

To the Board of Supervisors
of the County of Milwaukee, Wisconsin

We have completed our audit of the financial statements of the County of Milwaukee, Wisconsin for the year ended December 31, 2011, and have issued our report thereon dated July 31, 2012. This letter presents communications required by our professional standards.

A separate letter was issued to the Pension Audit Committee of the Employees' Retirement System of the County of Milwaukee. The information contained in that letter is not included with this letter.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

The objective of a financial statement audit is the expression of an opinion on the financial statements. We and other auditors conducted the audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, OMB Circular A-133 and the State Single Audit Guidelines. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Board of Supervisors of their responsibilities.

Other auditors considered internal control over compliance with requirements that could have a direct and material effect on a major federal or major state program in order to determine their auditing procedures for the purpose of expressing their opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.

As part of obtaining reasonable assurance about whether the County of Milwaukee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133 and the State Single Audit Guidelines, other auditors examined, on a test basis, evidence about the County of Milwaukee's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the State Single Audit Guidelines applicable to each of its major federal and major state programs for the purpose of expressing an opinion on the County of Milwaukee's compliance with those requirements. While their audit provides a reasonable basis for their opinion, it does not provide a legal determination on the County of Milwaukee's compliance with those requirements.

Other auditors have issued a separate document which contains the results of their audit procedures to comply with OMB Circular A-133 and the State Single Audit Guidelines.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in County prepared documents, except for official statements related to debt offerings. In accordance with our professional services agreement with the County of Milwaukee, we have been engaged to perform a post audit review of the official statements issued during the year related to each debt offering. As a result of the procedures performed, nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated July 28, 2011.

QUALITATIVE ASPECTS OF THE COUNTY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our professional services agreement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Milwaukee are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County of Milwaukee changed accounting policies related to the accounting and reporting of fund balance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

Except as previously identified, we noted no transactions entered into by the County of Milwaukee during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

QUALITATIVE ASPECTS OF THE COUNTY'S SIGNIFICANT ACCOUNTING PRACTICES (continued)

Accounting Estimates (continued)

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels and analysis of the collectivity of individual amounts.
- Management's estimate of the incurred but not reported (IBNR) health related, worker's compensation and other insurance claims is based on historical expenses, historical claims and estimates provided by the third party claims administrator.
- Management's estimate of the unfunded claims and judgments, landfill postclosure costs, pollution remediation costs and compensated absences are based on historical expenses, historical claims, estimates provided by third parties and judgments made by management as to the probability of ultimate payment of these liabilities.
- Management's estimate of the Milwaukee County Retirement System's and the Milwaukee Transport Services Transport Employees Pension Plan's actuarial value of plan assets and the actuarial accrued liability which generates the net funded status of the plan, as well as impacting the annual required contribution is based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, projected salary increases, mortality and certain cost amortization periods.
- Management's estimate of the Milwaukee County Other Post Employment Benefit Plan and the Milwaukee Transport Services Other Post Employment Benefit Plan's actuarial accrued liabilities which impacts the annual required contributions are based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain cost amortization periods.

We have evaluated the key factors and assumptions used in developing the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

AUDIT ADJUSTMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

A summary of uncorrected financial statement misstatements is attached. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter is attached.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the County of Milwaukee that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the County for the year ended December 31, 2011, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, that we are, in our professional judgment, independent with respect to the County of Milwaukee and provided no services to the County of Milwaukee other than the audit of the current year's financial statements and nonaudit services related to a project for the Select Committee on Deferred Compensation and a project to conduct an assessment of how total compensation for selected County positions compared to other public and private employers in the Milwaukee Metropolitan region, which in our judgment does not impair our independence.

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Milwaukee's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Supervisors and management and is not intended to be, and should not be, used by anyone other than the specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 31, 2012

COUNTY OF MILWAUKEE

Summary of Passed Adjusting Journal Entries
 December 31, 2011
 (In Thousands)

	Financial Statements Effect - Increase (Decrease) to Financial Statement Total				
	Total Assets	Total Liabilities	Excess of Revenue over Expenses		
			Current Year Effect of Prior Year Reversing Passed Adjusting Journal Entries	Current Year Passed Adjusting Journal Entries	Total
Government-wide Financial Statements					
Governmental Activities	\$ -	\$ (164)	\$ 648	\$ 164	\$ 812
Business-Type Activities	-	(30)	171	30	201
Fund Financial Statements					
General Fund	-	117	535	(117)	418
Debt Service Fund	-	-	-	-	-
Capital Projects Fund	-	-	300	-	300
Airports Fund	-	51	171	(51)	120
Transit Fund	-	(81)	-	81	81
Remaining Funds	1,044	1,720	203	(676)	(473)

COUNTY OF MILWAUKEE

**Schedule of Unrecorded Proposed Audit Adjustments
December 31, 2011
(In Thousands)**

Type/Fund/Account Description	Debits	Credits
<u>Governmental Activities</u>		
General Fund		
Accounts Payable	\$ 1,090	
Expenditures		\$ 1,090
(To adjust for 2012 expenditures recorded as 2011 payable)		
Deferred Revenue	1,516	
Revenue		1,516
(To adjust for revenue available in 2011)		
Revenue	177	
Deferred Revenue		177
(To adjust for revenue not available until 2012)		
Expenditures	2,546	
Accrued Liabilities		2,546
(To accrue for 2011 expenditures expected to be paid in 2012)		
Internal Service Fund		
Accounts Payable	104	
Expenditures		104
(To adjust for 2012 expenditures recorded as 2011 payable)		
<u>Business Type Activities</u>		
Airport		
Expenses	51	
Accounts Payable		51
(To accrue for 2011 expenses paid in 2012)		
Transit		
Long-term Liabilities	81	
Expenses		81
(To adjust for future year expense recorded in 2011)		
<u>Fiduciary Funds</u>		
Agency Fund		
Agency Deposits Payable	121	
Cash Deposits		121
(To record variance in carrying value of deposits)		
Accounts Receivable	1,165	
Agency Deposits Payable		1,165
(To accrue for 2011 receivables collected in 2012)		
Pension Trust Fund		
Expenses	780	
Accounts Payable		780
(To accrue for 2011 expenses paid in 2012)		



MILWAUKEE COUNTY EXECUTIVE CHRIS ABELE

Milwaukee County

DEPARTMENT OF ADMINISTRATIVE SERVICES

July 31, 2012

Baker Tilly Virchow Krause, LLP
115 South 84th Street, Suite 400
Milwaukee, WI 53214

To Whom It May Concern:

We are providing this letter in connection with your audit of the basic financial statements of the County of Milwaukee, Wisconsin as of December 31, 2011, and for the year then ended for the purpose of expressing an opinion as to whether the financial statements 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, and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America.

We acknowledge our responsibility for adopting sound accounting policies for establishing and maintaining internal control that will, among other things, record, process, summarize and report transactions consistent with management's assertions embodied in the financial statements. This includes a responsibility for (1) preventing, deterring, and detecting fraud, which includes fraudulent financial reporting and misappropriation of assets, and (2) identifying and ensuring the County of Milwaukee, Wisconsin complies with the laws and regulations applicable to its activities.

Certain representations in this letter are described as being limited to matters that are material. We are aware that, as described in the Statement of Financial Accounting Concepts No. 2, *Qualitative Characteristics of Accounting Information*, the omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit of the basic financial statements referred to above:

1. The financial statements referred to above are fairly presented in conformity with the accounting principles generally accepted in the United States of America. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
2. We have made available to you all financial records and related data including minutes of the meetings of the County of Milwaukee Board of Supervisors.
3. There have been no communications from regulatory agencies or lenders concerning noncompliance with, or deficiencies in financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the basic financial statements, or the schedule of expenditures of federal and state awards.
5. We understand that as part of your audit, you brought to our attention various matters that required an adjustment of the underlying records for the financial statements. We acknowledge that we have reviewed those matters and have prepared and recorded corresponding adjustments, which have been included in our financial statements.
6. You have also brought to our attention misstatements which remain uncorrected at December 31, 2011 and which are summarized in the accompanying schedule. The effects of those uncorrected misstatements are not material, both individually and in the aggregate, to the basic financial statements taken as a whole.
7. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
8. There has been no fraud involving management or employees who have significant roles in internal control, or fraud involving others that could have a material effect on the basic financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud, affecting the entity, received in communications from employees, former employees, analysts, regulators or others except for the issues discussed with our representatives, Mr. John Barrett, Clerk of Circuit Court, Mr. Joe Czarnezki, County Clerk and Mr. Jerry Heer, Director of Audits on Friday July 20, 2012 regarding process servers, the Thomas Bielinski case, withheld vendor payments due to liens against the vendor and the individual who has been banned from the Milwaukee County parks system.
10. The County of Milwaukee, Wisconsin has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.

11. The following, if any, have been properly recorded or disclosed in the basic financial statements:
 - a. Related party transactions, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral), and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the County is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, Disclosure or Certain Significant Risks and Uncertainties. [Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.]. We believe the estimates and concentrations are reasonable in the circumstances, consistently applied and adequately disclosed.
 - d. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances collateral agreements or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - e. Agreements to repurchase assets previously sold.
12. We are responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives including legal and contractual provisions for reporting specific activities in separate funds.
13. There are no –
 - a. Violations or possible violations of budget ordinances, grant contract provisions, laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on non-compliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c. Other liabilities or gain or loss contingencies (including those relating to oral guarantees) that are required to be accrued or disclosed by generally accepted accounting principles.
 - d. Nonspendable, restricted, committed or assigned fund balance that were not properly authorized and approved.
 - e. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - f. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
14. The County of Milwaukee, Wisconsin has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed to you.
15. You have been informed of all communications from lenders regarding the valuation of collateral required to be maintained under the County of Milwaukee, Wisconsin's borrowing arrangements.

16. The County of Milwaukee, Wisconsin has complied with all aspects of laws, regulations and contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance.
17. We have followed all applicable laws and regulations in adopting, approving and amending budgets.
18. The financial statements include all component units, as well as, joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations. The County had no joint ventures as of December 31, 2011.
19. The accounting records underlying the basic financial statements accurately and fairly reflect, in reasonable detail, the transactions of the County of Milwaukee, Wisconsin.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
28. We have disclosed to you all potential derivative financial instruments such as contracts that could be assigned to someone else or not settled, interest rate swaps, collars or caps.
29. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

30. We have appropriately disclosed the County of Milwaukee, Wisconsin's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy. We have also disclosed our policy regarding how restricted and unrestricted fund balance is used when an expenditure is incurred for which both restricted and unrestricted fund balance is available, including the spending hierarchy for committed, assigned, and unassigned amounts.
31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
32. We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules and other supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements and schedules and other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund financial statements and schedules and other supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
33. We assume responsibility for, and agree with, the findings of specialists in evaluating the incurred but not reported insurance claims, the actuarial accrued pension liabilities and the other post employment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
34. Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
35. All adjustments for the year, transfers between, or increases in appropriations for all departments, and all such resolutions affecting the same, when required, were properly approved by the Board of Supervisors.

36. We have a process to track the status of audit findings and recommendations.
37. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of this audit being undertaken and the corrective actions taken to address significant findings and recommendations.
38. We have provided our views on reported findings, conclusions and recommendations, as well as our planned corrective actions, for our report.
39. Federal and State grants received by the County of Milwaukee, Wisconsin are subject to audit and adjustment by grantor agencies. If grant revenues are received for expenditures that are subsequently disallowed, the County of Milwaukee, Wisconsin may be required to repay the revenues. In the opinion of management, liability resulting from such disallowed expenditures, if any, will not be material to the basic financial statements at December 31, 2011.
40. We are responsible for the County of Milwaukee, Wisconsin's compliance with laws, regulations, and the provisions of contracts and grant agreements related to each of its federal and state programs.
41. We are responsible for complying, and have complied, with the requirements of Single Audit Act Amendments of 1996, OMB Circular A-133 and the State Single Audit Guidelines, including the accuracy and completion of the Data Collection Form.
42. We have adopted and maintained an internal control system to provide reasonable assurance that financial awards programs are administered in accordance with applicable laws and regulations and provisions of contracts and grant agreements. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control system to the date of this letter, that might significantly effect internal control.
43. We have prepared the schedule of expenditures of federal and state awards in accordance with Circular A-133 and the State Single Audit guidelines, and have included expenditures made during the period being audited for all awards provided by federal and state agencies in the form of grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
44. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence that have taken place with federal or state agencies or pass-through entities and are related to our departments' federal or state programs.
45. We have monitored subrecipients to determine that the subrecipients expended financial awards in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133 and State Single Audit Guidelines. (not applicable to grants administered by DAS).

- 46 We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal or state awards, including the results of other audits or program reviews (not applicable to grants administered by DAS).
- 47 For our departments grants, federal and state program financial reports and claims advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal and state awards.
48. When applicable, amounts claimed or used for matching, were determined in accordance with OMB Circular A-87 and A-102.
49. We have accurately completed the appropriate sections of the data collection form for our grants.
50. We have accurately completed the arbitrage liability requirement in accordance with IRS rules and regulations.
51. We have reasonably allocated the sick leave, pension and other post employment liabilities between the governmental and proprietary funds.
52. Intergovernmental receivables from government-mandated and voluntary non-exchange transactions in the amount of \$42 million as of December 31, 2011 have been recognized as revenues because they meet the requirements under Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-exchange Transactions. Specifically, these revenues are recorded when: (1) all applicable eligibility requirements are met and (2) the resources are available. Available is defined as "collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period."
53. In accordance with GASB No. 33, we have established a policy that revenues from government-mandated and voluntary non-exchange transaction are considered available if: (1) collected within 90 days after year-end or (2) collected subsequent to 90 days after year-end to the extent the amount collected after 90 days is used to pay liabilities of the current period.
54. The County has committed to contribute \$30 million to the Employees' Retirement System (ERS) for 2011 of which \$30 million had not been paid, but was accrued at December 31, 2011. The ARC (Annual Required Contribution) for 2011 is equal to the committed contribution of \$30 million. There is no contribution deficiency for 2011. The net pension obligation at the end of 2008 has been funded with proceeds from pension obligation bonds. The proceeds from the pension obligation bonds and a lawsuit settlement have resulted in a net pension asset of \$413,315,000, which we have reflected in the Government-wide Statement of Net Assets at December 31, 2011.
55. Adequate consideration has been given to, and appropriate provisions made for, estimated adjustments to health care revenues.

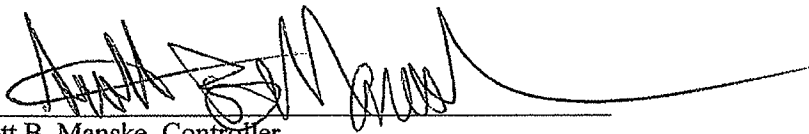
56. All requisite Medicare, Medicaid and similar reports have been properly filed. Management is responsible for the accuracy and propriety of all cost reports filed. The reimbursement methodology and principals employed are in accordance with applicable rules and regulations.
57. All peer review organizations, fiscal intermediary, and third party pay or reports and information have been made available.
58. No events, including instances of non-compliance have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.



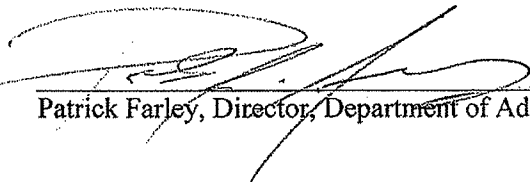
Chris Abele, County Executive*



Craig Kammholz, Fiscal and Budget Administrator**
Department of Administrative Services



Scott B. Manske, Controller



Patrick Farley, Director, Department of Administrative Services*

* During the course of your audit, we have informed you of certain matters that based upon orders of the court and/or ongoing investigations we are not free to discuss, but which will not have a major financial impact on the County.

** My representation is only made from my hire date with Milwaukee County, March 19, 2012.