnel Services	116,833	116,684	111,623	5,061
Contractual Services	35,330	35,330	20,455	14,875
Intra-County Services	1,324	1,324	1,432	(108)
Commodities	15,046	15,046	17,065	(2,019)
Depreciation and Amortization	12,516	12,516	12,597	(81)
Maintenance	278	1,632	2,206	(574)
Other	(2,595)	(2,595)	3,766	(6,361)
Total Operating Expenses	<u>178,732</u>	<u>179,937</u>	<u>169,144</u>	<u>10,793</u>
Operating Income (Loss)	<u>(120,905)</u>	<u>(122,110)</u>	<u>(118,623)</u>	<u>3,487</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	94,116	94,116	91,776	(2,340)
Interest Expense	(1,442)	(1,442)	(1,320)	122
Total Nonoperating Revenues (Expenses)	<u>92,674</u>	<u>92,674</u>	<u>90,456</u>	<u>(2,218)</u>
Income (Loss) Before Transfers	(28,231)	(29,436)	(28,167)	1,269
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	10,727	10,727	24,450	13,723
Transfers In	17,504	18,709	16,083	(2,626)
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,366</u>	<u>\$ 12,366</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for endowments, bequests and restricted donations, where the principal may be expended in the course of their designated operations. The specific purpose of each Special Revenue Fund is as follows:

Zoo - Purchase of animals and maintenance of the miniature passenger railroad.

Parks - Enhancement of the Todd Wehr Nature Center and restoration of the Trimborn Farm as a historic park.

Persons with Disabilities - Special projects to help free disabled persons from environmental and attitudinal barriers.

Behavioral Health Division - Mental health research, patient activities and special events, and compensated absence payouts for BHD retirees.

Public Works (DTPW) - Compensated absence payouts for retirees from the Fleet and Facilities divisions.

Airport PFC (Passenger Facility Charge) - Federal Aviation Administration (FAA) approved capital projects at the Airport.

Administrative Services (formerly Health and Safety) - Countywide safety training and new employee screenings.

COUNTY OF MILWAUKEE
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2012
 (In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Administrative Services	DTPW	
ASSETS								
Cash and Investments	\$ 929	\$ 1,095	\$ 110	\$ 9,986	\$ -	\$ 6,984	\$ 10,270	\$ 29,374
Cash and Investments -- Restricted	-	-	-	-	29,369	-	-	29,369
Total Assets	<u>\$ 929</u>	<u>\$ 1,095</u>	<u>\$ 110</u>	<u>\$ 9,986</u>	<u>\$ 29,369</u>	<u>\$ 6,984</u>	<u>\$ 10,270</u>	<u>\$ 58,743</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 15	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36
Total Liabilities	<u>15</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Fund Balances:								
Restricted	914	1,074	110	9,986	29,369	6,984	10,270	58,707
Total Fund Balances	<u>914</u>	<u>1,074</u>	<u>110</u>	<u>9,986</u>	<u>29,369</u>	<u>6,984</u>	<u>10,270</u>	<u>58,707</u>
Total Liabilities and Fund Balances	<u>\$ 929</u>	<u>\$ 1,095</u>	<u>\$ 110</u>	<u>\$ 9,986</u>	<u>\$ 29,369</u>	<u>\$ 6,984</u>	<u>\$ 10,270</u>	<u>\$ 58,743</u>

COUNTY OF MILWAUKEE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012
(In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Administrative Services	DTPW	
Revenues:								
Charges for Services	\$ 696	\$ 45	\$ -	\$ 4,034	\$ 11,171	\$ -	\$ -	\$ 15,946
Investment Income and Rents	15	-	-	-	242	-	-	257
Other	64	2	-	-	-	6,848	-	6,914
Total Revenues	<u>775</u>	<u>47</u>	<u>-</u>	<u>4,034</u>	<u>11,413</u>	<u>6,848</u>	<u>-</u>	<u>23,117</u>
Expenditures:								
Current:								
Public Works and Highways	-	-	-	-	9,243	-	263	9,506
Human Services	-	-	5	1,217	-	-	-	1,222
Parks, Recreation and Culture	735	-	-	-	-	-	-	735
Total Expenditures	<u>735</u>	<u>-</u>	<u>5</u>	<u>1,217</u>	<u>9,243</u>	<u>-</u>	<u>263</u>	<u>11,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40</u>	<u>47</u>	<u>(5)</u>	<u>2,817</u>	<u>2,170</u>	<u>6,848</u>	<u>(263)</u>	<u>11,654</u>
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	-	4,752	4,752
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,752</u>	<u>4,752</u>
Net Changes in Fund Balance	40	47	(5)	2,817	2,170	6,848	4,489	16,406
Fund Balances -- Beginning	874	1,027	115	7,169	27,199	136	5,781	42,301
Fund Balances -- Ending	<u>\$ 914</u>	<u>\$ 1,074</u>	<u>\$ 110</u>	<u>\$ 9,986</u>	<u>\$ 29,369</u>	<u>\$ 6,984</u>	<u>\$ 10,270</u>	<u>\$ 58,707</u>

INTERNAL SERVICE FUNDS

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the County, or to other governmental entities, on a cost-reimbursement basis. The specific purpose of each Internal Service Fund is listed below.

Information Management Services – This fund is used to account for electronic data processing, graphics and telecommunication services provided to County departments.

Public Works Services – This fund is used to account for various services provided to other County departments including:

Water Utility – maintains the water distribution system that is located on the Milwaukee County Grounds.

Risk Management – This fund accounts for risk financing, loss control and insurance-related activities for the County and its employees.

COUNTY OF MILWAUKEE
Combining Balance Sheet
Internal Service Funds
As of December 31, 2012
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<u>Assets</u>				
Current Assets:				
Cash and Investments	\$ 6,582	\$ 1,072	\$ 15,921	\$ 23,575
Accounts Receivable (Net of Allowances for Uncollectible Accounts)	52	119	213	384
Due From Other Governments	9	-	-	9
Prepaid Items	551	-	-	551
Total Current Assets	<u>7,194</u>	<u>1,191</u>	<u>16,134</u>	<u>24,519</u>
Capital Assets:				
Construction in Progress	2,431	2,651	-	5,082
Land Improvements	-	3,142	-	3,142
Building and Improvements	1,523	2,223	-	3,746
Furniture, Machinery and Equipment	37,229	1,646	7	38,882
Total Capital Assets	<u>41,183</u>	<u>9,662</u>	<u>7</u>	<u>50,852</u>
Less Accumulated Depreciation	<u>(33,806)</u>	<u>(4,752)</u>	<u>(7)</u>	<u>(38,565)</u>
Net Capital Assets	<u>7,377</u>	<u>4,910</u>	<u>-</u>	<u>12,287</u>
Total Assets	<u>\$ 14,571</u>	<u>\$ 6,101</u>	<u>\$ 16,134</u>	<u>\$ 36,806</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 1,052	\$ 275	\$ 766	\$ 2,093
Accrued Interest	97	6	-	103
Bonds and Notes Payable - General Obligation	1,645	112	-	1,757
Compensated Absences	487	-	62	549
Risk Claims	-	-	8,073	8,073
Total Current Liabilities	<u>3,281</u>	<u>393</u>	<u>8,901</u>	<u>12,575</u>
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	8,821	1,486	-	10,307
Compensated Absences	486	-	58	544
Risk Claims	-	-	6,571	6,571
Other Post Employment Benefits	4,515	-	600	5,115
Total Long-Term Liabilities	<u>13,822</u>	<u>1,486</u>	<u>7,229</u>	<u>22,537</u>
Total Liabilities	<u>17,103</u>	<u>1,879</u>	<u>16,130</u>	<u>35,112</u>
<u>Net Position</u>				
Unrestricted	8	742	-	750
Commitments	549	168	4	721
Net Investment in Capital Assets	<u>(3,089)</u>	<u>3,312</u>	<u>-</u>	<u>223</u>
Total Net Position	<u>(2,532)</u>	<u>4,222</u>	<u>4</u>	<u>1,694</u>
Total Liabilities and Net Position	<u>\$ 14,571</u>	<u>\$ 6,101</u>	<u>\$ 16,134</u>	<u>\$ 36,806</u>

COUNTY OF MILWAUKEE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For The Year Ended December 31, 2012
(In Thousands)

	Information Management <u>Services</u>	Public Works <u>Services</u>	Risk Management	<u>Total</u>
Operating Revenues:				
Charges for Services	\$ 15,250	\$ 3,556	\$ 6,486	\$ 25,292
Other	2	1	67	70
Total Operating Revenues	<u>15,252</u>	<u>3,557</u>	<u>6,553</u>	<u>25,362</u>
Operating Expenses:				
Personnel Services	6,626	-	632	7,258
Contractual Services	6,688	1,147	126	7,961
Intra-County Services	24	854	144	1,022
Commodities	435	7	1	443
Depreciation and Amortization	1,133	237	1	1,371
Maintenance	(25)	733	-	708
Insurance and Claims	-	-	7,542	7,542
Other	-	1,294	-	1,294
Total Operating Expenses	<u>14,881</u>	<u>4,272</u>	<u>8,446</u>	<u>27,599</u>
Operating Income (Loss)	<u>371</u>	<u>(715)</u>	<u>(1,893)</u>	<u>(2,237)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	1,377	-	-	1,377
Reassignment of Long-Term Liabilities to Special Revenue	-	4,752	-	4,752
Reassignment of Capital Assets to General Fund	-	(154)	-	(154)
Interest Expense	(498)	(67)	-	(565)
Total Nonoperating Revenues (Expenses)	<u>879</u>	<u>4,531</u>	<u>-</u>	<u>5,410</u>
Income (Loss) Before Contributions and Transfers	1,250	3,816	(1,893)	3,173
Capital Contributions	1,356	2,651	-	4,007
Transfers In	79	782	1,891	2,752
Transfers Out	(1,249)	(5,567)	(205)	(7,021)
Change in Net Position	1,436	1,682	(207)	2,911
Net Position -- Beginning	(3,968)	2,540	211	(1,217)
Net Position -- Ending	<u>\$ (2,532)</u>	<u>\$ 4,222</u>	<u>\$ 4</u>	<u>\$ 1,694</u>

COUNTY OF MILWAUKEE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012
(In Thousands)

	Information Management <u>Services</u>	Public Works <u>Services</u>	Risk Management	<u>Total</u>
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 2	\$ 3,369	\$ 941	\$ 4,312
Receipts from Interfund Services	14,830	291	5,986	21,107
Payments to Suppliers	(6,995)	(3,079)	(5,014)	(15,088)
Payments to Employees	(6,330)	-	(543)	(6,873)
Payments for Interfund Services Used	(124)	(854)	(412)	(1,390)
Net Cash Flows Provided (Used) by Operating Activities	<u>1,383</u>	<u>(273)</u>	<u>958</u>	<u>2,068</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	1,377	29	-	1,406
Contributed Capital from Other Funds	-	(2,315)	-	(2,315)
Transfers From Other Funds	79	782	1,891	2,752
Transfers (To) Other Funds	(1,249)	(5,567)	(205)	(7,021)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>207</u>	<u>(7,071)</u>	<u>1,686</u>	<u>(5,178)</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Capital Contributions	1,356	2,651	-	4,007
Proceeds from Long-Term Debt	1,503	-	-	1,503
Principal Payment on Long-Term Debt	(1,774)	(58)	-	(1,832)
Principal Payment on Refunding Bonds	(1,392)	-	-	(1,392)
Premium on Bonds	170	-	-	170
Interest Paid on Long-Term Debt	(669)	(66)	-	(735)
Acquisition of Capital Assets	(1,475)	(399)	-	(1,874)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(2,281)</u>	<u>2,128</u>	<u>-</u>	<u>(153)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(691)	(5,216)	2,644	(3,263)
Cash and Cash Equivalents at Beginning of Year	7,273	6,288	13,277	26,838
Cash and Cash Equivalents at End of Year	<u>\$ 6,582</u>	<u>\$ 1,072</u>	<u>\$ 15,921</u>	<u>\$ 23,575</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ 371	\$ (715)	\$ (1,893)	\$ (2,237)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,133	237	1	1,371
(Increase) Decrease in Assets:				
Accounts Receivable	(51)	104	374	427
Due from Other Governments	(9)	-	-	(9)
Prepaid Items	(420)	-	2,007	1,587
Increase (Decrease) in Liabilities:				
Accounts Payable	63	101	648	812
Accrued Liabilities	(21)	-	-	(21)
Risk Claims	-	-	(268)	(268)
Other Post Retirement Benefits	387	-	69	456
Compensated Absences	(70)	-	20	(50)
Total Adjustments	<u>1,012</u>	<u>442</u>	<u>2,851</u>	<u>4,305</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 1,383</u>	<u>\$ (273)</u>	<u>\$ 958</u>	<u>\$ 2,068</u>

FIDUCIARY FUNDS

Agency Funds

Agency funds are custodial in nature and are used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. Significant Agency Funds consist of Civil Court-ordered family support payments.

COUNTY OF MILWAUKEE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012
(In Thousands)

	<u>January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2012</u>
<u>CIVIL COURT ORDERED AGENCY FUND FOR FAMILY SUPPORT/PAYMENTS</u>				
Cash and Investments	\$ 17,448	\$ 65,603	\$ 70,379	\$ 12,672
Other Receivables	-	53,997	53,997	-
Total Assets	<u>\$ 17,448</u>	<u>\$ 119,600</u>	<u>\$ 124,376</u>	<u>\$ 12,672</u>
Accounts Payable	\$ -	\$ 17	\$ 17	\$ -
Agency Deposits	17,448	60,231	65,007	12,672
Total Liabilities	<u>\$ 17,448</u>	<u>\$ 60,248</u>	<u>\$ 65,024</u>	<u>\$ 12,672</u>
<u>OTHER AGENCY FUNDS</u>				
Cash and Investments	\$ 6,588	\$ 123,615	\$ 123,023	\$ 7,180
Other Receivables	-	-	-	-
Total Assets	<u>\$ 6,588</u>	<u>\$ 123,615</u>	<u>\$ 123,023</u>	<u>\$ 7,180</u>
Accounts Payable	\$ 208	\$ 3,044	\$ 2,987	\$ 265
Agency Deposits	6,380	36,117	35,582	6,915
Total Liabilities	<u>\$ 6,588</u>	<u>\$ 39,161</u>	<u>\$ 38,569</u>	<u>\$ 7,180</u>
<u>SUMMARY</u>				
Cash and Investments	\$ 24,036	\$ 189,218	\$ 193,402	\$ 19,852
Other Receivables	-	53,997	53,997	-
Total Assets	<u>\$ 24,036</u>	<u>\$ 243,215</u>	<u>\$ 247,399</u>	<u>\$ 19,852</u>
Accounts Payable	\$ 208	\$ 3,061	\$ 3,004	\$ 265
Agency Deposits	23,828	96,348	100,589	19,587
Total Liabilities	<u>\$ 24,036</u>	<u>\$ 99,409</u>	<u>\$ 103,593</u>	<u>\$ 19,852</u>

OTHER SUPPLEMENTARY INFORMATION

**Milwaukee County Family Care
Financial Statements**

COUNTY OF MILWAUKEE
 Balance Sheets
 Milwaukee County Family Care
 As of December 31, 2012 and 2011
 (In Thousands)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 41,194	\$ 34,036
Restricted Cash	11,447	11,432
Due from State - Prior Year Capitation	2,546	5,198
Member Receivable - Cost Share/Room & Board	2,214	1,742
Allowance for Member Receivable	(1,223)	(890)
Provider Receivable - Audits	250	322
Deposit Solvency Insurance	-	750
Security deposits	4	6
Inventory - Taxi Tickets	19	52
Accounts Receivable - Other	58	23
Advances to Third-Party Claims Administrator	-	11
Total Assets	<u><u>\$ 56,509</u></u>	<u><u>\$ 52,682</u></u>
<u>Liabilities</u>		
Accounts Payable	\$ 2,585	\$ 1,364
Accrued Payroll	83	175
Accrued Vacation/Sick Leave Liability	602	747
Member Cost - Incurred but not Reported	24,263	24,146
Due to State - Unearned Capitation	1,222	1,159
Total Liabilities	<u><u>28,755</u></u>	<u><u>27,591</u></u>
Net Position		
Restricted For:		
Working Capital Reserve	7,824	7,824
Restricted Reserve	3,608	3,608
Solvency & Risk Reserve	-	750
Unrestricted - Designated For:		
Surplus Reserve	15,540	12,552
Capital Carryover Reserve	782	357
Total Net Position	<u><u>27,754</u></u>	<u><u>25,091</u></u>
Total Liabilities and Net Position	<u><u>\$ 56,509</u></u>	<u><u>\$ 52,682</u></u>

COUNTY OF MILWAUKEE
Statements of Revenues, Expenses and Changes in Net Position
Milwaukee County Family Care
For the Years Ended December 31, 2012 and 2011
(In Thousands)

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
State/Fed Capitated Member Payment	\$ 247,094	\$ 253,367
Member Cost Share/ Room & Board	30,812	29,495
State Grants	-	28
Other Revenues	549	430
Total Operating Revenues	<u>278,455</u>	<u>283,320</u>
Operating Expenses:		
Direct - Member Service Costs	263,906	260,875
Indirect - Salaries and Fringe Benefits	6,020	6,823
Indirect - Outside Services	4,538	4,529
Indirect - Commodities and Supplies	73	205
Indirect - Inter-Dept Service Charges	1,255	1,212
Total Operating Expenses	<u>275,792</u>	<u>273,644</u>
Change in Net Position	2,663	9,676
Net Position -- Beginning	25,091	15,415
Net Position -- Ending	<u>\$ 27,754</u>	<u>\$ 25,091</u>

COUNTY OF MILWAUKEE
 Statements of Cash Flows
 Milwaukee County Family Care
 For the Years Ended December 31, 2012 and 2011
 (In Thousands)

	2012	2011
Cash Flows Provided (Used) by Operating Activities:		
Receipts from Customers and Users	\$ 281,005	\$ 206,503
Payments to Suppliers	(266,412)	(266,337)
Payments to Employees	(6,165)	(7,012)
Payments for Interfund Services Used	(1,255)	(1,212)
Net Cash Flows Provided (Used) by Operating Activities	7,173	(68,058)
Net Increase (Decrease) in Cash and Cash Equivalents	7,173	(68,058)
Cash and Cash Equivalents at Beginning of Year	45,468	113,526
Cash and Cash Equivalents at End of Year	\$ 52,641	\$ 45,468
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	\$ -	\$ -
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	\$ 2,663	\$ 9,676
Adjustments to Reconcile Operating Income to Net Cash Flows Provided (Used) by Operating Activities:		
(Increase) Decrease in Assets:		
Due from State - Prior Year Capitation	2,652	2,290
Member Receivable - Cost Share/Room & Board	(472)	515
Allowance for Member Receivable	333	(622)
Provider Receivable - Audits	72	83
Deposit Solvency Insurance	750	-
Security deposits	2	3
Inventory - Taxi Tickets	33	(44)
Accounts Receivable - Other	(35)	51
Advances to Third-Party Claims Administrator	11	(11)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,221	(1,244)
Accrued Payroll	(92)	175
Accrued Vacation/Sick Leave Liability	(145)	(189)
Member Cost - Incurred but not Reported	117	(108)
Due to State - Unearned Capitation	63	501
Deferred Capitation Revenue	-	(79,134)
Total Adjustments	4,510	(77,734)
Net Cash Flows Provided (Used) by Operating Activities	\$ 7,173	\$ (68,058)

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

The information in this section is not covered by the Independent Auditor's report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue sources, property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**County of Milwaukee, Wisconsin
Net Position by Component
Last Ten Years Ended December 31,
(In Thousands)**

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Governmental Activities:</u>										
Net Investment in Capital Assets	\$ 322,247	\$ 293,406	\$ 269,272	\$ 198,007	\$ 222,474	\$ 207,437	\$ 215,539	\$ 239,957	\$ 252,316	\$ 251,485
Restricted For:										
Debt	27,063	11,577	7,332	6,220	10,757	6,071	3,594	2,415	8,130	6,862
Commitments	41,742	19,068	-	-	-	-	-	-	-	-
Department of Family Care	27,754	25,092	12,182	10,012	6,142	5,779	-	-	-	-
Delinquent Property Tax	15,275	14,826	-	-	-	-	-	-	-	-
Airport - PFC and Debt	29,369	27,199	26,921	22,179	34,082	32,603	34,128	34,155	-	-
Behavioral Health Division	9,986	7,169	8,360	8,978	9,344	9,671	-	-	-	-
Fleet and Facilities Divisions	10,270	5,781	6,183	6,499	-	-	-	-	-	-
Other	21,247	10,918	1,898	1,909	2,021	1,676	1,872	1,845	-	-
Unrestricted	(316,075)	(241,327)	(193,380)	(122,177)	(151,947)	(77,848)	(16,122)	(44,305)	(30,190)	(20,064)
Subtotal Governmental Activities Net Position	188,878	173,709	138,768	131,627	132,873	185,389	239,011	234,067	230,256	238,283
<u>Business-type Activities:</u>										
Net Investment in Capital Assets	270,351	242,984	206,417	178,590	177,253	182,931	194,022	174,016	206,060	196,792
Restricted For:										
Debt	15,288	15,161	14,836	14,253	14,000	13,049	12,061	10,328	9,505	8,190
Commitments	3,619	-	-	-	-	-	-	-	-	-
Capital Asset Needs	10,450	8,039	5,057	5,113	5,115	5,121	4,120	3,414	-	-
Other	-	-	-	-	-	-	-	-	3,899	5,854
Unrestricted	876	5,104	9,924	5,256	2,777	2,496	5,424	25,999	3,268	2,831
Subtotal Business-type Activities Net Position	300,584	271,288	236,234	203,212	199,145	203,597	215,627	213,757	222,732	213,667

**County of Milwaukee, Wisconsin
Net Position by Component
Last Ten Years Ended December 31,
(In Thousands)**

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Primary Government:										
Net Investment in Capital Assets	592,598	536,390	475,689	376,597	399,727	390,368	409,561	413,973	458,376	448,277
Restricted For:										
Debt	42,351	26,738	22,168	20,473	24,757	19,120	15,655	12,743	17,635	15,052
Commitments	45,361	19,068	-	-	-	-	-	-	-	-
Department of Family Care	27,754	25,092	12,182	10,012	6,142	5,779	-	-	-	-
Delinquent Property Tax	15,275	14,826	-	-	-	-	-	-	-	-
Airport - PFC and Debt	29,369	27,199	26,921	22,179	34,082	32,603	34,128	34,155	-	-
Behavioral Health Division	9,986	7,169	8,360	8,978	9,344	9,671	-	-	-	-
Fleet and Facilities Divisions	10,270	5,781	6,183	6,499	-	-	-	-	-	-
Capital Asset Needs	10,450	8,039	5,057	5,113	5,115	5,121	4,120	3,414	-	-
Other	21,247	10,918	1,898	1,909	2,021	1,676	1,872	1,845	3,899	5,854
Unrestricted	(315,199)	(236,223)	(183,456)	(116,921)	(149,170)	(75,352)	(10,698)	(18,306)	(26,922)	(17,233)
Total Primary Government Activities Net Position	\$ 489,462	\$ 444,997	\$ 375,002	\$ 334,839	\$ 332,018	\$ 388,986	\$ 454,638	\$ 447,824	\$ 452,988	\$ 451,950

Notes:

(1) Accounting standards require that Net Position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net Position are considered restricted when externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

* In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, they had been reported as part of the internal service funds.

** In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as part of the internal service funds.

*** In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

County of Milwaukee, Wisconsin
Changes in Net Position
Last Ten Years Ended December 31,
(Accrual Basis of Accounting)
(In Thousands)

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses (by Function):										
<u>Governmental Activities:</u>										
Legislative, Executive and Staff	\$ 56,232	\$ 51,886	\$ 51,340	\$ 52,144	\$ 54,395	\$ 70,318	\$ 65,242	\$ 70,546	\$ 65,142	\$ 56,569
Courts and Judiciary	56,516	53,132	57,121	63,839	67,435	64,486	58,432	56,517	54,715	52,427
General Governmental Services	10,969	6,668	4,077	7,991	8,912	8,545	9,884	8,152	8,992	8,426
Public Safety	156,162	162,316	164,447	148,192	180,186	178,063	146,410	138,885	136,896	128,134
Public Works and Highways	90,974	89,559	66,641	93,756	81,522	80,433	64,445	88,133	82,543	77,079
Human Services	563,378	597,078	616,717	648,296	675,169	637,120	398,245	363,558	345,251	320,705
Parks, Recreation and Culture	80,553	79,709	77,221	83,520	85,321	81,779	72,361	69,150	69,861	70,609
Other	-	-	-	-	-	6,996	14,587	19,222	9,086	15,812
Interest on Long-term Debt	35,503	29,448	39,472	35,361	16,351	15,964	16,520	17,497	17,502	20,279
Total Governmental Activities Expenses	1,050,287	1,069,796	1,077,036	1,133,099	1,169,291	1,143,704	846,126	831,660	789,988	750,040
<u>Business-type Activities:</u>										
Airport	87,901	90,183	82,692	74,305	77,432	68,401	64,254	58,894	54,720	51,949
DHHS - Behavioral Health	-	-	-	-	-	-	171,064	157,233	147,055	137,908
Transit	169,061	175,880	174,960	178,208	174,725	169,557	163,619	157,623	154,003	148,710
Total Business-type Activities Expenses	256,962	266,063	257,652	252,513	252,157	237,958	398,937	373,750	355,778	338,567
Total Primary Government Expenses	1,307,249	1,335,859	1,334,688	1,385,612	1,421,448	1,381,662	1,245,063	1,205,410	1,145,766	1,088,607

County of Milwaukee, Wisconsin
Changes in Net Position
Last Ten Years Ended December 31,
(Accrual Basis of Accounting)
(In Thousands)

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Program Revenues (by Function):</u>										
<u>Governmental Activities:</u>										
Charges for Services:										
Legislative, Executive and Staff	4,048	198	1,786	5,811	4,806	10,153	8,839	10,494	10,397	7,777
Courts and Judiciary	3,994	4,431	4,622	4,758	6,209	4,854	3,597	3,527	3,574	3,176
General Governmental Services	5,407	4,571	4,243	4,782	5,181	5,785	6,314	7,144	6,132	6,922
Public Safety	10,153	9,986	9,992	10,500	11,337	6,494	5,233	3,938	4,962	4,532
Public Works and Highways	25,216	30,260	29,537	27,746	27,321	32,106	25,707	29,524	29,469	25,926
Human Services	343,742	347,018	328,101	286,763	319,912	286,465	179,628	163,613	133,412	110,966
Parks, Recreation and Culture	32,304	29,491	31,381	31,726	33,104	26,543	26,607	25,640	23,741	21,220
Operating Grants and Contributions:										
Legislative, Executive and Staff	1,394	3,635	1,530	355	4,839	19,513	19,125	19,733	18,749	17,425
Courts and Judiciary	24,084	23,212	26,626	22,063	21,595	24,857	24,249	23,272	23,667	20,676
General Governmental Services	53	50	43	79	247	82	121	100	167	122
Public Safety	15,941	18,543	18,015	17,967	21,766	19,148	19,906	19,133	23,845	14,955
Public Works and Highways	18,859	37,853	17,526	16,913	17,280	23,170	24,976	37,612	21,399	8,568
Human Services	131,452	169,911	202,219	261,271	259,845	252,592	182,859	169,708	162,599	146,917
Parks, Recreation and Culture	316	2,105	1,382	680	4,001	1,272	1,368	1,227	1,480	(3,498)
Other	-	-	-	-	-	-	-	-	-	3,247
Capital Grants and Contributions:										
Legislative, Executive and Staff	-	-	-	-	1,164	1,046	-	3,484	-	-
Public Safety	-	-	-	-	-	-	-	-	4,835	2,997
Public Works and Highways	-	71	160	30,638	5,231	2,183	-	(74)	33,652	-
Parks, Recreation and Culture	-	-	-	2,074	-	-	-	-	1,215	-
Total Governmental Activities										
Program Revenues	616,963	681,335	677,163	724,126	743,838	716,263	528,529	518,075	503,295	391,928

County of Milwaukee, Wisconsin
Changes in Net Position
Last Ten Years Ended December 31,
(Accrual Basis of Accounting)
(In Thousands)

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Program Revenues (by Function) continued:</u>										
<u>Business-type Activities:</u>										
Charges for Services:										
Airport	\$ 83,306	\$ 87,254	\$ 79,644	\$ 70,997	\$ 74,221	\$ 64,559	\$ 61,744	\$ 55,599	\$ 52,146	\$ 48,515
DHHS - Behavioral Health	-	-	-	-	-	-	62,873	59,870	58,494	52,270
Transit	50,521	56,606	57,624	55,424	56,501	52,443	53,936	47,757	45,592	44,063
Operating Grants and Contributions:										
Airport	579	159	309	179	-	35	216	312	1,158	562
DHHS - Behavioral Health	-	-	-	-	-	-	69,135	61,136	54,780	56,632
Transit	91,776	89,670	89,186	89,931	88,522	82,513	79,162	79,133	77,108	76,646
Capital Grants and Contributions:										
Airport	23,037	35,767	25,284	23,119	10,354	8,124	8,445	7,371	-	5,006
DHHS - Behavioral Health	-	-	-	-	-	-	45	(826)	-	(32)
Transit	24,450	15,816	24,205	(5,536)	569	1,408	1,758	582	-	11,374
Total Business-type Activities										
Program Revenues	<u>273,669</u>	<u>285,272</u>	<u>276,252</u>	<u>234,114</u>	<u>230,167</u>	<u>209,082</u>	<u>337,314</u>	<u>310,934</u>	<u>289,278</u>	<u>295,036</u>
Total Primary Government										
Program Revenues	<u>890,632</u>	<u>966,607</u>	<u>953,415</u>	<u>958,240</u>	<u>974,005</u>	<u>925,345</u>	<u>865,843</u>	<u>829,009</u>	<u>792,573</u>	<u>686,964</u>
<u>Net (Expense)/ Revenue:</u>										
Governmental Activities	(433,324)	(388,461)	(399,873)	(408,973)	(425,453)	(427,441)	(317,597)	(313,585)	(286,693)	(358,112)
Business-type Activities	16,707	19,209	18,600	(18,399)	(21,990)	(28,876)	(61,623)	(62,816)	(66,500)	(43,531)
Total Primary Net (Expense) / Revenue	<u>(416,617)</u>	<u>(369,252)</u>	<u>(381,273)</u>	<u>(427,372)</u>	<u>(447,443)</u>	<u>(456,317)</u>	<u>(379,220)</u>	<u>(376,401)</u>	<u>(353,193)</u>	<u>(401,643)</u>
<u>General Revenues and Other Changes in Net Position:</u>										
<u>Governmental Activities:</u>										
Taxes										
Property Taxes	279,179	273,297	266,973	260,724	251,495	243,144	234,317	228,628	220,612	221,265
Sales Taxes	64,740	64,348	61,534	59,258	67,112	63,613	63,654	62,673	60,498	59,788
Intergovernmental Revenues Not Related to										
Specific Programs	44,402	45,238	44,952	46,056	39,734	42,387	41,332	40,242	40,472	74,590
Investment Income	6,186	3,554	4,476	7,120	13,516	16,329	12,185	4,839	4,444	10,207
Gain on Sale of Capital Assets	-	-	-	-	146	96	93	93	725	182
Proceeds from Settlement of Lawsuit	-	-	-	29,000	-	-	-	-	-	-
Other Revenue	66,356	52,497	43,339	27,090	17,037	22,997	32,724	33,730	26,654	42,609
Transfers	(12,370)	(15,532)	(14,260)	(21,521)	(16,103)	(19,073)	(61,764)	(52,809)	(74,739)	(44,809)
Total Governmental Activities	<u>448,493</u>	<u>423,402</u>	<u>407,014</u>	<u>407,727</u>	<u>372,937</u>	<u>369,493</u>	<u>322,541</u>	<u>317,396</u>	<u>278,666</u>	<u>363,832</u>

**County of Milwaukee, Wisconsin
Changes in Net Position
Last Ten Years Ended December 31,
(Accrual Basis of Accounting)
(In Thousands)**

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Business-type Activities:</u>										
Investment Income	219	313	162	945	1,417	2,070	1,698	1,001	794	872
Gain (Loss) on Sale of Capital Assets	-	-	-	-	18	29	31	31	32	(26)
Transfers	<u>12,370</u>	<u>15,532</u>	<u>14,260</u>	<u>21,521</u>	<u>16,103</u>	<u>19,073</u>	<u>61,764</u>	<u>52,809</u>	<u>74,739</u>	<u>44,809</u>
Total Business-type Activities	<u>12,589</u>	<u>15,845</u>	<u>14,422</u>	<u>22,466</u>	<u>17,538</u>	<u>21,172</u>	<u>63,493</u>	<u>53,841</u>	<u>75,565</u>	<u>45,655</u>
Total Primary Government	<u>461,082</u>	<u>439,247</u>	<u>421,436</u>	<u>430,193</u>	<u>390,475</u>	<u>390,665</u>	<u>386,034</u>	<u>371,237</u>	<u>354,231</u>	<u>409,487</u>
<u>Change in Net Position:</u>										
Governmental Activities	15,169	34,941	7,141	(1,246)	(52,516)	(57,948)	4,944	3,811	(8,027)	5,720
Business-type Activities	<u>29,296</u>	<u>35,054</u>	<u>33,022</u>	<u>4,067</u>	<u>(4,452)</u>	<u>(7,704)</u>	<u>1,870</u>	<u>(8,975)</u>	<u>9,065</u>	<u>2,124</u>
Total Primary Government	<u>\$ 44,465</u>	<u>\$ 69,995</u>	<u>\$ 40,163</u>	<u>\$ 2,821</u>	<u>\$ (56,968)</u>	<u>\$ (65,652)</u>	<u>\$ 6,815</u>	<u>\$ (5,164)</u>	<u>\$ 1,038</u>	<u>\$ 7,844</u>

Notes:

* In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, they had been reported as part of the internal service funds.

** In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as separate internal service funds.

*** In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin
Fund Balances of Governmental Funds
Last Ten Years Ended December 31,
(In Thousands)**

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund (Per GASB 54): ^										
Non-spendable:										
Inventories	\$ 2,815	\$ 2,085								
Restricted:										
2014 Appropriations	5,000	5,539								
2013 Appropriations	5,539	8								
Commitments	9,284	9,021								
Department of Family Care - State Restricted	11,432	12,182								
Department of Family Care - Excess Reserves	16,322	12,910								
Delinquent Property Tax	15,275	14,826								
Investment Market Value in Excess of Book Value	999	1,850								
Housing	627	1,369								
Committed:										
Economic Development	1,196	196								
Workforce Development	722									
	<u>69,211</u>	<u>59,986</u>								
General Fund (Prior to GASB 54): ^										
Reserved For:										
Reserved for 2012 Appropriations			\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for 2011 Appropriations			4,144	4,144	-	-	-	-	-	-
Reserved for 2010 Appropriations			-	4,144	4,144	-	-	-	-	-
Reserved for 2009 Appropriations			-	-	7,947	7,947	-	-	-	-
Reserved for 2008 Appropriations			-	-	-	4,901	4,901	-	-	-
Reserved for 2007 Appropriations			-	-	-	-	4,664	4,664	-	-
Reserved for 2006 Appropriations			-	-	-	-	-	(1,573)	(1,573)	-
Reserved for 2005 Appropriations			-	-	-	-	-	-	(3,534)	(3,534)
Reserved for 2004 Appropriations			-	-	-	-	-	-	-	4,010
Reserved for 2003 Appropriations			-	-	-	-	-	-	-	-
Reserved for Encumbrances			5,092	6,205	9,349	11,810	22,617	15,516	9,208	8,685
Reserved for Milwaukee County Family Care			12,182	10,012	6,142	5,779	-	-	-	-
Reserved for Inventories			2,070	1,837	1,012	1,269	1,156	1,023	1,191	1,299
Reserved for Behavioral Health Division			-	-	-	-	-	-	-	-
Reserved for Fleet and Facilities Division			-	-	-	-	-	-	-	-
Reserved for Delinquent Property Tax			14,826	13,558	10,487	8,278	5,522	3,999	3,555	3,245
Unreserved:										
Designated for Economic Development			196	196	201	200	150	138	137	211
Designated for Housing			948	813	2,193	1,954	270	267	-	-
Designated for Family Care			3,233	-	-	-	-	-	-	-
Designated for Aging CMO			-	437	4,115	4,919	-	-	-	-
Designated for Investments			2,476	2,561	3,480	1,217	-	-	-	506
Subtotal General Fund			<u>45,175</u>	<u>43,907</u>	<u>49,070</u>	<u>48,274</u>	<u>39,280</u>	<u>24,034</u>	<u>8,984</u>	<u>14,422</u>

**County of Milwaukee, Wisconsin
Fund Balances of Governmental Funds
Last Ten Years Ended December 31,
(In Thousands)**

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>All Other Governmental Funds (Per GASB 54): ^</u>										
Restricted:										
Debt Service	\$ 27,063	\$ 11,577								
Commitments	31,737	67,872								
Airport - Passenger Facilities Charges and Debt	29,369	27,199								
Administrative Services (formerly Health and Safety)	6,984	136								
Zoo	914	874								
Parks	1,074	1,027								
Persons with Disabilities	110	115								
Behavioral Health Division	9,986	7,169								
Fleet and Facilities Divisions	10,270	5,781								
Subtotal All Other Governmental Funds	117,507	121,750								
Total Governmental Funds Balance	\$ 186,718	\$ 181,736								
<u>All Other Governmental Funds (Prior to GASB 54): ^</u>										
Reserved For:										
Reserved for Debt Service			\$ 7,332	\$ 6,220	\$ 10,757	\$ 6,071	\$ 5,573	\$ 2,979	\$ 8,130	\$ 12,006
Reserved for Encumbrances			98,216	64,468	11,595	17,983	7,987	8,455	12,302	13,834
Reserved for Other			-	-	-	-	-	-	23	-
Reserved for Administrative Services (formerly Health and Safety)			136	136	136	112	70	46	-	-
Reserved for Zoo			711	652	685	587	553	541	559	664
Reserved for Parks			930	998	1,072	853	711	658	501	256
Reserved for Persons with Disabilities			121	123	128	124	115	122	101	102
Reserved for Behavioral Health Division***			8,360	8,978	9,344	9,671	423	478	490	536
Reserved for Airport - PFC and Debt			26,921	22,179	34,082	32,603	34,128	34,155	21,529	23,495
Reserved for Fleet and Facilities Divisions**			6,183	6,499	-	-	-	-	-	-
Subtotal All Other Governmental Funds			148,910	110,253	67,799	68,004	49,560	47,434	43,635	50,893
Total Governmental Funds Balance			\$ 194,085	\$ 154,160	\$ 116,869	\$ 116,278	\$ 88,840	\$ 71,468	\$ 52,619	\$ 65,315

^ Prior to 2011 and the implementation of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type definitions*, fund balances were classified as Reserved or Unreserved. Under GASB Statement No. 54, fund balances are classified as Nonspendable, Restricted, Committed or Unassigned.

* In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, they had been reported as part of the internal service funds.

** In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as separate internal service funds.

*** In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

County of Milwaukee, Wisconsin
Changes in Fund Balance-Governmental Funds
Last Ten Years Ended December 31,
(In Thousands)

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009**</u>	<u>2008</u>	<u>2007***</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:										
Intergovernmental	\$ 254,672	\$ 318,776	\$ 335,573	\$ 380,540	\$ 365,495	\$ 370,814	\$ 302,975	\$ 299,179	\$ 310,503	\$ 296,554
Property Taxes	279,179	273,297	266,973	260,724	251,495	243,144	234,317	228,628	220,612	221,265
Sales Taxes	64,740	64,348	61,534	59,258	67,112	63,613	63,654	62,673	61,123	59,788
Charges for Services	414,039	405,138	388,274	344,591	379,907	347,478	239,891	224,005	181,591	157,766
Fines and Forfeits	2,621	2,932	3,284	3,245	3,375	3,571	3,616	2,823	3,129	2,909
Licenses and Permits	577	453	640	453	978	552	634	442	443	413
Investment Income and Rents	9,069	10,730	11,540	11,352	17,679	20,411	16,288	8,741	7,952	10,207
Other	63,690	53,147	46,903	40,142	36,208	34,510	34,907	37,888	44,490	51,500
Total Revenues	1,088,587	1,128,821	1,114,721	1,100,305	1,122,249	1,084,093	896,282	864,379	829,843	800,402
Expenditures:										
Legislative, Executive and Staff	23,382	21,433	21,309	22,191	26,688	36,094	37,729	38,774	38,246	39,257
Courts and Judiciary	53,383	52,699	55,384	59,984	69,274	61,120	56,964	57,456	55,748	52,862
General Governmental Services*	9,939	6,746	6,747	7,395	7,628	7,886	7,731	8,203	6,608	6,775
Public Safety	145,119	159,708	154,196	146,994	166,832	147,082	136,634	136,398	135,596	126,758
Public Works and Highways**	54,629	57,549	50,676	64,062	28,482	28,621	13,850	16,532	16,553	13,489
Human Services***	554,697	591,802	611,136	628,574	657,004	618,062	394,619	362,770	345,208	322,025
Parks, Recreation and Culture	65,212	65,271	64,062	66,806	66,799	66,414	64,194	62,984	62,485	66,853
Other	-	-	-	-	10,905	3,231	15,406	18,737	37,663	8,097
Capital Outlay	68,446	72,549	80,584	56,994	49,938	33,587	45,608	48,182	77,409	81,413
Debt Service:										
Principal Retirement	63,913	61,626	60,202	48,164	38,677	31,063	28,437	24,657	20,132	35,826
Interest	36,993	36,894	38,036	32,215	15,476	15,473	15,025	16,232	16,035	18,267
Total Expenditures	1,075,713	1,126,277	1,142,332	1,133,379	1,137,703	1,048,633	816,197	790,925	811,683	771,622
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,874	2,544	(27,611)	(33,074)	(15,454)	35,460	80,085	73,454	18,160	28,780
Other Financing Sources (Uses):										
General Obligation Bonds Issued	20,301	31,757	82,985	90,000	30,860	33,625	31,595	24,610	26,950	25,623
General Obligation Bonds Issued - Premium	3,053	4,176	-	-	-	-	-	-	-	-
Premium/(Discount) on Debt Issued	-	-	-	(80)	31	-	2,121	518	-	(80)
Revenue Bonds Issued	-	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	3,252	-	-	55,248	-	114,270
Payment to Refunded Bond Escrow Agent	(23,145)	(35,756)	-	-	-	-	-	(54,821)	-	(82,326)
Payment on Current Refunded Bonds	-	-	-	(9,214)	-	-	-	-	-	(30,943)
Pension Obligation Bonds Issued	-	-	-	400,000	-	-	-	-	-	-
Contribution to Employee Retirement System	-	-	-	(426,692)	-	-	-	-	-	-
Proceeds from Legal Settlement	-	-	-	29,000	-	-	-	-	-	-
Wisconsin State Trust Fund Bonds Issued	-	-	-	-	-	-	-	-	18,627	-
Transfers In	128,310	104,061	212,816	89,852	54,950	137,797	42,366	58,972	42,090	44,950
Transfers Out	(136,411)	(119,131)	(228,265)	(102,501)	(73,048)	(190,547)	(138,795)	(139,132)	(118,523)	(120,247)
Total Other Financing Sources (Uses)	(7,892)	(14,893)	67,536	70,365	16,045	(19,125)	(62,713)	(54,605)	(30,856)	(48,753)
Net Change in Fund Balances	\$ 4,982	\$ (12,349)	\$ 39,925	\$ 37,291	\$ 591	\$ 16,335	\$ 17,372	\$ 18,849	\$ (12,696)	\$ (19,973)
Debt Service as a Percentage of Noncapital Expenditures	10.02%	9.35%	9.25%	7.47%	4.98%	4.58%	5.64%	5.51%	4.93%	7.84%

* In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, they were reported as separate internal service funds.

** In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they were reported as separate internal service funds.

*** In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin
Property Tax Levies and Collections
Last Ten Years Ended December 31,
(In Thousands)**

<u>Tax Levy Year</u>	<u>Tax Budget Year</u>	<u>Total Tax Levy</u>	<u>Tax Collections From Municipalities</u>	<u>Percent of Tax Collections From Municipalities</u>	<u>Total Delinquent Taxes</u>	<u>Delinquent Tax Collections Through 12/31/12</u>	<u>Delinquent Tax Balance As of 12/31/12</u>	<u>Total Tax Collections Through 12/31/12</u>	<u>Percent of Total Tax Collections Through 12/31/12</u>
2012	2013	\$ 280,134	Info not available at time of printing.						
2011	2012	276,194	\$ 261,959	94.85%	\$ 14,235	\$ 4,918	\$ 9,317	\$ 266,877	96.63%
2010	2011	270,386	256,180	94.75%	14,206	9,582	4,624	265,762	98.29%
2009	2010	264,102	248,427	94.06%	15,675	12,896	2,779	261,323	98.95%
2008	2009	258,479	243,129	94.06%	15,350	13,863	1,487	256,992	99.42%
2007	2008	250,733	237,137	94.58%	13,596	12,862	734	249,999	99.71%
2006	2007	241,882	230,955	95.48%	10,927	10,526	401	241,481	99.83%
2005	2006	233,430	223,930	95.93%	9,500	9,345	155	233,275	99.93%
2004	2005	226,721	219,183	96.68%	7,538	7,452	86	226,635	99.96%
2003	2004	220,259	212,312	96.39%	7,947	7,889	58	220,201	99.97%
2002	2003	220,327	213,020	96.68%	7,307	7,258	49	220,278	99.98%

In December, taxes are levied to the municipalities in Milwaukee County for the subsequent budget year. The municipalities collect the tax payments and forward payments to Milwaukee County beginning in January. In August, the outstanding tax balances (which are now considered delinquent) are transferred from all municipalities (except the City of Milwaukee - which processes their own) to Milwaukee County for collection.

Taxes levied in 2012 for the 2013 budget year were \$280,134, of which the municipalities began forwarding payments to Milwaukee County beginning January 2013.

Source: County of Milwaukee, Wisconsin Treasurer's Office Tax Collection Records

**County of Milwaukee, Wisconsin
Equalized Value of Taxable Property
Last Ten Years Ended December 31,
(In Thousands)**

Tax Levy Year	Tax Budget Year	Real Property				Personal Property	Total Equalized Value (1)	Less: Tax Incremental District	Total Taxable Equalized Value (1)	Total Direct Tax Rate	Aggregate Assessed Value (2)
		Residential	Commercial	Manufacturing	Other						
2012	2013	\$ 36,872,973	\$ 17,678,403	\$ 1,493,276	\$ 32,712	\$ 1,704,938	\$ 57,782,302	\$ (2,252,219)	\$ 55,530,083	\$ 5.05	\$ 58,280,360
2011	2012	39,498,360	18,265,539	1,503,698	29,309	1,802,123	61,099,029	(2,547,465)	58,551,564	4.72	61,277,079
2010	2011	40,952,804	18,922,989	1,520,372	27,242	1,980,103	63,403,510	(2,673,043)	60,730,467	4.46	62,221,937
2009	2010	43,426,050	19,907,219	1,487,194	28,960	1,986,731	66,836,154	(3,156,683)	63,679,471	4.15	63,517,201
2008	2009	44,933,692	19,653,568	1,551,601	31,031	2,054,176	68,224,068	(2,652,150)	65,571,918	3.96	64,224,181
2007	2008	44,452,500	19,336,150	1,489,362	27,495	1,813,776	67,119,283	(2,637,236)	64,482,047	3.89	62,331,793
2006	2007	42,355,573	18,062,700	1,438,619	34,351	1,717,938	63,609,181	(1,969,160)	61,640,021	3.93	58,452,397
2005	2006	37,974,709	15,641,660	1,405,059	33,368	1,625,890	56,680,686	(1,787,127)	54,893,559	4.26	52,016,827
2004	2005	34,014,070	14,182,468	1,393,938	34,472	1,528,412	51,153,360	(1,428,204)	49,725,156	4.56	48,174,120
2003	2004	31,166,329	13,012,921	1,404,688	33,957	1,648,770	47,266,665	(1,158,855)	46,107,810	4.77	44,660,290

(1) Equalized value is the State of Wisconsin's estimated value of property in a defined jurisdiction. Equalized value is used to apportion County property tax levies among municipalities.

(2) Each municipality assesses their own property values which is sent to the State of Wisconsin on the Statement of Assessment form.

The totals represent the values from January 2nd of the previous year to January 1st of the year listed. The 2012 year totals are from 1/2/11 through 1/1/12.

Source: Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value (Report 2) and Wisconsin Department of Revenue - Reports - Assessments - Statement of Assessments

County of Milwaukee, Wisconsin
Property Tax Rates per \$1,000 of Equalized Value
Portion for County of Milwaukee, Wisconsin only
Last Ten Years Ended December 31,
(In Thousands)

<u>Tax Levy Year</u>	<u>Tax Budget Year</u>	<u>Equalized Value (Including TIF)₁</u>	<u>Less: Value of TIF Districts₂</u>	<u>Equalized Value (Excluding TIF)₃</u>	<u>Property Taxes Operating Levy₃</u>	<u>Property Taxes Debt Levy₃</u>	<u>Property Taxes Total Levy₃</u>	<u>Property Taxes Operating Rate₃</u>	<u>Property Taxes Debt Rate₃</u>	<u>Property Taxes Total Direct Rate₃</u>
2012	2013	\$ 57,782,302	\$ (2,252,219)	\$ 55,530,083	\$ 228,570	\$ 51,563	\$ 280,133	\$ 4.12	\$ 0.93	\$ 5.05
2011	2012	61,099,029	(2,547,465)	58,551,564	219,678	56,553	276,231	3.75	0.97	4.72
2010	2011	63,403,510	(2,673,043)	60,730,467	217,175	53,260	270,435	3.58	0.88	4.46
2009	2010	66,836,154	(3,156,683)	63,679,471	203,868	60,281	264,149	3.20	0.95	4.15
2008	2009	68,224,068	(2,652,150)	65,571,918	198,748	59,767	258,515	3.04	0.92	3.96
2007	2008	67,119,283	(2,637,236)	64,482,047	197,342	53,432	250,774	3.06	0.83	3.89
2006	2007	63,609,181	(1,969,160)	61,640,021	197,576	44,360	241,936	3.21	0.72	3.93
2005	2006	56,680,686	(1,787,127)	54,893,559	188,725	44,743	233,468	3.44	0.82	4.26
2004	2005	51,153,360	(1,428,204)	49,725,156	190,546	36,230	226,776	3.83	0.73	4.56
2003	2004	47,266,665	(1,158,855)	46,107,810	186,433	33,871	220,304	4.04	0.73	4.77

(1) Source: Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value (Report 2).

(2) The full value of Tax Increment Finance (TIF) Districts as determined by the Wisconsin Department of Revenue.

(3) Source: Wisconsin Department of Revenue - Reports - Property Tax - Rates - County Property Tax Rates.

Late November in the tax levy year, a "Certification of the Apportionment of State and County Property Taxes and Charges" is filed with the Wisconsin Department of Revenue, for the tax budget year following. The Property Taxes Total Levy includes State Charitable and Penal Charges and Southeastern Wisconsin Regional Planning Commission (SEWPC) charges. These rates are based on the Equalized Value excluding TIFs. The rates do not include State Forestry charges, which are based on the Equalized Value including TIFs. The Property Taxes Total Levy amount will vary slightly from the actual tax levy amount billed in December of the tax levy year.

County of Milwaukee, Wisconsin
Property Tax Rates by Municipality - per \$1,000 of Assessed Value
Last Ten Years Ended December 31,

Tax Levy Year Tax Budget Year	Taxable Equalized Value (1)	Taxable Equalized Value % (1)	Gross Rates (2)	2011	2010	2009	2008	2007	2006	2005	2004	2003
	<u>2012</u> <u>2013</u>	<u>2012</u> <u>2013</u>	<u>2012</u> <u>2013</u>	<u>2011</u> <u>2012</u>	<u>2010</u> <u>2011</u>	<u>2009</u> <u>2010</u>	<u>2008</u> <u>2009</u>	<u>2007</u> <u>2008</u>	<u>2006</u> <u>2007</u>	<u>2005</u> <u>2006</u>	<u>2004</u> <u>2005</u>	<u>2003</u> <u>2004</u>
Milwaukee County	\$ 55,530,083	100.00%	\$ 29.15	\$ 26.92	\$ 26.20	\$ 24.76	\$ 23.50	\$ 22.55	\$ 22.26	\$ 24.31	\$ 26.24	\$ 27.11
<u>Villages</u>												
Bayside (3)	561,264	1.01%	28.89	26.84	26.31	25.07	24.07	23.69	23.82	25.27	26.43	27.40
Brown Deer	920,806	1.66%	31.86	29.67	28.23	26.91	25.69	24.16	24.35	26.31	26.47	27.60
Fox Point (3)	1,030,559	1.86%	28.46	26.64	26.22	24.72	23.51	23.02	23.23	24.47	25.40	26.61
Greendale	1,234,272	2.22%	28.45	28.15	27.17	25.48	24.35	24.55	24.10	24.55	28.45	29.69
Hales Corners	624,347	1.12%	27.00	25.30	25.67	23.91	22.58	22.24	22.04	23.14	25.44	26.42
River Hills (3)	470,717	0.85%	27.21	25.03	24.49	23.42	22.20	22.03	22.42	23.71	25.40	25.70
Shorewood (3)	1,297,983	2.34%	32.08	29.13	28.40	26.24	25.72	25.21	24.59	24.99	27.20	28.73
West Milwaukee	310,827	0.56%	32.15	31.80	30.57	28.59	27.34	26.75	26.75	28.27	31.50	32.24
Whitefish Bay	1,906,192	3.43%	25.56	24.51	24.14	22.32	21.47	21.73	21.86	22.48	24.37	24.82
Total Villages	8,356,967	15.05%	28.74	27.45	26.52	24.86	23.85	23.54	23.46	24.80	26.74	27.69
<u>Cities</u>												
Cudahy	1,025,917	1.85%	27.66	26.77	27.09	25.40	25.17	24.59	23.81	25.18	28.01	27.75
Franklin (4)	3,426,495	6.17%	26.44	24.89	25.45	23.58	22.45	22.72	22.07	23.78	25.88	27.43
Glendale (3)	1,578,428	2.84%	28.65	26.14	24.12	23.28	22.78	22.64	22.43	23.72	24.93	25.58
Greenfield (3)	2,745,279	4.94%	28.80	26.41	26.33	24.72	22.82	22.18	21.90	23.11	24.89	26.06
Milwaukee	25,472,443	45.87%	30.59	28.67	26.96	25.64	24.15	22.63	22.21	24.59	26.26	26.60
Oak Creek	2,839,456	5.11%	25.12	23.32	23.07	21.99	20.86	20.75	20.03	22.50	23.39	25.15
St. Francis	604,586	1.09%	29.39	27.82	26.99	24.52	23.86	23.24	23.31	25.20	28.12	29.14
South Milwaukee	1,131,825	2.04%	29.32	27.32	26.03	24.14	23.55	22.35	23.02	23.74	25.25	25.77
Wauwatosa	4,709,725	8.48%	26.44	24.18	23.43	22.20	21.31	20.20	20.27	21.13	23.14	23.70
West Allis	3,638,962	6.55%	30.12	28.96	27.50	25.62	24.05	23.73	23.66	25.16	27.56	28.08
Total Cities	47,173,116	84.95%	29.22	26.45	26.14	24.75	23.44	22.39	22.06	23.81	25.74	26.53

(1) Source: Wisconsin Department of Revenue - Governments - County Officials - Report Used for Apportionment of County Levy

(2) Source: Wisconsin Department of Revenue - Reports - Property Tax - Rates - Town, Village and City Taxes

(3) Municipalities have multiple property tax rates depending on which school district the property is located in.

(4) Municipality has multiple property tax rates depending on which school district the property is located in and / or if sewer is included.

County of Milwaukee, Wisconsin
Weighted Average of Property Taxes to Taxable Equalized Value
For the Year Ended December 31, 2011
(In Thousands)

	2011 Equalized Value Excluding TIF Districts	2011 Property Tax After State Credit	2011 Weighted Average
<u>Villages:</u>			
Bayside - (1)	\$ 604,307	\$ 15,080	0.000257551
Brown Deer	985,830	28,616	0.000488732
Fox Point - (1)	1,081,270	26,708	0.000456145
Greendale	1,268,637	33,126	0.000565758
Hales Corners	660,903	15,712	0.000268345
River Hills - (1)	514,712	12,012	0.000205153
Shorewood	1,307,167	38,422	0.000656208
West Milwaukee	303,449	10,241	0.000174906
Whitefish Bay	1,955,947	45,146	0.000771047
<u>Cities:</u>			
Cudahy	1,033,516	31,599	0.000539678
Franklin - (2)	3,563,677	85,304	0.001456904
Glendale - (1)	1,736,386	54,957	0.000938609
Greenfield - (1)	2,984,084	73,667	0.001258156
Milwaukee	26,841,396	750,413	0.012816276
Oak Creek	3,055,899	67,501	0.001152847
St. Francis	634,212	16,578	0.000283135
South Milwaukee	1,213,149	31,938	0.000545468
Wauwatosa	5,004,833	119,829	0.002046555
West Allis	3,802,190	106,660	0.001821642
Totals	<u>\$ 58,551,564</u>	<u>\$ 1,563,509</u>	<u>0.026703112</u>

(1) - Municipalities have multiple property tax rates depending on which school district the property is located in.

(2) - Municipality has multiple property tax rates depending on which school district the property is located in and / or if sewer is included.

Source: Wisconsin Department of Revenue/Report/Property Tax/Town,Village, City Taxes 2011.
 2012 data unavailable from the Wisconsin Department of Revenue at time of printing.

**County of Milwaukee, Wisconsin
Top Fifteen Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)**

<u>Company:</u>	<u>Type of Business</u>	2012 Full Market Value	Percent of County Equalized Value
Bayshore Town Center LLC	Real Estate	\$ 313,599	0.56%
Northwestern Mutual Life Insurance Co.	Insurance	311,900	0.56%
US Bank Corp.	Banking	263,199	0.47%
Mayfair Property, Inc.	Shopping Mall	256,810	0.46%
Bre Southridge Mall, LLC	Real Estate	155,498	0.28%
Mandel Group	Real Estate	126,774	0.23%
Metropolitan Associates	Real Estate	122,245	0.22%
Columbia St. Mary's	Health Care	112,183	0.20%
Marcus Corp / Milw. City Center / Pfister	Hotels, Theaters and Restaurants	110,449	0.20%
Centerpoint Properties	Real Estate	97,150	0.17%
NNN 411 East Wisconsin LLC	Real Estate	93,720	0.17%
General Electric	Manufacturer - Medical Equipment	92,387	0.16%
Wal-Mart / Sam's Club	Retailer	91,580	0.16%
Harley Davidson	Manufacturer - Motorcycles	90,377	0.16%
Towne Realty Inc.	Real Estate	86,651	0.16%

Total Milwaukee County Equalized Value, (including TIF Districts), at January 1, 2012, is \$57,782,302.

<u>Company:</u>	<u>Type of Business</u>	2003 Full Market Value	Percent of County Equalized Value
Mayfair Property, Inc.	Shopping Mall	\$ 233,799	0.40%
US Bank Corp.	Banking	228,654	0.40%
Northwestern Mutual Life Insurance Co.	Insurance	195,767	0.34%
Harley Davidson	Manufacturer	148,758	0.26%
Teachers Insurance & Annuity	Insurance	143,462	0.25%
M&I Marshall & Ilsley Bank	Banking	135,309	0.23%
Towne Realty	Real Estate	110,804	0.19%
Metropolitan Associates	Real Estate	102,444	0.18%
Marcus Corp / Milw. City Center / Pfister	Hotels, Theaters and Restaurants	90,372	0.16%
Bre Southridge Mall, LLC	Real Estate	82,967	0.14%
Great Lakes Reit, LLP	Real Estate	76,149	0.13%
Miller Brewing Company	Mfg., Beer and Aluminum Containers	74,396	0.13%
Counterpoint Properties	Real Estate	67,618	0.12%
100 E. Wisconsin Avenue Joint Venture	Real Estate	58,046	0.10%
Opus Real Estate	Real Estate	51,189	0.09%

Total Milwaukee County Equalized Value, (including TIF Districts), at January 1, 2003, is \$47,266,665.

Source: Wisconsin Department of Revenue

**County of Milwaukee, Wisconsin
Outstanding Debt by Type
Last Ten Years Ended December 31,
(In Thousands)**

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			<u>Total Primary Government</u>	<u>Total Personal Income (1)</u>	<u>Percentage of Personal Income</u>	<u>Population</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>					
2003	\$ 405,168	\$ -	\$ 62,276	\$ 87,042	\$ -	\$ 554,486	\$ 29,889,120	1.86%	941	\$ 589
2004	425,707	-	57,152	120,737	-	603,596	30,600,767	1.97%	939	643
2005	420,674	-	53,047	152,857	-	626,578	31,393,023	2.00%	939	667
2006	418,112	-	38,485	178,025	-	634,622	33,341,608	1.90%	937	677
2007	422,851	-	29,475	184,213	400	636,939	34,198,399	1.86%	937	680
2008	410,818	4,503	26,443	176,815	245	618,824	35,275,533	1.75%	938	659
2009	836,667	4,077	29,880	183,630	381	1,054,635	34,932,447	3.02%	932	1,132
2010	849,805	4,774	35,374	208,588	390	1,098,931	35,999,790	3.05%	948	1,160
2011	786,394	5,593	32,315	199,884	534	1,024,720	37,035,130	2.77%	948	1,081
2012	720,066	5,856	29,213	190,887	385	946,407	to be released Nov. 2013		948	998

(1) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA), Regional Income Division, Local Area Personal Income and Employment, CA04 - Personal Income and Employment Summary Report. In November 2013, the BEA plans to release local area statistics for 2012.

**County of Milwaukee, Wisconsin
Ratio of Net Bonded Debt to Equalized Value
And Net Bonded Debt Per Capita
Last Ten Years Ended December 31,
(In Thousands)**

<u>Year</u>	<u>Population (1)</u>	<u>Equalized Value Including TIF Districts (2)</u>	<u>Government Gross General Obligation Bonded Debt</u>	<u>Business-Type Gross General Obligation Bonded Debt</u>	<u>Total Gross General Obligation Bonded Debt</u>	<u>Less: Restricted For Debt Service</u>	<u>Net General Obligation Bonded Debt</u>	<u>Percent of Net Bonded Debt to Equalized Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	941	\$ 47,266,665	\$ 405,168	\$ 62,276	\$ 467,444	\$ (6,862)	\$ 460,582	0.97%	\$ 489
2004	939	51,153,360	425,707	57,152	482,859	(8,130)	474,729	0.93%	506
2005	939	56,680,686	420,674	53,047	473,721	(2,415)	471,306	0.83%	502
2006	937	63,609,181	418,112	38,485	456,597	(3,594)	453,003	0.71%	483
2007	937	67,119,283	422,851	29,475	452,326	(6,071)	446,255	0.66%	476
2008	938	68,224,068	410,818	26,443	437,261	(10,757)	426,504	0.63%	455
2009	932	66,836,154	836,667	29,880	866,547	(6,220)	860,327	1.29%	923
2010	948	63,403,510	849,805	35,374	885,179	(7,332)	877,847	1.38%	926
2011	948	61,099,029	786,394	32,315	818,709	(11,577)	807,132	1.32%	851
2012	948	57,782,302	720,066	29,213	749,279	(27,063)	722,216	1.25%	762

(1) Source: State of Wisconsin - Dept. of Administration - Intergovernmental Relations
Per County Final Populations Preliminary Estimates - (calculated as of January 1st of the respective year)
with Final numbers available in November of each year.

(2) Source: Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes
in Equalized Value (Report 2) - (calculated as of January 1st of the respective year)

**County of Milwaukee, Wisconsin
Computation of Legal Debt Margin
Last Ten Years Ended December 31,
(In Thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equalized Value of Taxable Property (1) (including TIF Districts)	\$ 57,782,302	\$ 61,099,029	\$ 63,403,510	\$ 66,836,154	\$ 68,224,068
Debt Limit Rate - (statutory limitation) (1)	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Statutory Debt Limit (1)	<u>2,889,115</u>	<u>3,054,951</u>	<u>3,170,176</u>	<u>3,341,808</u>	<u>3,411,203</u>
Bonds and Notes Outstanding:					
General Obligation Bonds and Notes	749,279	818,709	885,179	866,547	437,261
Less: Amount Available in Debt Service Fund	<u>(27,063)</u>	<u>(11,577)</u>	<u>(7,332)</u>	<u>(6,220)</u>	<u>(10,757)</u>
Total Net Debt Applied to Debt Limit	<u>722,216</u>	<u>807,132</u>	<u>877,847</u>	<u>860,327</u>	<u>426,504</u>
Legal Debt Margin Remaining at 12/31	<u>\$ 2,166,899</u>	<u>\$ 2,247,819</u>	<u>\$ 2,292,329</u>	<u>\$ 2,481,481</u>	<u>\$ 2,984,699</u>
Total Net Debt Applied to Debt Limit as a percentage of the Statutory Debt Limit	<u>25.0%</u>	<u>26.4%</u>	<u>27.7%</u>	<u>25.7%</u>	<u>12.5%</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Equalized Value of Taxable Property (1) (including TIF Districts)	\$ 67,119,283	\$ 63,609,181	\$ 56,680,686	\$ 51,153,360	\$ 47,266,665
Debt Limit Rate - (statutory limitation) (1)	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Statutory Debt Limit (1)	<u>3,355,964</u>	<u>3,180,459</u>	<u>2,834,034</u>	<u>2,557,668</u>	<u>2,363,333</u>
Bonds and Notes Outstanding:					
General Obligation Bonds and Notes	452,326	456,597	473,721	482,859	467,444
Less: Amount Available in Debt Service Fund	<u>(6,071)</u>	<u>(5,573)</u>	<u>(2,979)</u>	<u>(8,130)</u>	<u>(12,006)</u>
Total Net Debt Applied to Debt Limit	<u>446,255</u>	<u>451,024</u>	<u>470,742</u>	<u>474,729</u>	<u>455,438</u>
Legal Debt Margin Remaining at 12/31	<u>\$ 2,909,709</u>	<u>\$ 3,637,056</u>	<u>\$ 3,307,755</u>	<u>\$ 3,040,527</u>	<u>\$ 2,830,777</u>
Total Net Debt Applied to Debt Limit as a percentage of the Statutory Debt Limit	<u>13.3%</u>	<u>14.2%</u>	<u>16.6%</u>	<u>18.6%</u>	<u>19.3%</u>

(1) Source: Wisconsin Department of Revenue, Reports, Municipal Debt Limit.

County of Milwaukee, Wisconsin
Direct and Overlapping Bonded Debt & Capital Leases
For the Year Ended December 31, 2012
(In Thousands)

<u>Direct:</u>	<u>Net Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>Amount</u> <u>Applicable</u> <u>to County</u>
Milwaukee County - General Obligation Bonds	\$ 720,066	100.00%	\$ 720,066
Milwaukee County - Net Capital Leases	5,856	100.00%	5,856
Total Overlapping Debt - Milwaukee County (Governmental-activities only)	\$ 725,922	100.00%	\$ 725,922
<u>Overlapping:</u>	<u>Net Debt*</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>Amount</u> <u>Applicable</u> <u>to County</u>
<u>Villages:</u>			
Bayside	9,732	96.12%	9,354
Brown Deer	25,397	100.00%	25,397
Fox Point	15,310	100.00%	15,310
Greendale	17,505	100.00%	17,505
Hales Corners	7,536	100.00%	7,536
River Hills	3,834	100.00%	3,834
Shorewood	43,514	100.00%	43,514
West Milwaukee	10,165	100.00%	10,165
Whitefish Bay	36,724	100.00%	36,724
<u>Cities:</u>			
Cudahy	21,590	100.00%	21,590
Franklin	43,735	100.00%	43,735
Glendale	15,388	100.00%	15,388
Greenfield	35,646	100.00%	35,646
Milwaukee	846,299	100.00%	846,299
Oak Creek	23,410	100.00%	23,410
South Milwaukee	1,663	100.00%	1,663
St. Francis	-	100.00%	-
Wauwatosa	60,205	100.00%	60,205
West Allis	78,410	100.00%	78,410
<u>School Districts:</u>			
Brown Deer	22,967	100.00%	22,967
Cudahy	10,955	100.00%	10,955
Foxpoint / Bayside	6,405	97.89%	6,270
Franklin	5,105	100.00%	5,105
Glendale - River Hills	4,570	100.00%	4,570
Greendale	17,345	100.00%	17,345
Greenfield	55,875	100.00%	55,875
Maple Dale / Indian Hill	3,180	100.00%	3,180
Milwaukee Area Technical College	118,560	82.02%	97,243
Milwaukee Public	120,650	99.99%	120,638
Nicolet High School*	2,785	99.50%	2,771
Oak Creek / Franklin	49,195	100.00%	49,195
St. Francis	13,950	100.00%	13,950
Shorewood	17,705	100.00%	17,705
South Milwaukee	40,087	100.00%	40,087
Wauwatosa	-	100.00%	-
West Allis / West Milwaukee	29,235	93.57%	27,355
Whitefish Bay	18,227	100.00%	18,227
Whitnall	390	100.00%	390
Metropolitan Sewerage District	1,009,014	99.92%	1,008,207
Total Overlapping Debt	2,842,263	99.14%	2,817,720
Total Debt	\$ 3,568,185	99.31%	\$ 3,543,642

*Source: Milwaukee County Department of Administration - February 2013 Survey

The amount of net debt outstanding applicable to the County is a calculation of the percent applicable to the County times the net debt outstanding.

**County of Milwaukee, Wisconsin
Demographic and Economic Statistics
Last Ten Years Ended December 31,**

<u>Year</u>	<u>Population</u> (1)	<u>Total Personal Income</u> (in Thousands) (2)	<u>Per Capita Personal Income</u> (2)	<u>Public School Enrollment</u> (3)	<u>Private School Enrollment</u> (3)	<u>-----Unemployment Rate-----</u>			<u>Total County Labor Force</u> (4)	<u>Total County Workers Unemployed</u> (4)
						<u>County</u> (4)	<u>Wisconsin</u> (4)	<u>United States</u> (4)		
2003	941,301	\$29,889,120	\$31,813	152,380	38,569	7.0%	5.6%	6.0%	463,069	32,496
2004	939,358	30,600,767	32,661	152,712	37,323	6.3%	5.0%	5.5%	456,447	28,792
2005	938,995	31,393,023	33,664	147,123	38,198	5.8%	4.8%	5.1%	453,562	26,399
2006	936,892	33,341,608	35,841	147,773	38,434	5.6%	4.7%	4.6%	457,573	25,839
2007	937,324	34,198,399	36,715	146,269	38,363	5.7%	4.8%	4.6%	471,006	26,657
2008	938,490	35,275,533	37,738	143,566	39,801	5.6%	4.8%	5.8%	468,845	26,299
2009	931,830	34,932,447 *	37,057 *	141,942	39,795	9.6%	8.7%	9.3%	470,007	45,229
2010	947,735	35,999,790 *	37,950 *	140,241	39,996	9.9%	8.5%	9.6%	461,268	45,655
2011	948,369	37,035,130 *	38,881 *	140,704	39,408	9.0%	7.5%	8.9%	461,017	41,416
2012	948,322	to be released Nov. 2013		139,393	39,894	8.4%	6.9%	8.1%	460,067	38,742

(1) Source: State of Wisconsin - Dept. of Administration - Intergovernmental Relations
Per County Final Populations Estimates - (calculated as of January 1st of the respective year)
The 2010 population is the actual U.S. Census Bureau amount released July 28, 2011,
which replaced the previously reported State estimate of 928,449.
Final numbers available October, ex 2012 Final available October 2012.

(2) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA), Regional Income Division,
Local Area Personal Income and Employment, CA04 - Personal Income and Employment Summary
Report. The BEA plans to release local area statistics for 2012 late November 2013.
*Data for 2009 and 2010 changed based on most recent download as of 03/26/2013

(3) Source: Wisconsin Dept. of Public Instruction - Data - Demographics / Enrollment Reports
Enrollment is a headcount of students who are physically attending schools or receiving homebound
instruction as of the third Friday in September. The 2012 enrollment represents the 2011 - 2012 school year.
The 2013 enrollment data for the 2012 - 2013 school year is 139,393 public and 39,894 private.

(4) Source: WORKnet - Wisconsin - Data Analyst - Data Table - Local Area Unemployment Statistics (LAUS) Results.
The Unemployment Rate listed is the annual rate and is not seasonally adjusted.

**County of Milwaukee, Wisconsin
Major Employers - Private and Public Sector
Current Year and Nine Years Ago**

For the Year Ended December 31, 2012:

<u>* Private Sector Employers:</u>	<u>Type of Business or Service</u>	<u>Number of Employees</u>	<u>% of Total County Employment</u>
1) Aurora Health Care	Health Care	22,000	5.24%
2) Wheaton Franciscan Healthcare	Health Care	10,914	2.60%
3) Roundy's Supermarkets, Inc.	Retail Supermarkets	8,700	2.07%
4) Froedert Health	Health Care	8,600	2.05%
5) Kohl's Corporation	Department Stores	8,400	2.00%
6) Quad / Graphics, Inc.	Printing	6,900	1.64%
7) GE Healthcare	Health Care	6,400	1.53%
8) The Medical College of Wisconsin	Private Medical School	5,400	1.29%
9) Northwestern Mutual Life Insurance Company	Insurance and Investment Products	5,000	1.19%
10) ProHealth Care Inc.	Health Care	4,972	1.18%

***Total Milwaukee County Employment for 2011 was - 419,601

For the Year Ended December 31, 2002:

<u>**Private Sector Employers:</u>	<u>Type of Business or Service</u>	<u>Number of Employees</u>	<u>% of Total County Employment</u>
1) Aurora Health Care	Health Care	11,365	2.60%
2) Covenant HealthCare	Health Care	5,716	1.31%
3) M&I Marshall & Ilsley Bank	Banking / Finance and Data Services	5,579	1.28%
4) Northwestern Mutual Life Insurance Company	Insurance	4,039	0.92%
5) The Medical College of Wisconsin	Private Medical School	3,760	0.86%
6) Rockwell Automation (fka Allen - Bradley)	Manufacturer, Electrical / Electronic Products	3,740	0.86%
7) WE Energies	Electric / Natural Gas Utility	3,300	0.76%
8) Froedert Health	Health Care	3,150	0.72%
9) SBC Communications (Ameritech Corp.)	Communications	2,766	0.63%
10) US Bank	Banking / Finance	2,663	0.61%

***Total Milwaukee County Employment for 2002 was - 436,867

* Source: The Business Journal's Book of Lists 2013, lists the largest Milwaukee area private sector employers as of December 9, 2011. The 2012 data will be available December 2013.

**Source: Milwaukee County Department of Administration, January 2003 (for 2002) survey of local employment. Information can also be found as part of the Milwaukee County's Official Statements issued for the particular year.

***Source: Laus Results --- Local Area Unemployment Stats --- 2002 & 2011

NOTE: Effective for the 2012 Major Employers Statistics the Government, Educational and Not for Profit sections are not included due to the County no longer compiling this data or presenting same in the Official Statements issued by the County.

County of Milwaukee, Wisconsin
County Employees by Function (Actual to Budgeted)
Last Ten Years Ended December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Actual Number of Employees:</u>										
Legislative, Executive and Staff	371	251	254	296	311	343	371	369	356	373
Courts and Judiciary	411	408	427	423	423	433	456	471	475	510
General Governmental Services	87	50	63	56	60	69	68	67	63	69
Public Safety	1,265	1,409	1,430	1,507	1,554	1,531	1,553	1,577	1,604	1,701
Public Works and Highways	427	561	546	578	585	587	583	646	639	657
Health and Human Services	1,296	1,487	1,647	1,771	1,825	1,799	1,818	1,820	1,771	1,887
Parks, Recreation and Culture	533	563	643	587	658	660	612	620	654	683
Total Actual Number of Employees	4,390	4,729	5,010	5,218	5,416	5,422	5,461	5,570	5,562	5,880
% Increase (Decrease) From Previous Year	-7.17%	-5.61%	-3.99%	-3.66%	-0.11%	-0.71%	-1.96%	0.14%	-5.41%	-5.92%

Budgeted Number of Employees:

Legislative, Executive and Staff:

County Board - (1)	56.9	58.5	60.2	60.2	59.2	58.9	57.7	57.5	57.5	62.6
Audit Department - (26)	-	16.0	18.0	19.0	18.9	20.1	20.3	20.0	20.1	22.0
Intergovernmental Relations - (1)	-	-	-	-	-	-	-	-	-	3.7
Office of Community Development Partners	6.0	6.0	6.0	6.0	6.0	5.0	5.8	5.0	5.0	6.7
County Executive - General Office	9.5	9.0	10.0	10.6	10.2	8.1	9.6	10.4	11.9	13.3
Veterans Service	6.0	6.0	5.0	6.0	5.7	6.0	7.0	6.5	6.6	6.6
Civil Service Commission	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Personnel Review Board - (13)	7.3	7.3	6.9	7.4	7.5	7.2	7.0	7.0	7.0	7.0
Ethics Board - (13)	0.8	0.8	0.6	-	-	-	-	-	-	-
Corporation Counsel	18.8	19.7	20.0	22.1	21.8	21.7	20.3	18.5	16.9	20.8
Department of Labor Relations - (8)	3.5	2.8	3.4	4.4	4.0	3.0	-	-	-	-
Office for Persons with Disabilities	4.1	4.1	4.1	4.1	4.1	4.1	5.2	5.2	5.3	6.3
Human Resources - (8)(9)(19)(23)	50.6	14.2	13.5	30.6	31.0	36.9	55.5	53.3	52.8	57.2
Employee Benefits - (9)	-	23.0	21.9	19.6	18.8	15.3	-	-	-	-
Facilities Management - (24)	154.5									
Risk Management	5.0	5.1	5.0	5.0	5.3	5.0	5.8	5.5	5.5	6.1
Fiscal Affairs - (26)	19.7	42.7	46.4	46.1	47.0	44.2	44.6	45.9	49.1	48.1
Procurement - (4)(20)	7.5	5.5	5.8	6.7	7.8	9.0	10.7	10.1	9.7	13.1
Information Management Services - (4)	58.0	61.3	62.6	81.3	86.9	93.2	98.0	99.3	96.3	112.1
Economic Development - (2)(7)	-	-	-	-	-	-	-	36.0	38.4	6.9
Housing and Community Development - (2)	-	-	-	-	-	-	-	-	-	36.9
Economic and Community Development - (7)(11)(14)(25)	9.0	-	-	-	6.2	29.0	35.5	-	-	-
Total Legislative, Executive and Staff	422.2	287.0	294.4	334.1	345.4	371.7	388.0	385.2	387.1	434.4

County of Milwaukee, Wisconsin
County Employees by Function (Actual to Budgeted)
Last Ten Years Ended December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Courts and Judiciary:										
Combined Court Related Operations	285.8	284.9	280.6	277.4	277.5	275.2	280.7	302.9	311.6	310.7
Department of Child Support	137.8	150.5	133.3	130.5	138.6	190.8	193.1	191.0	205.3	203.4
Courts - Pre-Trial Services	1.0	-	-	-	-	-	-	-	-	-
Total Courts and Judiciary	<u>424.6</u>	<u>435.4</u>	<u>413.9</u>	<u>407.9</u>	<u>416.1</u>	<u>466.0</u>	<u>473.8</u>	<u>493.9</u>	<u>516.9</u>	<u>514.1</u>
General Governmental Services:										
Election Commission	7.4	6.5	8.0	6.6	7.7	7.1	5.1	3.8	4.6	4.1
County Treasurer	8.5	8.5	9.5	8.5	8.0	9.0	8.9	9.0	9.0	9.0
County Clerk	7.0	7.1	7.1	6.6	7.6	7.6	7.6	7.0	7.0	7.0
Register of Deeds	34.9	35.7	35.8	42.6	47.6	49.1	49.5	48.0	51.0	47.5
Office of the Comptroller - (26)	40.4	-	-	-	-	-	-	-	-	-
Total General Governmental Services	<u>98.2</u>	<u>57.8</u>	<u>60.4</u>	<u>64.3</u>	<u>70.9</u>	<u>72.8</u>	<u>71.1</u>	<u>67.8</u>	<u>71.6</u>	<u>67.6</u>
Public Safety:										
Office of the Sheriff - (15)	1,265.9	1,385.9	1,434.2	952.9	935.2	951.0	986.1	1,009.8	1,042.5	1,119.1
House of Correction - (15)	-	-	-	486.0	512.3	527.4	545.6	557.4	517.5	587.0
District Attorney	148.2	155.1	157.5	164.6	162.9	161.5	159.1	161.6	161.1	161.2
Medical Examiner	27.6	27.5	27.2	29.4	25.3	25.0	27.2	29.8	30.9	29.8
Total Public Safety	<u>1,441.7</u>	<u>1,568.5</u>	<u>1,618.9</u>	<u>1,632.9</u>	<u>1,635.7</u>	<u>1,664.9</u>	<u>1,718.0</u>	<u>1,758.6</u>	<u>1,752.0</u>	<u>1,897.1</u>
Public Works and Highways:										
Airport - (16)	-	271.7	275.7	269.8	229.0	216.4	217.4	213.9	212.7	212.7
Transportation Services - (17)	-	14.5	11.8	12.1	17.7	17.8	20.4	18.9	23.1	27.4
Architectural, Engineering and Environmental Services - (6)	-	35.2	36.4	37.6	40.2	40.9	48.9	51.0	70.4	66.5
Highway Maintenance	-	125.1	125.6	135.7	112.1	114.2	117.9	129.9	132.0	126.1
Fleet Management - (18)	-	34.6	38.0	43.3	53.1	57.5	63.6	71.0	70.6	63.2
Facilities Management (5)(10)	-	85.0	133.1	150.1	159.2	148.9	172.0	164.5	230.1	251.4
Director's Office - (5)(10)(14)	-	13.2	13.0	11.3	3.3	3.9	46.9	54.5	7.1	8.9
Total Public Works and Highways	<u>-</u>	<u>579.3</u>	<u>633.6</u>	<u>659.9</u>	<u>614.6</u>	<u>599.6</u>	<u>687.1</u>	<u>703.7</u>	<u>746.0</u>	<u>756.2</u>
Department of Transportation:										
Airport	290.5	-	-	-	-	-	-	-	-	-
Highway Maintenance	128.1	-	-	-	-	-	-	-	-	-
Fleet Management	35.0	-	-	-	-	-	-	-	-	-
Director's Office	7.0	-	-	-	-	-	-	-	-	-
Total Department of Transportation	<u>460.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

County of Milwaukee, Wisconsin
County Employees by Function (Actual to Budgeted)
Last Ten Years Ended December 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Health and Human Services:										
Behavioral Health Division - (20)	837.4	843.7	827.7	858.8	890.9	886.8	876.4	903.2	916.4	906.8
County Health Programs - (20)	-	-	-	34.5	49.2	49.8	51.1	51.9	56.4	60.5
Department on Aging - (12)	77.2	77.0	79.6	83.3	89.4	147.8	160.6	158.5	183.7	197.6
Department of Family Care - (12)	64.4	79.1	90.1	91.4	60.4	-	-	-	-	-
Department of Health and Human Services - (11)(14)	313.8	663.1	672.1	682.3	745.6	745.4	795.1	797.8	749.3	846.2
Total Health and Human Services	<u>1,292.8</u>	<u>1,662.9</u>	<u>1,669.5</u>	<u>1,750.3</u>	<u>1,835.5</u>	<u>1,829.8</u>	<u>1,883.2</u>	<u>1,911.4</u>	<u>1,905.8</u>	<u>2,011.1</u>
Parks, Recreation and Culture:										
Parks Division - (3)	431.3	487.2	509.5	547.5	542.2	485.5	548.0	534.8	617.8	758.9
Zoological Department	254.3	257.5	256.1	251.8	246.3	250.3	253.1	250.4	257.1	263.1
University Extension	0.8	0.8	0.8	0.8	0.8	0.8	1.0	1.0	1.0	1.0
Total Parks, Recreation and Culture	<u>686.4</u>	<u>745.5</u>	<u>766.4</u>	<u>800.1</u>	<u>789.3</u>	<u>736.6</u>	<u>802.1</u>	<u>786.2</u>	<u>875.9</u>	<u>1,023.0</u>
Totals - Budgeted - All Operating Departments	<u>4,826.5</u>	<u>5,336.4</u>	<u>5,457.1</u>	<u>5,649.5</u>	<u>5,707.5</u>	<u>5,741.4</u>	<u>6,023.3</u>	<u>6,106.8</u>	<u>6,255.3</u>	<u>6,703.5</u>
% Increase (Decrease) From Previous Year	<u>-9.56%</u>	<u>-2.21%</u>	<u>-3.41%</u>	<u>-1.02%</u>	<u>-0.59%</u>	<u>-4.68%</u>	<u>-1.37%</u>	<u>-2.37%</u>	<u>-6.69%</u>	<u>-5.25%</u>
Actual Employees Under Budgeted Employees	<u>436.5</u>	<u>607.4</u>	<u>447.1</u>	<u>431.5</u>	<u>291.5</u>	<u>319.4</u>	<u>562.3</u>	<u>536.8</u>	<u>693.3</u>	<u>823.5</u>

Department Notes:

- (1) The 2004 Budget transferred the Intergovernmental Relations Department to the County Board Office.
- (2) The 2004 Budget combined the Economic Development Department and the Housing and Community Development Department into one department.
- (3) The 2004 Budget created a new Department of Parks and Public Infrastructure (DPPI) by consolidating the services and administration of the previous parks department and the Department of Public Works.
- (4) The 2004 Budget abolished several positions due to the county-wide fiscal constraints.
- (5) The 2005 Budget transferred the security responsibilities from the Facilities Management Department to the Director's Office department.
- (6) The 2005 Budget had numerous unfunded positions, due to the smaller Capital Budget and associated reduction in workload.
- (7) The 2006 Budget transferred the Economic Development Department to the Economic and Community Development Department.
- (8) The 2007 Budget transferred the Labor Relations Department from the Human Resources Department.
- (9) The 2007 Budget transferred the Employee Benefits Department from the Human Resources Department.
- (10) The 2007 Budget transferred the security responsibilities from the Director's Office department back to the Facilities Management Department.
- (11) The 2008 Budget transferred the Home / Home Repair Voucher Program to the Housing Division in the Department of Health and Human Services.
- (12) Beginning with the 2008 Budget, the Care Management Organization was listed separately from the Department on Aging. In 2011 the Care Management Organization became its own department and is now known as the Department of Family Care.

**County of Milwaukee, Wisconsin
County Employees by Function (Actual to Budgeted)
Last Ten Years Ended December 31,**

2012 2011 2010 2009 2008 2007 2006 2005 2004 2003

Department Notes - (Cont'd):

- (13) In 2009 and prior budgets, all FTE's of the Ethics Board were budgeted in the Personnel Review Board.
- (14) The 2009 Budget dissolved the division and transferred the Block Grant Program to the Housing Division; Real Estate Services to the Director's Office; and the Development Office also to the Director's Office.
- (15) In 2009, the Sheriff's Office took responsibility for the House of Corrections. This consolidation was reflected beginning in the 2010 Budget.
- (16) In the 2009 Budget there was a major staffing change including additional positions created in the interest of airfield safety and security, airfield maintenance, and operating efficiencies.
- (17) In the 2009 Budget, the overall decrease throughout the years is due to position changes/transfers resulting from an ongoing restructuring of the Department of Transportation and Public Works.
- (18) In the 2009 budget, in order to improve the condition and sustainability of Fleet Management, maintenance operations will be administered and operated by a third-party service provider. As a result of this transition, staffing changes occurred, positions were abolished, transferred to the Airport, were unfunded.
- (19) The 2010 Budget transferred 14.0 Human Resources field staff to the departments in which they worked.
- (20) The 2010 Budget merges the County Health Programs into the Behavioral Health Division.
- (21) The 2010 Budget continued to abolish positions.
- (22) The 2010 Budget, through a veto, abolished 34.0 FTE as part of the Housekeeping privatization. These are included in the 2011 change due to the way in which the veto was sustained.
- (23) The 2012 Budget created the Department of Human Resources and included the former divisions of DAS - Employee Benefits and DAS - Human Resources. In 2010, within the DAS - Human Resources Division, 14.0 FTE Human Resources field staff were transferred to their respective Departments. The 2012 Budget reverses the 2010 transfer and moves them back to the Department of Human Resources.
- (24) The 2012 Budget created the Department of Administrative Services - Facilities Management Division. This Division now includes the Divisions of Facilities Management, Architecture Engineering & Environmental Services and Sustainability that were formerly part of the Department of Transportation.
- (25) The 2012 Budget transferred Real Estate Services & Economic Development to DAS-Economic Development from the Department of Transportation
- (26) During 2012, the Office of the Comptroller was created via Appropriation Transfer from DAS-Fiscal Affairs and Audit Department.

Source: County of Milwaukee, Wisconsin Payroll System
County of Milwaukee, Adopted Operating Budgets

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>LEGISLATIVE, EXECUTIVE, AND STAFF</u>							
<u>PROCUREMENT:</u>							
Purchase Orders	1,623	1,404	1,824	1,457	1,541	1,733	-
Formal Bids	6	35	33	83	47	63	66
Informal Bids and Quotes	40	32	44	270	159	230	55
Requests for Proposals	6	-	1	3	1	3	7
General Awards	1,245	1,340	991	1,101	1,334	1,443	1,573
<u>HUMAN RESOURCES:</u>							
Tuition Loans Processed	52	46	63	57	65	99	99
On-Line Applications Processed	14,982	26,461	26,356	40,000	7,278	-	-
Job Requisitions Requested	475	504	414	405	269	494	494
Certification Requests Processed	475	504	414	405	269	494	494
Current Positions Studied for Proper Classification	74	32	32	64	-	44	44
New Positions Studied for Proper Classification	52	31	25	9	-	18	18
<u>COURTS AND JUDICIARY</u>							
<u>REGISTER IN PROBATE:</u>							
Civil Commitments - Adult	4,659	5,280	5,673	5,419	5,278	5,283	5,172
Civil Commitments - Juvenile	1,157	1,121	972	639	472	-	-
Guardianship/Conservatorship	319	299	278	1,019	265	525	702
Protective Placement	226	326	290	287	342	297	516
Annual Review of Protective Placement	1,389	1,499	1,462	1,599	1,529	2,000	2,000
Informal Administration	931	975	1,092	1,068	1,161	1,374	1,274
Formal Administrations	90	142	147	138	137	-	-
Trusts	30	27	39	36	42	39	43
Special Administration, Summary Proceedings	388	386	315	238	233	246	244
Descent/Life Estate	4	5	6	6	6	5	10
Adult Adoption	10	17	8	13	18	15	12
Wills Deposited For Safekeeping	75	83	150	90	94	130	157
Temporary Guardianships	53	69	63	13	20	-	-
Ancillary Proceedings	4	-	3	2	3	-	-

Although ten years of statistical data is preferred, many of these statistics were tracked starting in 2006.
County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>GENERAL GOVERNMENTAL SERVICES</u>							
<u>ELECTION COMMISSION:</u>							
Elections	4	2	4	2	4	2	4
Special Elections	-	7	2	2	-	3	2
Recount Elections	-	1	2	-	-	-	-
State/County/Municipal/School Board Referendums	14	4	1	3	12	6	10
Campaign Finance Statements	199	194	182	160	167	102	140
Nomination Papers Received	45	13	11	-	37	6	12
Election Ballot Set-up/Proofing	6	5	6	4	4	7	6
Challenges to Nomination Papers/Recall Petitions	4	-	-	-	2	-	2
Recall Elections/Petitions/Hearings	2	2	-	-	-	1	6
Statistical Booklet	-	-	-	-	-	-	-
Elections Requiring Braille Ballots	6	4	3	3	4	2	6
Election Commission Meetings	6	3	3	4	1	1	8
State/County Joint Hearings	-	-	-	-	-	-	-
<u>TREASURER:</u>							
Checks Issued	78,045	77,880	78,045	95,722	97,950	215,285	246,912
Lost Checks/Stop Payments	373	370	373	567	247	350	121
Property Tax Receipts Issued	7,348	6,401	7,348	6,758	5,865	5,128	4,418
Delinquent Tax Notices Processed	3,564	1,556	3,564	11,233	4,950	6,851	7,539
Tax Forms Furnished	901,850	589,724	901,850	726,466	958,872	680,941	856,484
<u>REGISTER OF DEEDS</u>							
With Transfer Fee	10,563	9,123	10,134	12,063	12,237	16,817	21,082
Without Transfer Fee	8,491	8,096	7,845	7,968	8,619	8,186	7,764
Total Transfer Fees	6,743,946	5,035,715	5,556,137	6,455,932	8,699,611	12,822,387	13,883,135
Average Real Estate Sale Price	212,817	183,993	192,240	178,393	236,977	254,157	219,510
Foreclosures (Lis Pendens)	6,285	6,152	7,167	7,472	6,811	5,927	3,912
Wisc Commerce Department Stipulations	1,088	755	757	1,249	865	947	1,317
Total Mortgages	32,604	27,184	30,978	40,667	39,505	56,514	70,256
Assignments	11,656	7,649	8,015	9,781	9,914	12,366	15,187
Partial Release	562	1,263	780	889	1,150	1,938	2,131
Release	38,128	33,027	35,677	45,564	44,146	55,852	66,374
Land Contracts	170	185	122	138	134	126	166
Sheriff Deeds	3,457	3,168	3,053	2,879	3,086	1,602	955
Joint Tenancy Survivorship	1,534	1,452	1,431	1,518	1,557	1,654	1,824
Federal Tax Liens	1,988	2,628	3,225	2,674	3,002	2,899	2,833
Financing Statements	1,044	920	880	1,153	1,085	1,472	1,372

Although ten years of statistical data is preferred, many of these statistics were tracked starting in 2006.

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
GENERAL GOVERNMENTAL SERVICES - (Cont'd)							
REGISTER OF DEEDS - (Cont'd):							
Military Discharge	24	18	40	7	20	29	30
Electronic Recording	67,107	48,745	43,816	41,938	20,690	16,256	13,199
E-Docs % of Total Documents	51.03%	42.71%	35.66%	28.30%	14.46%	9.04%	6.42%
Total Records	131,502	114,141	123,084	148,186	143,085	179,818	205,705
Births	15,144	15,209	15,615	16,141	16,578	16,950	16,545
Marriages	4,454	4,641	4,247	4,236	4,388	4,470	4,858
Domestic Partnerships	55	56	67	201	-	-	-
Deaths	9,246	9,817	9,266	9,293	9,527	9,467	9,947
Copies Issued - Paid	94,690	91,399	91,564	86,307	90,382	101,232	100,079
Copies Issued - Free	228	523	207	298	286	201	321
Subdivision Plats No.	2	3	1	2	5	19	21
Subdivision Plats Lots	16	45	7	29	107	462	539
Condominium Plats No.	16	14	15	22	26	68	90
Condominium Plats Units	25	21	86	665	484	1,208	1,718
Copies and Images - Revenue	536,157	376,957	406,563	399,243	342,147	338,312	334,508
Recorded Documents - Revenue	1,996,870	1,730,490	1,541,419	1,535,486	1,428,209	2,052,462	2,485,049
Vital Statistics - Revenue	398,096	387,479	395,530	397,965	405,345	465,864	470,612
County Share Transfer Fees - Revenue	1,348,789	992,767	1,112,513	1,291,186	1,739,976	2,564,569	2,776,965
COUNTY CLERK:							
Marriage Licenses Issued	4,842	4,618	4,607	4,652	4,752	5,931	5,227
Domestic Partnerships Declarations Issued	53	55	74	217	started 2009		
Domestic Partnership Terminations Process	5	5	1	-	started 2009		
Marriage License/Domestic Partnerships Waivers	334	276	255	207	179	182	234
Duplicate Marriage License/Domestic Partnerships	89	64	75	76	48	51	59
Civil Marriage Ceremonies Performed	1,076	1,000	1,012	954	953	999	1,087
County Board Files Maintained	1,018	875	472	482	485	950	874
County Ordinances Published	24	21	10	18	17	22	23
County Board Proceedings Published	12	15	1,128	1,084	940	2,732	2,782
Contractor Lien Notices/Vendor Tax Levies Processed	21	48	56	45	43	37	93
Contractor Qualification Statements Approved	125	127	117	107	130	622	633
Claims Processed	260	281	314	315	346	1,703	1,486
Summons and Complaints Processed	189	180	184	158	126	1,582	1,150
Construction Bid Notices Processed	112	84	104	86	52	380	475
Legal Documents Assigned to Central Files	50	111	93	51	33	8,624	6,453
Lobbying Registrations Processed	52	54	52	46	44	64	44

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County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>GENERAL GOVERNMENTAL SERVICES - (Cont'd)</u>							
<u>COUNTY CLERK - (Cont'd):</u>							
Passport Applications Processed	962	778	778	683	578	940	187
Passport Photos Taken	570	352	367	314	282	464	110
Oaths of Office Administered	146	67	65	49	48	68	61
DNR Licenses Sold	410	325	222	331	started 2009		
Documents Notarized	5,369	5,053	4,876	5,173	4,752	4,933	5,239
Milwaukee County Transit System Tickets Sold	3,419	3,545	3,880	2,512	3,174	1,849	1,487
<u>OFFICE OF THE COMPTROLLER:</u>							
Accounts Reconciled	768	723	732	740	743	807	680
<u>PUBLIC SAFETY</u>							
<u>MEDICAL EXAMINER:</u>							
Autopsies	1,280	1,158	1,056	1,050	948	1,048	1,037
Death Certificates	1,639	1,526	1,623	1,644	1,736	1,703	1,904
Cremation Permits	3,834	3,457	3,591	3,393	3,390	3,212	3,075
Autopsy Referrals	312	172	67	-	-	-	-
Death Investigated	5,098	5,389	5,380	5,181	5,242	5,094	5,080
<u>DISTRICT ATTORNEY:</u>							
Felony Cases Filed	6,140	6,109	6,194	5,845	6,437	6,270	6,776
Misdemeanor Cases Filed	6,713	7,362	7,590	6,646	7,648	9,027	9,677
Criminal Traffic Cases Filed	2,792	2,796	3,446	5,534	6,397	6,275	8,734
CHIPS Cases Filed	1,127	1,597	1,500	1,533	1,820	1,717	1,760
Juvenile Delinquency Cases Filed	1,725	1,632	1,555	1,818	2,188	2,467	2,613
Termination of Parental Rights Cases Filed	278	312	281	346	395	285	382
<u>SHERIFF:</u>							
Traffic Citations	35,597	37,710	33,064	35,725	34,737	41,791	42,808
Auto Accidents Reported and Investigated	3,970	4,602	4,275	3,965	6,197	4,632	4,402
Background Checks (Criminal Investigations Division)	698	493	287	469	388	284	238
Criminal Complaints Issued	1,626	3,017	4,032	3,944	1,379	378	378
Writs of Restitution (Evictions)	3,261	3,078	2,821	2,807	2,783	3,340	2,927
Writs of Assistance (Foreclosures)	947	792	736	806	1,119	490	308
Temporary Restraining Orders Received	4,649	5,216	5,651	5,536	4,791	368	355
911 Phone Calls	323,754	299,517	390,367	536,404	815,542	506,503	526,085
Bookings	37,225	42,617	39,887	38,426	37,482	46,527	51,026
Number of Bailiff Posts	84	79	79	78	79	76	74

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County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>PUBLIC SAFETY - (Cont'd)</u>							
<u>SHERIFF - (Cont'd):</u>							
Open Records Requests	7,052	7,333	3,347	4,333	4,928	5,829	7,691
Civil Process Papers Served	21,437	21,592	22,418	22,851	19,952	17,270	14,496
<u>COUNTY CORRECTIONAL FACILITY - SOUTH:</u>							
Avg Daily Population - Milwaukee County Jail Overflow	409	401	696	889	618	608	664
Huber/Work Release Inmates	202	177	172	504	596	644	638
Probation and Parolees	129	98	118	132	306	250	95
Municipal Commitments	26	40	64	67	66	72	76
Sentenced Inmates	1,102	964	1,004	579	592	599	550
County Correctional Facility Central	817	874	909	898	896	886	878
Total Inmate Population	2,516	2,554	2,963	3,069	3,074	3,059	2,901
Electronic Surveillance	26	185	198	223	171	248	310
<u>PUBLIC WORKS AND HIGHWAYS</u>							
County Truck Highways Maintained (Lane Miles)	343	343	343	343	343	343	343
State Truck Highways Maintained (Lane Miles)	639	639	635	664	634	634	634
Expressways Maintained (Lanes Miles)	1,116	1,116	1,150	1,141	1,141	1,135	1,135
<u>HEALTH AND HUMAN SERVICES</u>							
<u>EMERGENCY MEDICAL SYSTEM:</u>							
Dispatches	54,478	52,087	49,491	45,920	45,353	43,554	39,362
Doctor Calls	1,325	1,235	1,398	1,320	1,426	1,468	1,054
Medical Transports	25,344	22,743	21,073	20,577	21,737	21,346	20,249
Reports	39,788	33,720	31,814	30,756	31,233	30,641	26,430
<u>AGING PROGRAMS AND SERVICES:</u>							
Senior Meals Program:							
Congregate	289,059	264,144	325,354	346,811	373,022	374,707	376,395
Home Delivered	308,070	251,254	248,838	259,151	246,650	272,883	299,119
Volunteer Hours	66,270	65,958	74,409	74,631	82,272	started 2008	
Specialized Transportation Services One-Way Rides	120,379	119,378	123,222	125,397	105,308	117,686	122,063
Participants - Senior Centers / Senior Home Delivery	9,103	8,449	6,610	6,740	6,696	7,009	7,322
Participants - Wellness Works Program	2,467	2,836	2,124	1,274	1,144	1,148	1,077
Benefit Specialist/Legal Services (In Hours)	13,695	13,389	13,058	14,256	11,679	13,848	16,017
Employment Training and Placement Svcs (Hours)	88	95	85	95	59	2,160	2,160
Information and Assistance Contact Calls 24 Hours	757	615	520	622	517	343	343
Information Inquiries	22,925	24,825	26,605	47,399	58,743	37,387	28,302

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County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
HEALTH AND HUMAN SERVICES - (Cont'd)							
AGING PROGRAMS AND SERVICES - (Cont'd):							
Long Term Care Referrals/Applications Processed	5,571	5,536	5,872	10,120	6,198	6,238	6,478
Functional Screens Performed	3,161	2,812	3,178	3,188	3,056	3,146	3,104
CARE AND MANAGEMENT ORGANIZATION (CMO):							
Family Care New Enrollees	1,447	1,510	1,895	1,616	1,198	1,392	1,389
Family Care Continual Enrollees	6,459	6,375	5,864	5,657	5,400	5,053	4,756
Family Care Dis-enrolled Clients	1,482	1,329	1,368	1,239	1,227	1,092	1,005
ECONOMIC SUPPORT DIVISION:							
Interim Disability Assistance Program	1,165	1,237	1,187	1,417	1,495	930	950
Home Energy Assistance - Total households applied	61,363	64,103	63,843	54,374	48,635	48,947	50,608
Crisis Assistance - Total households applied	20,836	17,482	22,137	19,564	13,550	29,568	21,176
DELINQUENCY AND COURT SERVICES DIVISION:							
Detention Center:							
Staffed Capacity of Juvenile Detention	109	109	109	109	109	109	109
Average Daily Population	89	88	87	95	106	100	105
Detention Admissions (Annual)	2,855	2,773	2,753	2,912	3,143	3,356	3,507
Health Assessments/MH Screens in Detention	4,397	4,040	4,024	4,576	4,810	started 2008	
Court Intake and Probation Supervision:							
Annual Delinquency/JIPS Referrals	2,485	2,514	2,470	2,741	3,425	3,771	3,917
Average Monthly Intake/Probation/Diversion Cases	1,581	1,678	1,823	2,265	3,059	3,114	2,992
POSIT/Drug/Alcohol Screens	2,573	2,530	2,680	2,634	1,819	2,053	1,724
AODA Assessments	209	229	304	363	374	419	474
Victim Notifications	2,224	2,380	2,245	2,714	3,318	2,880	3,349
Diversion Restitution Payments Processed	29	24	36	23	12	30	39
Administrative Review Panels	70	88	189	206	254	247	241
Warrants Issued	839	686	681	721	776	791	819
Probation Orientation	618	610	548	650	741	494	started 2007
Avg Monthly Youth - Delinquency and Courts Svcs	1,581	1,678	1,823	2,265	3,059	3,114	2,992
Juveniles Served by Dept of Corrections:							
Juvenile Commitments (Annual)	150	166	153	206	213	253	202
Average Daily Youth under Dept of Corrections	160	151	186	235	272	265	started 2007
Juveniles Served In Community Programs:							
Temporary Shelter Care	862	780	749	780	888	982	1,110
Level II Monitoring	910	820	775	878	1,006	997	963
First Time Juvenile Offenders Program	243	251	276	376	394	395	539
Probation Network Services	365	357	387	485	516	519	517

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**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
HEALTH AND HUMAN SERVICES - (Cont'd)							
<u>DELINQUENCY AND COURT SERVICES DIVISION - (Cont'd):</u>							
Sex Offender Program	42	41	47	73	83	79	81
Day Treatment Program	187	174	169	168	159	192	231
Foster Care	2	3	3	2	3	7	8
Group Home Care	69	73	96	106	94	90	79
RADS	-	1	15	15	started 2009		
Wraparound	627	682	719	706	705	670	581
Serious Chronic Offender Program	140	118	106	102	91	89	60
Firearm Project Program	58	91	108	108	105	130	113
Sibling/Graduate Engagement	91	101	109	99	73	started 2008	
Focus Program	72	71	76	83	80	77	101
ACE - Alternatives to Corrections Through Education	-	-	1	1	started 2009		
Milwaukee County Accountability Program	13	started 2012					
Reentry Coordination and Services	63	55	27	started 2010			
<u>DISABILITIES SERVICES DIVISION:</u>							
Adults Served by Service Bureau	285	348	2,039	2,518	2,511	2,590	2,592
Children Served by Service Bureau	9,831	10,603	5,223	4,798	4,374	4,213	3,925
Resource Center Services	33,866	20,839	24,487	15,156	17,456	14,155	13,903
Court Related Services	802	813	730	1,550	1,736	1,471	2,198
<u>HOUSING DIVISION:</u>							
Special Needs - Safe Haven (Persons/Year)	81	66	63	64	54	55	66
Special Needs - Shelter Plus Care (Persons/Year)	538	558	553	537	520	499	467
HOME/Home Repair - Number of New Loans	11	35	43	75	58	68	68
<u>BEHAVIORAL HEALTH</u>							
<u>INPATIENT SERVICES BRANCH:</u>							
Acute Adult Inpatient:							
Average Daily Census	67	80	84	89	98	99	97
Patients Served	1124	1,361	1,696	1,734	1,880	2,002	1,946
Admissions	1650	1,846	2,254	2,336	2,528	2,729	2,713
Patient Days	24586	29,098	30,805	32,573	35,917	36,069	35,259
Average Length of Stay	16	15	15	15	14	13	13
CAIS Inpatient:							
Average Daily Census	6	8	10	9	11	11	11
Patients Served	798	950	1,241	1,103	1,171	1,147	1,156
Admissions	1,152	1,343	1,601	1,551	1,584	1,557	1,519

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County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>BEHAVIORAL HEALTH - (Cont'd)</u>							
<u>INPATIENT SERVICES BRANCH - (Cont'd):</u>							
Patient Days	2,311	3,077	3,781	3,440	3,851	4,120	3,881
Average Length of Stay	2	2	2	2	3	3	3
<u>NURSING HOME SERVICES - REHABILITATION CENTERS:</u>							
Average Daily Census	130	131	132	131	139	133	135
Patients Served	157	165	150	153	163	164	158
Admissions	23	31	16	16	30	32	18
Patient Days	47,489	47,719	48,098	47,894	48,587	48,545	48,977
<u>COMMUNITY SERVICES:</u>							
Community Support Program:							
Patients Served	333	356	361	372	391	415	436
Admissions	14	35	29	10	22	30	22
Contacts (Visits)	46,957	47,453	46,657	48,515	49,810	49,203	49,728
Targeted Case Management:							
Patients Served	159	219	276	293	295	333	354
Admissions	-	11	42	61	52	54	64
Contacts (Visits)	623	8,299	8,965	9,429	9,477	11,612	12,982
Adult Day Treatment:							
Average Daily Census	17	14	13	25	18	19	17
Patients Served	64	62	67	80	100	119	139
Admissions	44	46	46	64	80	97	109
Appointments (hrs)	14,576	13,008	12,031	16,061	17,133	18,321	14,278
Visits	4,497	3,582	3,479	4,468	4,623	4,972	4,379
<u>CRISIS SERVICES:</u>							
Psychiatric Crisis Services - Admissions	12,644	13,169	13,438	12,894	12,509	12,568	13,018
Patients Served	2,406	1,652	1,680	1,785	1,973	2,164	2,258
Admissions	2,325	1,426	1,479	1,530	1,842	1,924	2,208
Appointments	6,674	5,573	5,233	5,681	6,498	7,023	6,710
Crisis Response and Respite:							
Patients Served	1,403	1,371	1,287	1,158	1,211	1,371	1,257
Admissions	1,716	1,570	1,472	1,274	1,370	1,510	1,387
Appointments	1,517	1,405	1,473	1,392	1,405	1,645	1,628
<u>ALCOHOL AND OTHER DRUG ABUSE SERVICES:</u>							
Methadone Detox	143	148	74	183	199	199	196
Inpatient Care (Detox)	3,162	2,813	3,360	3,542	3,477	3,517	3,599

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County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>BEHAVIORAL HEALTH - (Cont'd)</u>							
<u>ALCOHOL AND OTHER DRUG ABUSE SERVICES - (Cont'd):</u>							
Intake Assessments	6,334	4,860	5,153	4,727	4,235	5,712	8,120
Outpatient	3,734	3,331	3,171	3,112	2,717	3,268	4,854
Day Treatment	557	688	683	903	729	785	1,499
Day Treatment - Residential	656	711	708	727	774	701	1,191
Community Living Support Services	6,604	6,069	6,341	5,709	4,407	2,478	5,473
Recovery House Plus op/DT	360	321	334	197	144	32	7
<u>WRAPAROUND MILWAUKEE:</u>							
Average Census	1,059	945	942	905	841	679	680
Patients Served	3,246	3,400	3,521	3,492	2,904	3,240	2,449
Admissions	1,171	874	898	829	874	692	586
Patient Contacts	3,506	4,165	7,432	4,376	4,616	3,400	4,493
Hospital Diversions	961	1,404	1,511	1,236	1,244	800	1,005
<u>PARKS, RECREATION, AND CULTURE</u>							
<u>ZOO:</u>							
Zoo Attendance - Adults	387,308	367,234	379,418	383,982	434,754	419,486	423,417
Zoo Attendance - Junior	159,736	168,637	185,729	186,930	206,743	209,847	217,978
Zoo Attendance - Free	785,351	697,348	701,168	720,330	672,786	668,508	662,688
Zoo Attendance - Total	1,332,395	1,233,219	1,266,315	1,291,242	1,314,283	1,297,841	1,304,083
<u>PARKS:</u>							
Facilities Rentals:							
Picnic with/without Shelters	3,178	3,029	2,960	3,089	2,910	3,551	3,892
Buildings	1,872	1,744	2,085	1,998	2,033	2,264	2,769
Lodges	83	53	45	27	102	115	178
Pools Rentals	40	39	49	41	61	65	76
Marina Slip Rentals	635	664	659	644	677	683	679
Special Event Permits	360	339	272	267	259	243	273
Rounds of Golf	314,715	288,953	315,455	302,262	302,067	333,142	347,067
Pool Attendance	352,134	321,749	348,547	251,447	204,199	265,770	283,475

Although ten years of statistical data is preferred, many of these statistics were tracked starting in 2006.
County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Operating Indicators by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>BUSINESS - TYPE ACTIVITIES</u>							
<u>TRANSIT/PARA TRANSIT:</u>							
Buses Assigned	415	416	422	483	483	483	483
Buses Operated	333	341	345	394	392	431	431
Bus Miles Traveled	17,369,735	17,107,116	17,480,728	17,958,867	18,098,521	18,494,513	18,934,841
Bus Hours Driven	1,331,216	1,298,644	1,318,050	1,346,998	1,345,685	1,376,762	1,419,603
Revenue Passengers	37,372,333	38,075,651	37,534,911	39,405,363	43,165,472	42,531,691	46,627,247
Transit Plus Ridership	572,146	876,494	1,106,708	1,170,456	1,121,848	1,091,823	1,032,970
<u>AIRPORT:</u>							
Passengers Served	7,515,070	9,522,456	9,848,377	7,946,562	7,956,968	7,713,144	7,299,294
Carriers - Commercial	8	9	10	12	12	12	12
Runways	5	5	5	5	5	5	5
Acreage	2,386	2,386	2,386	2,386	2,386	2,386	2,386
Daily Departures/Arrivals	270	431	525	420	380	410	440
Aircraft Operations	133,366	173,017	191,553	169,693	183,278	244,836	255,515
Revenue Landing Weight (in 1,000 lbs)	5,024,172	6,237,622	6,550,879	5,552,988	5,871,753	5,728,235	5,701,137
Air Freight (in 1,000 lbs)	156,582	165,583	171,123	147,390	183,478	187,352	194,110

Although ten years of statistical data is preferred, many of these statistics were tracked starting in 2006.
County of Milwaukee, Wisconsin

**County of Milwaukee, Wisconsin
Capital Asset Statistics by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>LEGISLATIVE, EXECUTIVE AND STAFF</u>							
<u>COUNTY BOARD</u>							
Vehicles - Cars, Vans, SUVs, Pickup Trucks	1	-	-	-	-	-	-
<u>OFFICE FOR PERSONS WITH DISABILITIES:</u>							
Vehicles - Cars, Vans, SUVs, Pickup Trucks	1	1	1	1	1	1	1
<u>INFORMATION MANAGEMENT SERVICES:</u>							
Vehicles - Cars, Vans, SUVs, Pickup Trucks	2	3	3	3	3	3	1
<u>GENERAL: (1)</u>							
Buildings	4	4	4	4	4	4	4
<u>FACILITIES MANAGEMENT (2)</u>							
Buildings	6	-	-	-	-	-	-
Electrical Substation	2	-	-	-	-	-	-
Loaders and Attachments	3	-	-	-	-	-	-
Mowers and Attachments	7	-	-	-	-	-	-
Pump House	1	-	-	-	-	-	-
Snow Plows and Attachments	12	-	-	-	-	-	-
Spreaders and Attachments	5	-	-	-	-	-	-
Sweepers, Cleaners and Attachments	3	-	-	-	-	-	-
Tractors	2	-	-	-	-	-	-
Trucks - over 13,000 lb. gross vehicle weight	2	-	-	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	34	-	-	-	-	-	-
Water Towers and Reservoirs	5	-	-	-	-	-	-
<u>PUBLIC SAFETY</u>							
<u>MEDICAL EXAMINER:</u>							
Vehicles - Cars, Vans, SUVs, Pickup Trucks	3	3	5	5	5	5	5
<u>DISTRICT ATTORNEY:</u>							
Vehicles - Cars, Vans, SUVs, Pickup Trucks	11	16	19	19	19	18	18
<u>SHERIFF:</u>							
Ambulance	2	2	1	1	1	1	1
Bomb Trucks	1	1	1	1	1	1	1
Generator	1	1	1	1	1	1	1
Squad Cars	84	93	80	71	69	62	60
Vehicles - Cars, Vans, SUVs, Pickup Trucks	99	99	98	99	103	103	101

**County of Milwaukee, Wisconsin
Capital Asset Statistics by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>PUBLIC SAFETY - (Cont'd)</u>							
<u>COUNTY CORRECTIONAL FACILITY - SOUTH:</u>							
Barn --- (note silos below)	1	1	1	1	1	1	1
Buildings	12	12	12	12	12	13	13
Chicken Coop	1	1	1	1	1	1	1
Creamery	1	1	1	1	1	1	1
Fuel Storage Tanks	2	2	2	2	2	2	2
Garages	2	2	2	2	2	2	2
Greenhouses	1	1	1	1	1	1	1
Kennels	1	1	1	1	1	1	1
Loaders and Attachments	2	2	2	2	2	2	2
Pump Houses	2	2	2	2	2	2	2
Silos --- (attached to Barn listed above)	4	4	4	4	4	4	4
Toll Booths and Sheriff Check-In	2	2	2	2	2	2	2
Miscellaneous Equipment	3	3	3	3	3	3	3
Mowers and Attachments	3	3	3	3	3	3	3
Spreaders	1	1	1	1	1	1	1
Tractors	6	6	6	6	6	6	6
Trailers	1	1	1	1	1	1	1
Vehicles - Cars, Vans, SUVs, Pickup Trucks	35	40	40	43	44	44	44
Warehouses, Storage Buildings and Sheds	12	12	12	12	12	12	12
Water Towers	1	1	1	1	1	1	1
<u>PUBLIC WORKS AND HIGHWAYS (2)</u>							
Aerial Lifts and Buckets	7	9	6	6	6	6	6
Air Compressors	11	11	11	11	11	11	11
Asphalting Equipment	13	16	16	15	16	16	16
Buildings	1	9	9	9	9	9	9
Cranes and Attachments	6	5	5	5	5	5	5
Fork Lifts and Attachments	9	8	8	8	9	9	9
Garages	7	7	7	7	7	7	7
Liquid Calcium Applicators	49	54	63	64	49	43	39
Loaders and Attachments	11	17	20	24	24	21	21
Mowers and Attachments	27	40	39	41	39	39	39
Other Miscellaneous Road Working Equipment	17	16	16	16	13	13	13
Snow Plows and Attachments	187	186	213	193	204	187	176
Spreaders and Attachments	91	99	133	113	115	109	105
Sweepers, Cleaners and Attachments	16	21	20	21	23	23	23
Tractors	12	18	17	18	21	21	21
Trucks - over 13,000 lb. gross vehicle weight	100	119	133	125	102	96	92
Vehicles - Cars, Vans, SUVs, Pickup Trucks	29	72	140	86	81	71	68
Water Pumps and Tanks	8	8	8	8	9	9	9
Warehouses, Storage Buildings and Sheds	14	14	14	14	14	14	14

**County of Milwaukee, Wisconsin
Capital Asset Statistics by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>HEALTH & HUMAN SERVICES</u>							
Buildings (4)	13	8	8	8	7	7	2
Recreational Centers	2	2	2	2	2	2	2
Senior Centers	6	6	6	6	6	6	6
Sheds	3	3	3	3	3	3	2
Vehicles - Cars, Vans, SUVs, Pickup Trucks	24	29	33	34	34	34	24
Wading Pools	1	1	1	1	1	1	1
Wheelchair Accessible Vans	-	1	1	1	1	1	1
<u>PARKS, RECREATION AND CULTURE</u>							
<u>PARKS:</u>							
Band Shells and Amphitheater	3	3	3	3	3	3	3
Barns and Silos	5	5	5	5	5	5	5
Bathhouses	15	15	15	15	16	14	14
Bathhouse / Pavilions	27	27	27	27	27	27	27
Boat Launches	1	3	3	3	3	3	3
Boathouses	3	4	3	3	3	3	3
Booths	14	14	14	14	14	14	14
Buildings	132	131	131	128	128	128	128
Comfort Stations	27	27	27	27	27	27	27
Community Centers	3	3	3	3	3	2	2
Concession Stands	4	4	4	4	4	5	5
Dam and Dam Dugout	2	2	2	2	2	2	2
Gazebos	3	3	3	3	2	2	2
Golf Clubhouses	14	15	15	15	15	15	15
Golf Courses	15	15	15	15	15	15	15
Golf Dome	1	1	1	1	1	1	1
Greenhouse at Mitchell ParkGazebos	1	-	-	-	-	-	-
Harvesters	8	7	7	7	7	7	7
Hoppers	5	5	5	5	5	5	5
Houses and Lodges	11	11	11	11	11	13	13
Indoor Baseball Facilities	1	1	1	1	1	1	1
Lighthouse	1	1	1	1	1	1	1
Loaders and Attachments	21	24	25	27	27	27	27
Miscellaneous Equipment	41	51	54	54	56	55	52
Mowers and Attachments	107	72	78	58	61	27	25
Nature Preserves and Gardens	4	4	4	4	4	4	4
Parking Structures & Garages	8	8	8	8	8	8	8
Parks and Parkways (3)	156	147	147	147	147	147	147
Pavilions	30	30	30	30	30	30	30
Pools	15	15	15	15	18	18	18
Pump Houses	11	11	11	11	9	9	9
Recreation Buildings	4	4	4	4	4	4	4
Scooters	14	17	17	20	20	20	19
Shelters	32	32	32	32	32	35	35
Ski Chalets	1	1	1	1	1	1	1
Snow Plows, Equipment and Attachments	130	129	113	109	118	118	118
Spreaders and Attachments	67	67	58	50	50	50	50
Storage Containers	5	5	5	5	5	5	5
Storage Sheds	106	107	107	107	107	101	101
Sweepers	6	6	6	6	7	7	7
Tractors	4	18	16	18	16	14	13

**County of Milwaukee, Wisconsin
Capital Asset Statistics by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>PARKS, RECREATION AND CULTURE - (Cont'd)</u>							
<u>PARKS:</u>							
Trailers	10	8	8	8	8	8	8
Trucks - over 13,000 lb. gross vehicle weight	29	29	24	28	32	31	31
Vehicles - Cars, Vans, SUVs, Pickup Trucks	136	138	147	142	149	150	150
Wading Pools	36	36	36	36	38	36	36
Walkway Bridge	1	1	1	1	1	1	1
Water Playgrounds & Splash Pads	5	5	5	5	5	5	5
Weed Sprayers and Attachments	24	24	24	24	23	23	23
<u>ZOO:</u>							
Animal Dens	4	4	4	4	4	4	4
Animal Exhibits	6	6	6	6	6	5	5
Animal Islands	1	1	1	1	1	1	1
Animal Overlooks	2	2	2	2	2	2	2
Animal Petting Rings	1	1	1	1	1	1	1
Aviaries and Pheasantries	5	5	5	5	5	5	5
Barns	12	12	12	12	12	10	10
Boat Landings	1	1	1	1	1	1	1
Booths	16	16	16	16	16	16	16
Buildings	36	36	36	36	36	32	32
Carousels	1	1	1	1	1	1	1
Catch Basin Cleaner	1	1	1	1	1	1	1
Chick Hatchery	1	1	1	1	1	1	1
Clubhouses	1	1	1	1	1	1	1
Comfort / Concession Stations	8	8	8	8	8	8	8
Electrical Substation	1	1	1	1	1	1	1
Entrance Kiosks	3	3	3	3	3	3	3
Farm Entry Structures	1	1	1	1	1	1	1
Garages	1	1	1	1	1	1	1
Gazebos	3	3	3	3	3	3	3
Loaders and Attachments	2	4	3	3	3	3	3
Observation Decks	2	2	2	2	2	1	1
Parking Lot	1	1	1	1	1	1	1
Photovoltaic Solar Systems	2	2	2	2	2	2	2
Pools	1	1	1	1	1	2	2
Pump Houses	2	2	2	2	2	1	1
Roadway Sweeper	1	1	1	1	1	1	1
Sheds	7	7	7	7	7	8	8
Shelters	4	4	4	4	4	4	4
Snow Plows	7	8	8	6	5	5	4
Spreaders and Attachments	3	3	3	3	4	4	3
Stages	2	2	2	2	2	2	2
Standalone Bleachers	2	2	2	2	2	2	2
Storage Containers	7	7	7	7	7	7	7
Theaters with Bleachers	2	2	2	2	2	2	2
Train Depot and Crossing Shacks	4	4	4	4	4	4	4
Train Locomotive Engines	4	4	4	4	4	4	4
Trucks - over 13,000 lb. gross vehicle weight	2	2	2	3	3	3	3
Vehicles - Cars, Vans, SUVs, Pickup Trucks	22	18	22	28	29	29	26
Wishing Well	1	1	1	1	1	1	1

**County of Milwaukee, Wisconsin
Capital Asset Statistics by Function
For the Seven Years Ended December 31,**

	2012	2011	2010	2009	2008	2007	2006
<u>BUSINESS - TYPE ACTIVITIES</u>							
<u>TRANSIT / PARA TRANSIT:</u>							
Buildings	16	16	16	16	16	16	16
Bus Waiting Stations	3	3	3	4	4	4	4
Sheds	1	1	1	1	1	1	1
Shelters	2	2	2	2	2	2	2
<u>AIRPORT:</u>							
Air Traffic Control Towers	2	2	2	2	2	2	2
Buildings - (5)	73	73	46	46	45	46	46
Bus / Lot Shelters	8	8	8	8	8	6	8
Cargo Carriers	3	3	3	3	3	2	2
Combo Units	12	12	12	12	2	-	-
Crash and Rescue Facility	1	1	1	1	1	1	1
Entrance / Exit Helix	2	2	2	2	2	2	2
Fire Trucks	5	5	5	5	6	4	4
Hangars	16	16	25	25	25	25	25
Hydrant Fuel System	1	1	1	1	1	1	1
Kennels	1	1	2	2	2	2	2
Liquid Calcium Applicators	4	4	4	4	4	4	4
Loaders and Attachments	21	22	22	22	24	20	20
Miscellaneous Equipment	33	20	15	11	9	9	8
Mowers and Attachments	28	26	26	25	24	21	21
Parking Structures	1	1	1	1	1	1	1
Pump Houses	2	2	2	2	2	2	2
Remote Transmitter	1	1	1	1	1	1	1
Runway Brooms, Sweepers and Attachments	13	11	10	10	11	11	11
Snow Plows and Attachments	51	52	54	50	44	43	37
Spreaders, Deicers, Salters and Attachments	18	18	19	19	19	18	18
Surface Friction Tester	1	1	1	1	1	1	1
Taxi Stop Boxes	1	1	1	1	1	1	1
Teller Boxes	3	3	3	3	3	3	3
Terminals and Concourses	5	5	5	5	5	5	5
Toll Booths	12	12	12	12	12	12	12
Tractors	7	7	7	8	9	9	9
Trailers	4	2	1	1	1	1	1
Trucks - over 13,000 lb. gross vehicle weight	36	32	32	34	32	31	27
Vehicles - Cars, Vans, SUVs, Pickup Trucks	69	70	63	50	47	46	37
Warehouses, Storage Buildings and Sheds - (5)	52	52	19	19	19	19	19

- (1) Inventory shows these items under Public Safety, however, these buildings are owned and operated under Facilities Management. They are highlighted separately to maintain inventory tracking.
- (2) Facilities Management transferred from the Department of Transportation to the Department of Administrative Services in 2012. Facilities Management's 2012 balances are being shown as per the appropriate documents, however, 2006-2011 data is being presented as per previous statistical sections in Public Works. The actual inventory numbers still reside in Public Works data.
- (3) Parks & Parkways --- increase in 2012 due to updated data from Department.
- (4) Reclass of CATC Buildings from 1 to 6 separate buildings, reclass of City Campus from 1 to 4 buildings and recognition that Gamex buildings were sold to UWM.
- (5) Increases in 2011 due to buildings available for use from the 440th Air Force Reserve Station acquisition made in 2010.