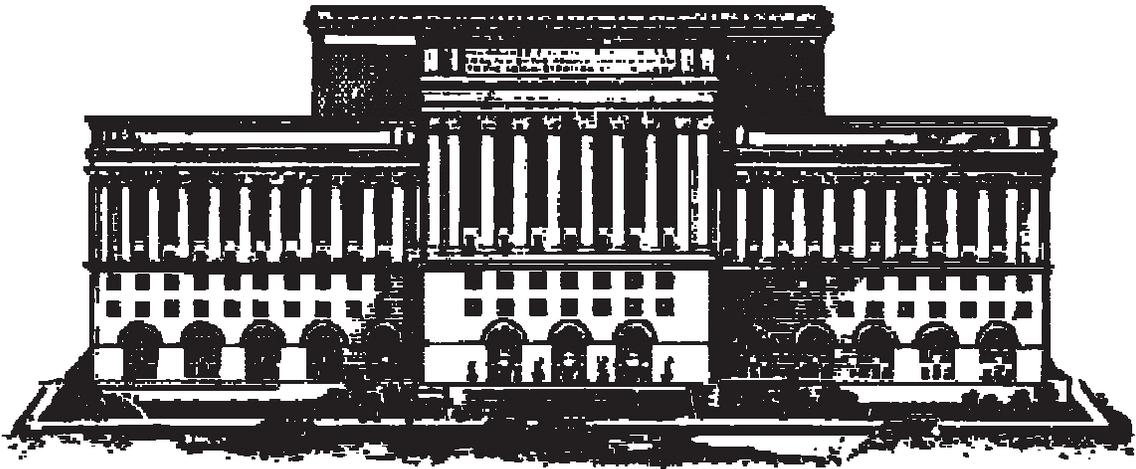


**COUNTY OF
MILWAUKEE, WISCONSIN**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

County of Milwaukee
Milwaukee, Wisconsin

As of and For the Year Ended
December 31, 2017

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

www.county.milwaukee.gov

COUNTY OF MILWAUKEE, WISCONSIN
Table of Contents
As of and For the Year Ended December 31, 2017

<u>I. INTRODUCTORY SECTION (Unaudited)</u>	<u>PAGE</u>
Letter of Transmittal.....	2
GFOA Certificate of Achievement for Excellence in Financial Reporting for 2016.....	23
Organizational Chart.....	24
List of Principal Officials and Committees.....	25
<u>II. FINANCIAL SECTION</u>	
Independent Auditors' Report.....	29
Management's Discussion and Analysis (Unaudited) - Required Supplementary Information.....	32
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	53
Statement of Activities.....	56
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet.....	57
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	58
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	59
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	60
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - General Fund.....	61
Proprietary Fund Financial Statements:	
Balance Sheet.....	62
Statement of Revenues, Expenses and Changes in Net Position.....	64
Statement of Cash Flows.....	65
Fiduciary Fund Financial Statements:	
Statement of Net Position.....	67
Statement of Changes in Net Position - Pension Trust Fund.....	68
Component Unit Financial Statements:	
Combining Balance Sheet.....	69
Combining Statement of Revenues, Expenses and Changes in Net Position.....	70

COUNTY OF MILWAUKEE, WISCONSIN

Table of Contents As of and For the Year Ended December 31, 2017

II. FINANCIAL SECTION (cont'd)	PAGE
NOTES TO THE BASIC FINANCIAL STATEMENTS:	
Note 1 - Summary of Significant Accounting Policies.....	72
Note 2 - Stewardship, Compliance and Accountability.....	90
Note 3 - Deposits and Investments.....	91
Note 4 - Receivables.....	105
Note 5 - Capital Assets.....	106
Note 6 - Interfund Transfers.....	116
Note 7 - Leases.....	116
Note 8 - Long-Term Liabilities.....	118
Note 9 - Net Position.....	127
Note 10 - Risk Management.....	128
Note 11 - Related Party Transactions.....	129
Note 12 - Subsequent Events.....	131
Note 13 - Commitments and Contingencies.....	131
Note 14 - Other Post-Employment Benefits.....	132
Note 15 - Employee Retirement System and Pension Plans.....	138
Note 16 - Pending Governmental Accounting Standards.....	155
REQUIRED SUPPLEMENTARY INFORMATION:	
Notes to the Required Supplementary Information.....	159
Schedule of Changes in Net Pension Liability - ERS Pension Plan.....	160
Schedule of Changes in Net Pension Liability - OBRA Pension Plan.....	161
Schedule of Changes in Net Pension Liability - Transit System Pension Plan.....	162
Schedule of Employer Contributions - Single Employer Plans.....	163
Schedule of Funding Progress - OPEB.....	164
Schedule of Employer Contributions - OPEB.....	164
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:	
Budgetary Comparison Schedules:	
Statement of Revenues, Expenditures/Expenses and Changes in Fund Balances/Net Position-Budget & Actual:	
General Fund - (Non-GAAP Budgetary Basis).....	167
Debt Service Fund.....	169
Capital Projects Fund - (Non-GAAP Budgetary Basis).....	170
Airports Enterprise Fund - (Non-GAAP Budgetary Basis).....	171
Transit Enterprise Fund - (Non-GAAP Budgetary Basis).....	172
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	174
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	175
Internal Service Funds:	
Combining Balance Sheet.....	177
Combining Statement of Revenues, Expenses and Changes in Net Position.....	178
Combining Statement of Cash Flows.....	179
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	182

COUNTY OF MILWAUKEE, WISCONSIN
Table of Contents
As of and For the Year Ended December 31, 2017

II. FINANCIAL SECTION (cont'd)	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION	
Milwaukee County Behavioral Health Division Fund:	
Balance Sheet.....	184
Schedule of Revenues, Expenses and Changes in Net Position.....	185
 III. STATISTICAL SECTION (Unaudited)	
FINANCIAL TRENDS SCHEDULES:	
Net Position by Component.....	188
Changes in Net Position.....	190
Fund Balances of Governmental Funds.....	193
Changes in Fund Balances - Governmental Funds.....	195
 REVENUE CAPACITY SCHEDULES:	
Property Tax Levies and Collections.....	197
Equalized Value of Taxable Property.....	198
Property Tax Rates per \$1,000 of Equalized Value.....	199
Property Tax Rates by Municipality per \$1,000 of Assessed Value.....	200
Weighted Average of Property Taxes to Taxable Equalized Value.....	201
Top Fifteen Principal Property Tax Payers.....	202
 DEBT CAPACITY SCHEDULES:	
Outstanding Debt by Type.....	203
Ratio of Net General Obligation Bonded Debt to Equalized Value - and Net General Obligation Bonded Debt per Capita	204
Computation of Legal Debt Margin.....	205
Direct and Overlapping Bonded Debt & Capital Leases.....	206
 DEMOGRAPHIC AND ECONOMIC INFORMATION SCHEDULES:	
Demographic and Economic Statistics.....	207
Principal Private Sector Employers.....	208
 OPERATING INFORMATION SCHEDULES:	
County Employees by Function - (Actual to Budgeted).....	209
Operating Indicators by Function.....	213
Capital Asset Statistics by Function.....	223

COUNTY OF MILWAUKEE, WISCONSIN

INTRODUCTORY SECTION (Unaudited)

- **Letter of Transmittal**
- **GFOA Certificate of Achievement for
Excellence in Financial Reporting for 2016**
- **Organizational Chart**
- **List of Principal Officials and Committees**



Office of the Comptroller

Milwaukee County

Scott B. Manske • Comptroller

July 31, 2018

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 (“County”) for the year ended December 31, 2017, 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 and 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”)**, which is unaudited, 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.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

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/deferred outflows of resources, liabilities/deferred inflows of resources, 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 between 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 Milwaukee County War Memorial, Inc., and the Marcus Center for the Performing Arts.

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, or if the County's financial statements would be incomplete or misleading if an entity was excluded, 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,

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

the internal service funds are 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

A County Executive and an 18-member Board of Supervisors govern Milwaukee County. The County Executive and the Comptroller are elected to nonpartisan four-year terms. The County Board of Supervisors members are elected to nonpartisan two-year terms. Each Supervisor represents about 53,000 people. In addition, the Clerk of Circuit Courts, County Clerk, County Treasurer, District Attorney, Register of Deeds and Sheriff are each elected to serve four-year terms on a partisan basis.

Board of Supervisors. 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 nine standing committees of the County Board.

- Economic and Community Development
- Health and Human Needs
- Judiciary, Safety and General Services
- Transportation, Public Works and Transit
- Finance and Audit
- Personnel
- Intergovernmental Relations
- Parks, Energy and Environment
- Committee of the Whole

The Chairperson of the County Board is elected by the members of the County Board following their election every two years and is responsible for presiding at County Board meetings, ruling on procedural matters, representing the County Board at official functions, and making appointments to County Board committees, special subcommittees, boards and commissions.

County Executive's Office. Milwaukee County was the first county in the State to establish an executive branch. The County Executive appoints five cabinet officers to assist in carrying out the executive functions:

- Director - Department of Administrative Services
- Director - Department of Human Resources
- Director - Department of Health and Human Services
- Director - Department of Parks, Recreation and Culture
- Director - Department of Transportation and Public Works

In addition, the County Executive appoints and manages heads of the following departments:

- Child Support Services
- Veterans Service Office
- House of Correction
- Zoological Gardens

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

- Aging
- Government Affairs
- Office on African American Affairs
- Medical Examiner
- Emergency Management
- Behavioral Health Division

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.

Administration. The Administrative function includes the Department of Administrative Services, Department of Human Resources, Corporation Counsel, the Office on African American Affairs and boards and commissions such as the Civil Service Commission, Ethics Board and the Personnel Review 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 encompasses Compensation, Training, Employee Relations, Employment & Staffing, Health Benefits, Labor Relations and the Employment Retirement System functions. 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.

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 County.

The **Civil Service Commission** is an independent body charged with oversight of Milwaukee County's Civil Service System. Consisting of five members, the Commission conducts hearings on the merit system and application of Civil Service Rules.

The **Ethics Board** assures the confidence of the general public in the integrity of Milwaukee County government. The Ethics 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.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

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 Statutes and County ordinances.

The **Office on African American Affairs** aims to help recognize and resolve the County's racial inequities for the benefit of all of its citizenry and for the region to achieve its full potential.

The **former Department of Family Care** ("DFC") separated from Milwaukee County in 2016 and now provides services as a private non-profit named My Choice Family Care ("MCFC"). Employees who had worked in the DFC were allowed to remain as County employees if they chose to work with My Choice Family Care. MCFC reimburses the County for all costs related to those employees who chose to remain as County employees while working at MCFC. The County created two organizations within the Department of Administrative Services to account for the expenses and revenues associated with this arrangement. As of December 31, 2017, the remaining County employees became employees of MCFC.

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

The **County Treasurer** is the County's banker, acting under the authority granted by State Statutes and County ordinances. The Treasurer's functions include receiving and disbursing all funds as provided, 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 taxes for all of Milwaukee County's municipalities as required by State Statutes, except for the City of Milwaukee which collects its own delinquent taxes. The County Treasurer also maintains property tax data that is accessible to the public at the Courthouse office.

The **County Clerk** is the recorder of the County, acting under the authority granted by State Statutes and County ordinances. The Clerk's functions include recording the proceedings of the County Board of Supervisors, staffing all County Board meetings and County Board committee meetings, maintaining all legislative files, updating existing ordinances and publishing new ordinances. The Clerk also maintains the County Legislative Information Center ("CLIC"), which provides online public access to legislative documents, meeting agendas and meeting minutes, as well as live online streaming of meetings of the County Board and its committees. Other duties include issuing marriage licenses and domestic partnership declarations, registering lobbyists and lobbying principals and reporting on their activity, accepting applications for passports and 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 and receives all claims filed against Milwaukee County.

The Clerk also serves as the executive director of the Milwaukee County Election Commission. The Election Commission administers Federal, State, County and Municipal

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

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 **Register of Deeds** is tasked with maintaining public records and documents acting under the authority granted by State Statutes and County ordinances. 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 **Comptroller** is the County's chief financial officer and acts under the authority granted by State Statutes and County ordinances. 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 and/or County Executive. Functions of the Comptroller include Accounts Payable, Administration/Financial Analysis, Audit Services, Capital and Debt Monitoring, Central Accounting, Central Payroll and Research and Policy.

Courts and Judiciary. The Courts and Judiciary function includes the Department of Combined Court Related Operations, Pretrial Services Division and Department of Child Support Services.

The **Department of Combined Court Related Operations** operates the Milwaukee County Circuit Courts. The Chief Judge is the Administrative Chief of the First Judicial Administrative District, which is solely comprised of Milwaukee County, and is responsible for the oversight of administration of judicial activities in the 47 Circuit Court branches within the District. The **Administration Division**, under direction of the Clerk of Circuit Court/Court Services Director, plans, directs and coordinates the operations of all the divisions of the Circuit Court. The **Criminal Division** hears, tries and determines all matters for pretrial, trial and post-conviction proceedings in felony, misdemeanor and traffic matters. The **Children's Court Division** exercises jurisdiction over matters involving persons under the age of 18 regarding delinquency, dependency, neglect, guardianships, detention and termination of parental rights. The **Civil Court Division** adjudicates small claims, large claims, replevin, and eviction actions. The **Family Court** area hears all actions affecting family. The **Probate Division** manages and maintains all documents deposited for safekeeping or filed for probate and assists the courts assigned probate jurisdiction in adjudicating matters involving probate, trusts, guardianships of persons and estates, conservatorship, protective placements, involuntary commitments, temporary restraining orders and injunctions in individuals at risk cases. The **Family Drug Treatment Grant Division** is responsible for drug treatment grant oversight. The **Permanency Plan Review Division** provides children in out-of-home situations with a review every six months by the court. The **Self Help Services/Milwaukee Justice Center (MJC)** is a volunteer-based community service project founded on the premise that everyone deserves meaningful access to the justice system, regardless of economic situation or access to legal services.

The **Pretrial Services Division** provides screening, intervention and supervision services for pretrial defendants. This division is managed by the Chief Judge of the Milwaukee County Circuit Courts and Judicial Review Coordinator. This division includes funding for the Universal Screening program, which screens individuals who are booked into the

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Milwaukee County Criminal Justice Facility, for the purpose of providing pretrial risk information on defendants to judges, commissioners, prosecutors and defense attorneys; and to determine suitability for pretrial services and Early Intervention programs. Funding for services such as the Drug Treatment Court Coordinator, Treatment Alternatives and Diversion program, drug testing, Secure Continuous Remote Alcohol and GPS monitoring is also provided.

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 Children and Families. 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 State's interests in family court hearings in the County.

Public Safety. The Public Safety function includes the Office of the Sheriff, House of Correction, District Attorney, Office of Emergency Management and 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 **Administration Bureau** performs management and support functions for the Sheriff, communications, training, public information and central records including traffic. The **Detention Services Bureau** includes the Criminal Justice Facility ("CJF"), court services, support administration and central booking records. The CJF 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 **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.

The **House of Correction** receives and maintains custody of all sentenced inmates in Milwaukee County committed by authorized courts for periods not exceeding one year and from other jurisdictions as authorized by County ordinance; provides programs of work release, rehabilitation, education, work, recreation and training; provides medical, dental and other necessary services in conjunction with the Detention Services Bureau of the Sheriff's Department; and releases inmates upon expiration of sentence, upon orders of the courts or other recognized authorities. Section 302.315 of the Wisconsin Statutes permits the House of Correction to receive and maintain custody of pretrial inmates at the request of the Milwaukee County Sheriff. The Department operates a program of home detention using electronic surveillance equipment and other systems of control and oversees the Day Reporting Center where sentenced inmates can obtain job training and AODA services.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The **District Attorney's Office**, pursuant to Section 978.05 of the Wisconsin Statutes, has jurisdiction for criminal and juvenile cases in Milwaukee County Circuit Courts. District attorneys and assistant district attorneys present evidence, argue motions, negotiate cases and conduct jury and court trials. General Crimes Division staff are responsible for general felony and misdemeanor courts. Administrative and Investigations Divisions staff supervise investigators of witness intimidation, police shootings of civilians and deaths in custody, public corruption and major multi-jurisdictional crimes. Violent Crimes and Sensitive Crimes Divisions staff are responsible for felony drug and firearms crimes in specialized felony courts, homicide, sexual assault and child abuse cases in specialized felony courts, and sensitive victim witness services. Juvenile Division staff are responsible for juvenile delinquency and child welfare care in the Children's Court of Milwaukee County. The Community Prosecution Unit supervises community prosecutors in six Milwaukee police district stations and the Cities of South Milwaukee and West Allis; and the Domestic Violence Unit prosecutes all domestic violence cases in three specialized courts.

The District Attorney's Office also investigates industrial deaths and injuries, provides post-charging investigation on major crimes and maintains office security. The District Attorney's Office also works with the Diversion and Treatment Alternatives Program and administers federal and state grant funded programs including the Victim/Witness Program, the Victims of Crime Act, the Byrne Justice Assistance Grant, Violence Against Women Acts and the High Intensity Drug Trafficking Area grant, among others.

The **Office of Emergency Management** includes five program areas: the Director's Office, Emergency Management, Emergency Medical Services, 911 Communications, and Radio Services. These program areas coordinate emergency services in cases of natural or manmade disasters and also synchronize the four public safety services, which allows the fusion of data, assets, monies and staff in order to sustain healthy and productive localities within the County.

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, highway maintenance, and fleet management.

The **Airport Division** operates General Mitchell International Airport ("GMIA") and Lawrence J. Timmerman Airport ("LJT"). This division is discussed in greater detail below under "Business-type Functions".

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The **Milwaukee County Transit System** is the County's mass transit system. This division is discussed in greater detail below under "Business-type Functions".

The **Highway Division** maintains the County's interstates, state trunk highways and 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 Section 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.

The **Fleet Management Division** purchases and maintains vehicles and equipment used by Milwaukee County departments. This department provides three functions: Equipment Repairs, Inventory Management, and Equipment Coordination. Equipment Repairs maintains and manages approximately 1,900 vehicles and pieces of equipment. Inventory Management maintains and manages inventory of repair parts for all Milwaukee County vehicles. Inventory Management also manages and operates four conveniently located fueling sites supplying 700,000 plus gallons of fuel annually. Equipment Coordination researches and develops the specifications for purchasing new vehicles and equipment and works with user departments to ensure the correct piece of equipment is purchased. Equipment Coordination also hosts and coordinates a semi-annual Public Auction of used equipment for Milwaukee County and other municipalities in the area.

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

The **Department of Health and Human Services ("DHHS")** provides a wide range of services to children and adults through age 60. Many DHHS services are mandated by State Statute and/or provided through a contract between the state and the County. The ***Delinquency and Court Services Division ("DCSD")*** provides custodial intake services, administers a wide continuum of juvenile justice programs and provides support staff for the operation of the Children's Court to promote public safety. The division operates a 24/7, 120-bed secure juvenile detention center facility, primarily housing youth pending a court hearing or those deemed out of compliance with supervision conditions. DCSD took over Aftercare responsibilities from the State of Wisconsin effective July 1, 2017, and began providing intensive monitoring, supervision, structure, support and skill building opportunities for youth released from Wisconsin's Department of Corrections-Division of Juvenile Corrections. In late 2017 the County Board and County Executive authorized that the DCSD be renamed the Youth and Family Services Division. The ***Disabilities Services Division ("DSD")*** provides services to adults with special needs between the ages of 18 and 59 and to children birth to 21 with disabilities and their families. Services are targeted at populations with physical and developmental disabilities and sensory impairment. The division operates the Disabilities Resource Center and provides information and assistance, service access and prevention, disability benefits counseling and Family Care entitlement benefits enrollment. DSD also manages the Interim Disability Assistance Program and the General Assistance burials programs. The ***Housing Division*** administers Housing and Urban Development funded programs, including Shelter Plus Care, Safe Haven, Housing Choice Voucher and HOME/Home Repair. The division also

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

administers the Community Development Block Grant program and Pathways to Permanent Housing program. The **Director's Office & Management Services Division** provide administrative guidance, accounting support and contract oversight. This division also oversees the Home Energy Program and 211 Impact, which is a referral service for individuals in need of social services.

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 under direction from the Milwaukee County Mental Health Board ("MCMHB"). The MCMHB is a 13-member board, with 11 voting members appointed by the County Executive with input from the Milwaukee County Board and other organizations as defined in State Statute, as well as two non-voting members. The range of services provided by the BHD encompass inpatient care, 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 abuse services through contracts with community service providers or at community clinics. Over the past several years, the BHD has completely phased out its extended care services and moved long-term care patients into community settings.

The MCMHB is responsible for recommending an operating budget to the County Executive that must have a levy between \$53 and \$65 million unless the County Board, MCMHB and County Executive agree to an amount outside the range or if the MCMHB transfers to itself jurisdiction of a new function, service or program. The County Board has no authority to approve a tax levy amount other than that directed by the County Executive. Since the MCMHB does not have direct bond authority, any capital projects needed would have to be paid from current operating appropriations or through bonds, if approved by the County Board of Supervisors.

The **Department on Aging** administers aging programs and serves as the County's designated area agency on aging. 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 **Administration Division** provides administrative guidance, accounting support and contract oversight. **Area Agency Services** provides a network of support services to the aging population and provides a range of grants to community based agencies to provide specialized programming for elderly adults. The **Senior Meal Program** provides nutritious lunches at community dining sites and home delivered meals. The **Senior Centers** provide social and recreational activities including exercise, computers with internet access and special events. The **Aging Resource Center** serves as an information clearinghouse, provides eligibility assessments for persons seeking assistance in any Aging program and acts as a point of entry for all publicly funded long term care programs. The Resource Center also acts as the elder abuse/protective services agency for people age 60 and greater in Milwaukee County and provides evidence based wellness and prevention programs.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The **former Department of Family Care** (“DFC”) administered the Family Care benefit for both frail elders (age 60 and over) and persons with disabilities (ages 18-59) who are determined to be eligible by a resource center. The 2015 – 17 Wisconsin State Budget made major changes to the Family Care program which included adding primary and acute care services to the Family Care benefit through Integrated Health Agencies (“IHAs”) rather than Managed Care Organizations and requiring that all IHAs maintain licensure as a Health Maintenance Organization (“HMO”). Since no mechanism existed under state law for a unit of County government to obtain a HMO license, the DFC began operating as My Choice Family Care (“MCFC”) and entered into an agreement with the County to secede from the County and operate independently as an IHA effective September 1, 2016. This allowed the MCFC program to apply for an HMO license and continue to serve its population in 2017 when the new rules took effect. The former DFC employees who moved to work at MCFC were allowed to remain as County employees. MCFC reimburses the County for these expenses. The County accounts for the revenue and expenses of these employees in the Department of Administrative Services as explained above. As of December 31, 2017, the remaining County employees became employees of MCFC.

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 is comprised of over 150 parks and parkways totaling over 15,000 acres of parkland. 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 famous Oak Leaf Recreational Trail, along with many miles of parkways, provides off-road paved paths for walking and biking and connects all major parks and parkways in the Park System. 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 offer a host of activities that focus on the needs of the community including indoor basketball, boxing, help with homework and movie nights.

More than half of the County’s parkland is managed as a natural area. Additional public educational opportunities are offered through Boerner Botanical Gardens, the Mitchell Park Horticultural Conservatory and Wehr Nature Center. The Department also maintains lakefront property and operates beaches along Lake Michigan. Fishing and boating access is provided through launch sites along the lake, including sites at McKinley Marina and South Shore Park.

The **Zoological Department** operates the Milwaukee County Zoo (“Zoo”), one of the country’s finest zoological attractions with more than 400 species and over 3,100 mammals, birds, fish, amphibians and reptiles. Spanning a couple hundred wooded acres and approximately 545,000 square feet of facilities, specialized habitats and exhibits at the Zoo include the Family Farm, a working farm and dairy complex; the Peck Welcome

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Center; the Sea Lion and Polar Bear exhibits; the Aviary; the Small Mammals Building; the Florence Mila Borchert Big Cat Country exhibit; the Apes of Africa exhibit and Primate Building; the Education Center; the Lake Evinrude Deck; the Aquatic & Reptile Building; and the Special Exhibits Building. The Australia Building was closed and its animals relocated to other zoos in 2017 in preparation for the Zoo's new Elephant Exhibit. Other Zoo facilities include a sky safari, a railroad, a carousel, a zoomobile, ropes course, zip line, Birds of Prey show and the Oceans of Fun Seal and Sea Lion show. Nearly 1.2 million people visited the Zoo in 2017.

The **Marcus Center for the Performing Arts** ("Marcus Center") 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 2017 is \$0.9 million.

The **Milwaukee Public Museum, Inc.**, ("MPM") operates 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 includes representatives appointed by the County Board and the County Executive. The County's annual operating contribution to the MPM for 2017 is \$3.5 million.

MPM hosts international exhibitions annually and receives nearly a half million visitors to its exhibitions, National Geographic theater and Daniel M. Soref Planetarium each year. Through its distance learning program, the museum provides remote educational programs to students throughout the region, the County and around the world.

Business-type Functions. The County operates General Mitchell International Airport, Lawrence J. Timmerman Airport, and Milwaukee County Transit Services 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 General Mitchell International Airport ("GMIA") and Lawrence J. Timmerman Airport ("LJT"). **GMIA** is located six miles south of the City of Milwaukee's central business district and covers nearly 2,400 acres. GMIA is the largest and busiest airport in Wisconsin, serving over 6.9 million passengers in 2017. GMIA began 2017 by offering non-stop flights to more than 39 cities and added destinations during the year. GMIA also offers easy one-stop connections to 160 cities worldwide. **LJT** is located in the northwest quadrant of the County. This 420-acre general aviation facility serves privately owned aircraft and provides pilot training through its flight school. Operating expenses of both airports are entirely supported by user fees. No property tax dollars are used for capital improvements or for day-to-day operations.

The **Milwaukee County Transit System** ("MCTS") is the County's mass transit system and is operated by the Department of Transportation through a transit management services provider - Milwaukee Transport Services. MCTS has an active bus fleet of over 400 diesel buses, serves over 5,000 bus stops and operates 59 routes, including Freeway Flyer service from outlying park-ride lots, and limited stop Metro Express service which travels through the heart of the city to major destinations across the County. MCTS provides on average 150,000 rides every day to people across Milwaukee, Ozaukee,

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Washington and Waukesha Counties. Budgeted fare revenue and federal and state aid account for approximately 91 percent of operating costs. MCTS also has a paratransit program for persons with disabilities.

C) COMMUNITY CHARACTERISTICS

Milwaukee County, located in southeastern Wisconsin on the Lake Michigan shoreline, was formed in 1835 when it was part of the Michigan Territory. Prior to that, the area had been settled by a variety of Native American tribes, and was explored by French priests and traders as far back as 1674. The name “Milwaukee” is generally believed to be derived from a Native American term meaning “good land”.

Today, Milwaukee County is, by population, the largest county in the State of Wisconsin. The Census Bureau estimates that Milwaukee County is the 51st most populous in the United States with over 950,000 residents. Milwaukee County is the only fully incorporated county in Wisconsin and includes 19 municipalities that range from the large urban center in the City of Milwaukee with over 600,000 residents to small villages such as River Hills with a population of under 2,000. The County anchors the Greater Milwaukee Metropolitan Area, which has a population of more than 2 million and includes seven neighboring counties: Racine, Walworth, Waukesha, Jefferson, Dodge, Washington and Ozaukee.

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 2022.

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. The commodities handled at the Port directly impact the long-term economic success and growth of the State of Wisconsin on a yearly basis. These include salt, cement products, coal, grain, machinery, steel, oils and liquid fuels pass through the Port. The Port accommodated approximately 2.4 million metric tons of cargo in 2016. The Foreign-Trade Zone Board designated the Port of Milwaukee as the Grantee for the Southeastern Wisconsin Foreign Trade Zone No. 41 which comprises 12 counties. 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.

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 University, University of Wisconsin Milwaukee and Wisconsin Lutheran College.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Population-wise, the County has remained fairly constant since its drastic drop in the 1970s due to changes in the nation's manufacturing industry. The most recent population estimate for Milwaukee County (2015) is up 1.1 percent from the last decennial estimate. The five most recent decennial estimates for the County are presented in the table below.

Population Statistics

Year	Population
2015	957,735
2010	947,735
2000	940,164
1990	959,275
1980	964,988
1970	1,054,249

The County's labor force has remained relatively constant as well, while unemployment has decreased by 4.4 percent from 2013 to 2017. According to the State of Wisconsin Department of Workforce Development, unemployment in Milwaukee County has decreased from 8.4 percent in 2013 to 4.0 percent in 2017. During that same time period, the total labor force decreased by more than 700 persons. The Labor Force Statistics table below 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
2017	478,333	458,982	19,351	4.0%	3.3%
2016	478,435	454,700	23,735	5.0%	4.0%
2015	477,410	449,974	27,436	5.7%	4.5%
2014	478,784	445,882	32,902	6.9%	5.4%
2013	479,059	438,842	40,217	8.4%	6.7%

Source: Wisconsin Department of Workforce Development

According to the Milwaukee Metropolitan Association of Commerce (MMAC) Business Outlook Survey, Second Quarter, 2018, 71% of area businesses surveyed expected sales increases in 2018's second quarter, 66% forecast profit gains, and 61% predict employment growth over year-ago levels.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

According to the MMAC, “Employment growth in the metro area has improved in the early months of 2018. Through February, jobs have grown at an average pace of 0.9% year-over-year after registering only a 0.3% average gain in 2017’s final three months.”

MMAC goes on to note that “Job expectations among local businesses are strongly positive for the new quarter. Sixty-one percent of all employers surveyed see higher second-quarter job levels (vs. one-year ago), outnumbering those predicting job declines (7%) by over an eight-to-one margin. Thirty-two percent see no change in future job levels.”

Milwaukee County lags behind both the State and the United States for per capita personal income and has not kept pace with national and statewide increases. The Bureau of Economic Analysis provides estimates of per capita income data. Available data for the County, State of Wisconsin 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
2017	Not available	\$47,850 (preliminary)	\$50,392 (preliminary)
2016	\$43,375	46,762	49,246
2015	42,802	45,960	48,451
2014	41,530	44,296	46,494
2013	40,224	42,728	44,493
2012	40,765	42,537	44,282

D) FINANCIAL MANAGEMENT

Budgeting. The County has an executive budget process for the preparation of the annual operating and capital budgets. The Office of Performance, Strategy and Budget (PSB) 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. PSB 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 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 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 for compliance.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The County's accounting records for governmental 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, agency, and 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. New encumbrances or expenses that would reduce the net appropriation balance below the authorized limits 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 current 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 Comptroller and the Department of Administrative Services.

Auditing. Pursuant to Wisconsin Statutes and Milwaukee County General Ordinances, the Milwaukee County Comptroller, a publicly elected official, is charged with performing all audit functions related to Milwaukee County government. These audit functions are carried-out through the Office of the Comptroller's Audit Services Division. As required by State Statute, the Division conducts audits of accounting and administrative controls, compliance with applicable laws and regulations, and economy, efficiency, and effectiveness of operations and program results, in accordance with Generally Accepted Government Audit Standards.

Additionally, the Audit Services Division contracts with an independent certified public accounting firm to audit the County's comprehensive annual financial report, containing its basic financial statements, as well as its schedule of expenditures of federal and state awards. These audits are conducted in accordance with auditing standards generally accepted in the United States;

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Government Auditing Standards issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of the State of Wisconsin *State Single Audit Guidelines*.

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 three percent over the preceding year's adopted bond amount.

In 2014, the County added a new policy for its Debt Service Reserve. The policy states that the County will seek to build and maintain a minimum balance of \$10 million in the Debt Service Reserve.

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, 2017, the County had \$606.8 million of net general obligation debt outstanding, representing 19.8 percent of the \$3.1 billion debt limit. The debt limit is based upon equalized value of County property of \$61.4 billion.

Approximately 82.7 percent of the County's general-obligation debt 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 2017, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$778.7 million. As of December 31, 2017, approximately \$171.9 million or 22.1 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.

Moody's Investors Service
Aa2

Standard & Poor's
AA

Fitch IBCA
AA+

Investment Policy. The County may purchase investment securities as allowed by Section 66.0603(1m) of the Wisconsin Statutes and Milwaukee County ordinance at prevailing market

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

rates. To the extent possible, the County attempts to match its investments with anticipated cash-flow requirements. In the absence of individual security maturity limitations specified in the Wisconsin Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase.

Future Fiscal Outlook. The Comptroller monitors the County's five-year forecast and provides an annual update to the County Board and County Executive each year. In addition, the Comptroller may update the forecast throughout the year depending on events that may impact the long-term sustainability, such as the State's Biennial Budget.

The 2017 model projected a structural deficit for the 2018 budget of \$31.0 million. Key assumptions contributing to the structural deficit in 2018 include larger than forecasted increases in pension, healthcare, and mental health costs; elimination of reserve contributions; and stagnant or declining sales tax collections in 2017. Offsetting these increases is a surplus in forecasted wages, minimal growth in transit expenditures, forecasted increases in property tax levy, and increased revenues from earnings on investment.

The 2018 structural deficit of \$31.0 million was reasonable based on the forecasted cost-to-continue and use of one-time revenues in 2017. The County's prior year five-year forecast predicted that the County would have a structural deficit of \$12.5 million for the 2018 fiscal year if the 2017 structural deficit of \$36.9 million was solved with long-term solutions. The forecast further projected that if no long-term solutions were implemented, the 2018 structural forecast could reach \$49.3 million. Given the one-time revenues used in 2017, as well as other unforeseen changes, the 2018 structural deficit of \$31.0 million was considered reasonable.

On average, the annual structural deficit will consist of a cost-to-continue of \$13.6 million due to a greater increase in expenditures than what is generated in additional revenue. Expenditures will grow on average 2.5 percent while revenues will grow on average 0.7 percent. The County can also expect an increase in the structural deficit each year in which one-time revenues or expenditure abatements were used in the prior year. In 2017, the County utilized such one-time revenues and expenditure abatements of approximately \$7.3 million, which increased the 2018 structural deficit by the same amount. While a structural deficit of \$31.0 million seems daunting for 2018, if the County were to resolve this structural deficit with long-term solutions, it could expect a 2019 structural deficit of roughly \$10.3 million, barring any unforeseen issues. Any use of one-time revenues or expenditure abatements in the 2018 budget will worsen the structural deficit.

Property Tax Limit (Local Levy Limit). Section 66.0602 of the Wisconsin Statutes imposes a limit on property tax levies by cities, villages, towns and counties ("political subdivision"). No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1st equalized value due to new construction less improvements removed or zero percent). A political subdivision may also adjust the limit when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination. The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

A political subdivision has the ability to carry forward unused levy limit capacity for a period of up to five years under certain conditions. Under Section 66.0602 (3) (fm) of the Wisconsin Statutes, the maximum amount of carry forward that can be claimed as an adjustment in any given year is equal to 5% of the prior year's actual levy. Claiming the carry forward requires approval by a 2/3 majority vote of the political subdivision's governing body, and the amount of general obligation debt outstanding in the year the carry forward is claimed must be less than the amount of general debt outstanding in the prior year. The amount of the potentially available carry forward adjustment is determined by totaling the amount of any unclaimed carry forward percentages from each of the preceding five years' levy limit worksheets. However, since the law specifies that the first levy limit worksheet that can be considered is the one for the 2014 levy, this is a three-year look back and will not truly provide for the potential of a five year carry forward until the 2019 levy year (2020 Budget).

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621, the amount that a County levies in that year to make payments to public libraries under Section 43.12, and the amount that a County levies in that year for a countywide emergency medical system.

With respect to general obligation debt service, the following provisions are made:

- If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally authorized before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy. The 2017-2019 Wisconsin State Budget removed language that allowed a political subdivision to avoid reducing its current year levy to reflect reductions on debt originally authorized before July 1, 2005, if it did not utilize the "unused levy" provision of the local levy limit statute.
- For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. The County has no outstanding issues that were authorized prior to July 1, 2005.
- The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

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 is performed to provide reasonable assurance that the financial statements are free of material misstatement. The audit involves 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 is a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with Generally Accepted Accounting Principles. 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 will be 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, 2016. This is the 38th (December 31, 1979, through December 31, 2016) 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 CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Scott B. Manske", with a long horizontal flourish extending to the right.

Scott B. Manske
Milwaukee County Comptroller



Government Finance Officers Association

**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

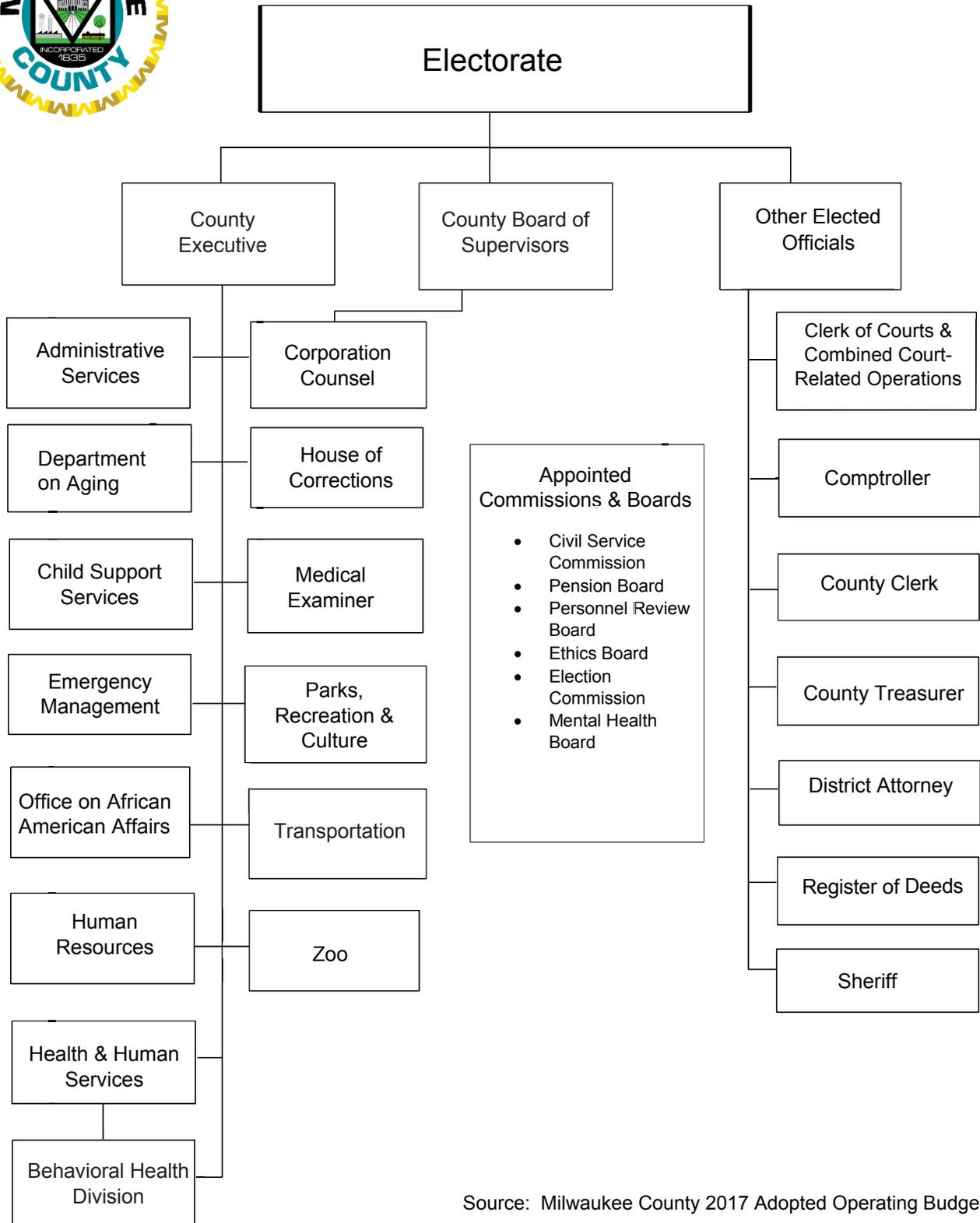
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

COUNTY OF MILWAUKEE, WISCONSIN

Organizational Chart



Source: Milwaukee County 2017 Adopted Operating Budget

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees December 31, 2017

ELECTED

County Executive Chris Abele
Clerk of Circuit Court/Register in Probate..... John Barrett
Comptroller..... Scott B. Manske
County Clerk George L. Christenson
County Treasurer..... David Cullen
District Attorney..... John T. Chisholm
Register of Deeds John La Fave
Sheriff (Acting)..... Richard R. Schmidt

ELECTED AND APPOINTED

Chief Judge.....Maxine Aldridge White

APPOINTEES / DEPARTMENT HEADS

<u>Department</u>	<u>Title</u>	<u>Name</u>
Administrative Services (*).....	Director	Teig Whaley-Smith
Aging.....	Director	Holly Davis
Child Support Services.....	Director	James Sullivan
Circuit Courts	Chief Judge.....	Maxine Aldridge White
Corporation Counsel.....	Corporation Counsel.....	Margaret Daun
Government Affairs	Director	Eric Peterson
Health and Human Services (*)	Interim Director	Jeanne Dorff
House of Correction	Superintendent.....	Michael Hafemann
Human Resources (*).....	Director	Kerry Mitchell
Medical Examiner.....	Medical Examiner	Brian L. Peterson, MD
Office of African American Affairs.....	Director.....	Nicole Brookshire
Office of Emergency Management.....	Director	Christine Westrich
Parks, Recreation, and Culture (*).....	Interim Director	James Sullivan
Personnel Review Board and Ethics Board.....	Executive Secretary/Director...	Stephanie Hunnicutt
Transportation (*).....	Interim Director	James Martin
UW - Extension.....	Director	Eloisa Gomez
Veterans Services Office.....	Director	James Duff
Zoological Gardens.....	Director	Charles Wikenhauser

(*) County Executive cabinet officers

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees

December 31, 2017

ELECTED

COUNTY BOARD OF SUPERVISORS - (By District Number)

- | | |
|---|----------------------------|
| 1- Theodore Lipscomb, Sr. - (Chairperson) | 10- Supreme Moore Omokunde |
| 2- Sequanna Taylor | 11- Dan Sebring |
| 3- Sheldon A. Wasserman | 12- Peggy A. West |
| 4- Marina Dimitrijevic | 13- Willie Johnson, Jr. |
| 5- Marcelia Nicholson | 14- Jason Haas |
| 6- James Schmitt | 15- Eddie Cullen |
| 7- Michael Mayo, Sr. | 16- John F. Weishan, Jr. |
| 8- David L. Sartori | 17- Anthony Staskunas |
| 9- Steve F. Taylor | 18- Deanna Alexander |

COUNTY BOARD STANDING COMMITTEES

The Board Chairperson appoints the chairperson and members of eight standing committees of the Milwaukee County Board. Each Committee is comprised of a Committee Chairperson and 5 to 7 members.

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. Matters pertaining to economic development of Milwaukee County, including the disposition of county properties zoned as parks, are decided by this Committee. The Committee receives information regarding the disposition of County property not zoned as park.

The **Finance and Audit Committee** reviews County budget matters, taxation and insurance matters. Audit reports are reviewed to ensure County departments implement program improvements and cost-saving recommendations.

The **Health and Human Needs Committee** is responsible for policies related to the Department of Health and Human Services, Children's Court Center, Department on Aging, Office for Persons with Disabilities and Veterans Service Office.

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.

The **Judiciary, Safety and General Services Committee** considers legal questions concerning lawsuits or claims by or against the County, including for personal injuries and property damage. Members set policy for County funded State Court Services, Family Court Commissioners, Jury Management, Register in Probate, Election Commission, County Clerk, Register of Deeds, Legal Resource Center, Sheriff, Medical Examiner, District Attorney, House of Correction, Department of Child Support Services and Corporation Counsel.

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees

December 31, 2017

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 the Zoo. Members make recommendations relating to conservation of air, water, energy and all other resources.

The **Personnel Committee** is responsible for employee relations, reclassification, compensation and conditions of employment of County personnel and officers. Members set policy for the Civil Service Commission and the County Employee Merit Award program.

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 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 (Unaudited) - Required Supplementary Information**
- **Basic Financial Statements**
- **Notes to the Basic Financial Statements**
- **Required Supplementary Information**
- **Supplementary Information - Combining and Individual Fund Statement Schedules**

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, 2017, 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, Inc. and the Marcus Center for the Performing Arts, which represent 56 percent, 66 percent and 61 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 the Milwaukee County War Memorial, Inc. and the Marcus Center for the Performing Arts, 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., the Milwaukee County War Memorial, Inc., and the Marcus Center for the Performing Arts 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.

To the Board of Supervisors
County of Milwaukee

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, 2017 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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.

Supplementary Information

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 supplementary information and other supplementary information as listed in the table of contents 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 supplementary information and other supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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.

To the Board of Supervisors
County of Milwaukee

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018 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 solely 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 the effectiveness of the County of Milwaukee's 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 the County of Milwaukee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
July 31, 2018

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

The County of Milwaukee's management's discussion and analysis provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2017. 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 and deferred outflow of resources are exceeded by its liabilities and deferred inflow of resources by \$202,634 on a government-wide basis as of December 31, 2017. The unrestricted net position of the County is a deficit of \$1,213,023.
- For the fiscal year, program and general revenues of the County's governmental activities total \$855,279. Expenses total \$915,853, including net transfers out of \$12,944.
- For the fiscal year, revenues of the County's business-type activities total \$268,164, including net transfers in of \$12,944. Expenses total \$267,450.

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.

- The County's governmental funds report combined ending fund balances of \$217,244 as of December 31, 2017 compared to \$211,556 as of December 31, 2016.
- The County's enterprise funds report combined net position of \$304,853 as of December 31, 2017, compared to \$304,139 as of December 31, 2016.
- In November 2017, the County issued: \$20,755 of General Obligation Corporate Purpose Bonds, Series 2017A, to finance various general capital projects, \$15,075 of General Obligation Refunding Bonds, Series 2017B, to refund all of the outstanding, callable maturities of the General Obligation Bonds, Series 2008A, \$6,615 of General Obligation Promissory Notes, Series 2017C, to finance various general capital projects and \$4,180 of General Obligation Promissory Notes, Series 2017D, to finance improvements at the Marcus Center for the Performing Arts.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

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 include 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 types 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 deferred outflow of resources less liabilities and deferred inflow of resources, resulting in the 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 2017. 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 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").

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont'd)

The governmental activities of Milwaukee County include: Legislative, Executive and Staff; Courts and Judiciary; General Governmental Services; 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") as well as the legally separate entities (known as "discretely presented component units") for which the County is financially accountable or would cause the County's financial statements to be incomplete or misleading if the entity was excluded. The Milwaukee Public Museum, Inc., Milwaukee County War Memorial, Inc., and Marcus Center for the Performing Arts are the County's discretely presented component units. Together, the primary government and its discretely presented component units are referred to as the reporting entity. 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 53 - 56 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 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.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont'd)

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, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called non-major governmental funds. These non-major governmental funds are all special revenue funds of the County. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Supplementary Information section.

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 57 - 61 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 benefit governmental, rather than business-type functions, they are included with 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 62 - 66 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.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont'd)

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 plans - 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, 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 67 - 68 of this report.

Component Units

Component Units are composed of the Milwaukee Public Museum, Inc., Milwaukee County War Memorial, Inc, and Marcus Center for the Performing Arts. 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, or if the County's financial statements would be incomplete or misleading if an entity was excluded, be reported with Milwaukee County.

The component unit financial statements can be found on pages 69 - 70 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 71 - 157 of this report.

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 158 - 164 of this report.

Supplementary Information

Individual fund schedules are provided for budgetary comparisons of the major funds. In addition, various individual and combining 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 165 - 182 of this report.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont'd)

Other Supplementary Information

Separate financial schedules are presented for the Behavioral Health Division Fund - Balance Sheet and Schedule of Revenues, Expenses and Changes in Net Position.

The other supplementary information can be found on pages 183 - 185 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 2017, assets and deferred outflow of resources are exceeded by its liabilities and deferred inflow of resources by \$202,634 at the close of the fiscal year. The County's net position decreased by \$(59,860) during the fiscal year.

COUNTY OF MILWAUKEE, WISCONSIN Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 647,012	\$ 635,813	\$ 141,149	\$ 142,721	\$ 788,161	\$ 778,534
Long-Term Assets	2,736	16,396	2,276	-	5,012	16,396
Capital Assets	652,565	665,497	537,022	555,512	1,189,587	1,221,009
Total Assets	<u>1,302,313</u>	<u>1,317,706</u>	<u>680,447</u>	<u>698,233</u>	<u>1,982,760</u>	<u>2,015,939</u>
Deferred Outflow of Resources	<u>172,007</u>	<u>189,410</u>	<u>28,989</u>	<u>38,332</u>	<u>200,996</u>	<u>227,742</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,474,320</u>	<u>\$ 1,507,116</u>	<u>\$ 709,436</u>	<u>\$ 736,565</u>	<u>\$ 2,183,756</u>	<u>\$ 2,243,681</u>
Current Liabilities	\$ 181,502	\$ 184,199	\$ 57,507	\$ 61,057	\$ 239,009	\$ 245,256
Long-Term Liabilities	1,501,226	1,466,201	334,543	363,486	1,835,769	1,829,687
Total Liabilities	<u>1,682,728</u>	<u>1,650,400</u>	<u>392,050</u>	<u>424,543</u>	<u>2,074,778</u>	<u>2,074,943</u>
Deferred Inflow of Resources	<u>299,079</u>	<u>303,629</u>	<u>12,533</u>	<u>7,883</u>	<u>311,612</u>	<u>311,512</u>
Net Position (Deficit):						
Net Investment in Capital Assets	406,664	398,593	347,249	347,465	753,913	746,058
Restricted	215,331	204,419	41,145	41,730	256,476	246,149
Unrestricted (Deficit)	<u>(1,129,482)</u>	<u>(1,049,925)</u>	<u>(83,541)</u>	<u>(85,056)</u>	<u>(1,213,023)</u>	<u>(1,134,981)</u>
Total Net Position (Deficit)	<u>(507,487)</u>	<u>(446,913)</u>	<u>304,853</u>	<u>304,139</u>	<u>(202,634)</u>	<u>(142,774)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,474,320</u>	<u>\$ 1,507,116</u>	<u>\$ 709,436</u>	<u>\$ 736,565</u>	<u>\$ 2,183,756</u>	<u>\$ 2,243,681</u>

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

The largest portion of the County's net position reflects its net 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, 2017, the net investment in capital assets is \$753,913, an increase of \$7,855 from the prior 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, 2017 totals \$256,476. These assets are subject to external restrictions on how they may be used, some of which include grant-related restrictions and debt service restrictions. The airport passenger facility charges ("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 it restricted for specific purposes. As of December 31, 2017, the unrestricted net position balance is \$(1,213,023). Unrestricted net position decreased by \$78,042 in 2017.

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, 2017 and 2016.

COUNTY OF MILWAUKEE, WISCONSIN Summary of Changes in Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 205,924	\$ 383,432	\$ 135,027	\$ 130,585	\$ 340,951	\$ 514,017
Operating Grants and Contributions	182,975	179,516	89,728	94,421	272,703	273,937
Capital Grants and Contributions	18,585	2,782	17,881	12,085	36,466	14,867
General Revenues:						
Property Taxes	291,370	289,631	-	-	291,370	289,631
Sales Taxes	74,603	73,009	-	-	74,603	73,009
Other Revenue	36,273	26,768	-	-	36,273	26,768
Intergovernmental Revenues not Related to Specific Programs	34,082	33,559	-	-	34,082	33,559
Vehicle Registration Fee	-	-	12,229	-	12,229	-
Gain (Loss) on Sale of Capital Assets	8,597	1,874	(7)	-	8,590	1,874
Investment Income	2,870	2,531	362	340	3,232	2,871
Total Revenues	855,279	993,102	255,220	237,431	1,110,499	1,230,533

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

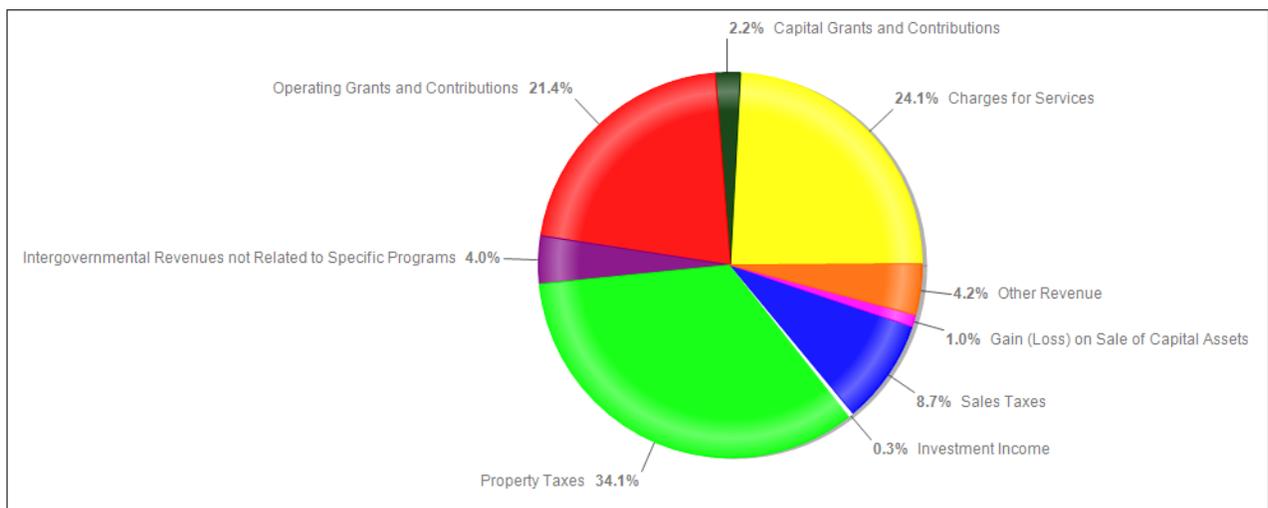
	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
Expenses:						
Legislative, Executive, and Staff	63,439	56,063	-	-	63,439	56,063
Courts and Judiciary	59,827	60,318	-	-	59,827	60,318
General Governmental Services	13,089	13,374	-	-	13,089	13,374
Public Safety	194,000	178,807	-	-	194,000	178,807
Public Works and Highways	119,825	91,630	-	-	119,825	91,630
Human Services	319,930	494,362	-	-	319,930	494,362
Parks, Recreation, and Culture	113,016	86,233	-	-	113,016	86,233
Interest	19,783	21,180	-	-	19,783	21,180
Airports	-	-	103,736	99,394	103,736	99,394
Transit	-	-	163,714	173,506	163,714	173,506
Total Expenses	902,909	1,001,967	267,450	272,900	1,170,359	1,274,867
Change in Net Position Before Special Items and Transfers	(47,630)	(8,865)	(12,230)	(35,469)	(59,860)	(44,334)
Special Item - Separation of Family Care Transfers	-	(24,722)	-	-	-	(24,722)
	(12,944)	(19,041)	12,944	19,041	-	-
Change in Net Position	(60,574)	(52,628)	714	(16,428)	(59,860)	(69,056)
Net Position (Deficit) - Beginning of the Year	(446,913)	(394,285)	304,139	320,567	(142,774)	(73,718)
Net Position (Deficit) - End of the Year	\$ (507,487)	\$ (446,913)	\$ 304,853	\$ 304,139	\$ (202,634)	\$ (142,774)

Governmental Activities

The Governmental activities of Milwaukee County include Legislative, Executive and Staff, Courts and Judiciary, General Governmental Services, Public Safety, Public Works and Highways, Health and Human Services, and Parks, Recreation and Culture.

2017 Actual Revenues compared to 2016 Actual Revenues

Revenues by Source - Governmental Activities - 2017



COUNTY OF MILWAUKEE, WISCONSIN
Management's Discussion and Analysis
As of and For the Year Ended December 31, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

The County's governmental activities' total actual revenues decreased by \$137,823 (or 13.9%) to \$855,279 in 2017 from \$993,102 in 2016. The various sources of revenue for fiscal year 2017 are stated as a percentage of total revenues in the Revenues by Source pie graph above.

Charges for services decreased by \$177,508 to \$205,924 in 2017 from \$383,432 in 2016. Charges for service is the largest source of County revenues and represents collections from those who directly benefit from County services. The decrease is a result of Family Care becoming a private entity in September 2016.

Operating grants and contributions revenue increased by \$3,459 to \$182,975 in 2017 from \$179,516 in 2016. Operating grants and contributions generally represent federal and state grants revenue with the majority supporting health and human services programs.

Capital grants and contributions increased by \$15,803 to \$18,585 in 2017 from \$2,782 in 2016. Parks and Highways have projects that are funded with capital grants. The net increase is a result of a Wisconsin Department of Transportation grant received for an ongoing Highway repair.

Property tax revenue increased by \$1,739 to \$291,370 in 2017 from \$289,631 in 2016. Caps on increases in levy rates limit the increase each year which is more fully described in the Letter of Transmittal.

Sales tax revenue increased by \$1,594 to \$74,603 in 2017 from \$73,009 in 2016.

Intergovernmental revenues not related to specific programs increased by \$523 to \$34,082 in 2017 from \$33,559 in 2016 as a result of an increase of State payments to compensate for the exemption of the computers from property tax rolls, per 1997 Wisconsin Act 237.

Investment Income increased by \$339 to \$2,870 in 2017 from \$2,531 in 2016 as a result of a better market interest rates.

Gain/(Loss) on the sale of capital assets increased by \$6,723 to \$8,597 in 2017 from \$1,874 in 2016 as a result of a land sale/transfer to the Wisconsin Department of Transportation for freeways near the Milwaukee County Zoo as well as a sale of the two Airport hangars.

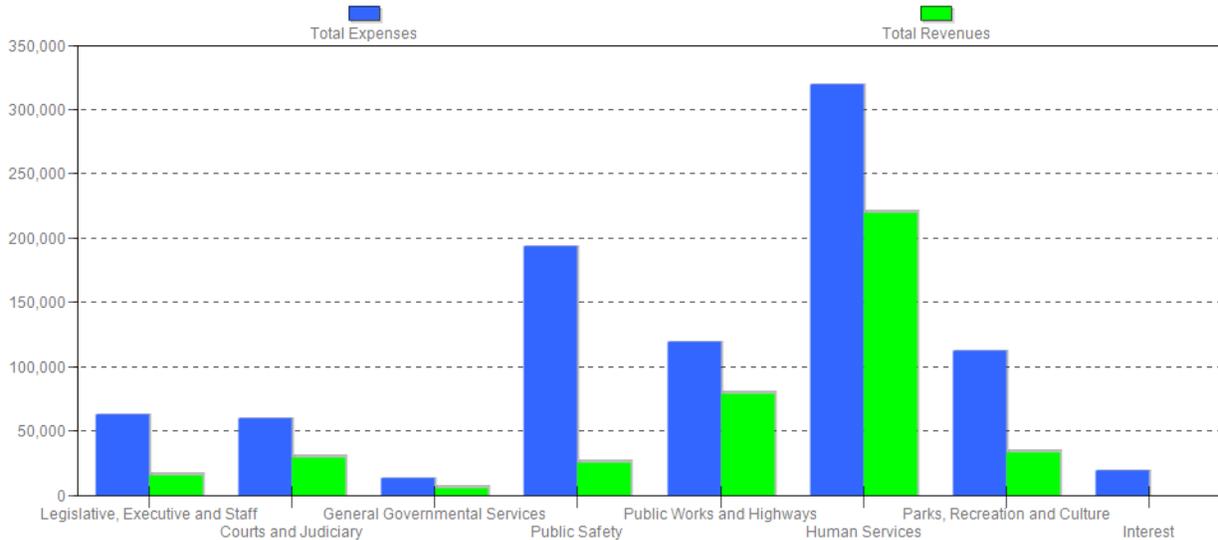
Other revenue increased by \$9,505 to \$36,273 in 2017 from \$26,768 in 2016 as a result of bi-annual recognition of unclaimed money, receipt of an insurance settlement, first recognition of a commission at the County Zoo, and contribution revenue for capital and operating maintenance projects.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

Total Expenses and Total Revenues - Governmental Activities - 2017



2017 Actual Expenses compared to 2016 Actual Expenses

The County's governmental activities' total actual expenses decreased by \$99,058 (or 9.9%) to \$902,909 in 2017 from \$1,001,967 in 2016. Total expenses compared to total revenues by activity for fiscal year 2017 are shown in the Total Expenses and Total Revenues bar graph.

Legislative, Executive, and Staff expenses increased by \$7,376 to \$63,439 in 2017 from \$56,063 in 2016 as a result of expenses associated with redevelopment of the former Community Correctional Center building located at 1004 N 10th Street into supportive housing, a change in cross-charge policy that abates charges made to departments for building space rental from this departmental grouping, increased fringe costs related to pension expense under governmental accounting standards and other post-employment benefits, and higher costs for risk management services.

Courts and Judiciary expenses decreased by \$491 to \$59,827 in 2017 from \$60,318 in 2016 as a result of lower personnel expenditures in 2017.

General Governmental Services expenses decreased by \$285 to \$13,089 in 2017 from \$13,374 in 2016 since the 2016 expenses included costs for a presidential election and a recount.

Public Safety expenses increased by \$15,193 to \$194,000 in 2017 from \$178,807 in 2016 as a result of increased fringe costs related to pension benefits under governmental accounting standards, risk claim accruals for general liability, and personnel costs.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

Public Works and Highways expenses increased by \$28,195 to \$119,825 in 2017 from \$91,630 in 2016 as a result of a change in cross-charge policy for fleet services that abates charges made to other departments, increased fringe costs related to pension benefits under governmental accounting standards, additional accruals for long-term pollution remediation expenses, and general inflationary increases.

Human Services expenses decreased by \$174,432 to \$319,930 in 2017 from \$494,362 in 2016 as a result of the elimination of \$182,070 of expenditures related to Family Care, which became a private entity in September 2016, and the reduction in spending on programs in Human Services and the Behavioral Health Division. This was offset by an increase in expenditures for pension expense under governmental accounting standards, and general inflationary increases.

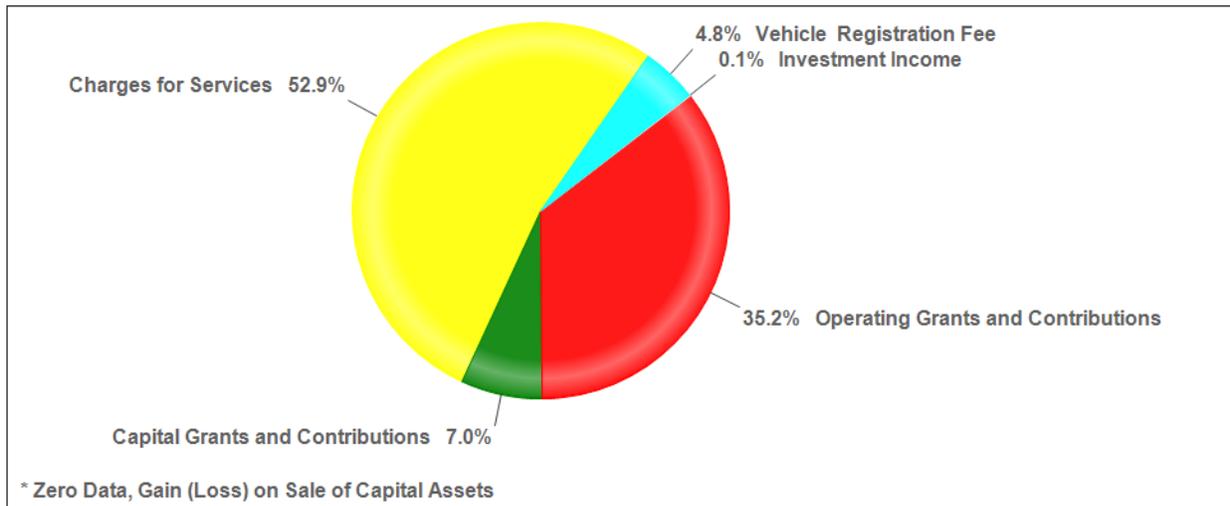
Parks, Recreation and Culture expenses increased by \$26,783 to \$113,016 in 2017 from \$86,233 in 2016 as a result of funding a matching program for park improvements, write-off of the undepreciated assets related to the sale of O'Donnell Parking garage and portions of the War Memorial to the Milwaukee Art Museum, increased depreciation expense for recent capital asset improvements, increased fringe costs related to pension benefits under governmental accounting standards, and general inflationary increases.

Interest expense decreased by \$1,397 to \$19,783 in 2017 from \$21,180 in 2016.

Business-type Activities

The Business-type activities of Milwaukee County includes the Airports and Transit/Para-Transit ("Transit") System.

Revenues by Source - Business-type Activities - 2017



COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

In 2017, the Airports' net operating income/(loss) decreased by \$2,127 (or (235.5)%) to \$(1,224) in 2017 from \$903 in 2016. Net nonoperating (revenues)/expenses decreased by \$2,054 (or (32.3)%) to \$6,357 in 2017 from \$8,411 in 2016. Total passengers at General Mitchell International Airport increased to 6.905 million passengers in 2017 from 6.757 million passengers in 2016.

Charges for Services revenue, which includes fees charged to airlines for use of the airport and fees received from ancillary services of the airports, increased by \$4,031 to \$95,324 in 2017 from \$91,293 in 2016. Capital Grants and Contributions revenues decreased by \$1,071 to \$7,087 in 2017 from \$8,158 in 2016. Investment Income as well as Operating Grants and Contributions revenues are negligible for the Airports. The Vehicle Registration Fee revenue is not applicable for the Airport.

The Airports' operating expenses increased by \$6,158 to \$96,548 in 2017 from \$90,390 in 2016. Interest expense decreased by \$1,816 to \$7,188 in 2017 from \$9,004 in 2016. Gain/(Loss) on Sale of Capital Assets is negligible for the Airports. Net operating transfers increased by \$3,757 to \$754 in 2017 from \$(3,003) in 2016.

Total Expenses and Total Revenues - Business-type Activities - 2017



In 2017, the Transit System's net operating income/(loss) decreased by \$4,520 (or 3.5%) to \$(122,804) in 2017 from \$(127,324) in 2016. Net nonoperating (revenues)/expenses increased by \$12,997 (or 14.9%) to \$100,275 in 2017 from \$87,278 in 2016. Total transit riders declined to 2.285 million passengers in 2017 from 2.916 million passengers in 2016.

Charges for Services revenue increased by \$392 to \$35,869 in 2017 from \$35,477 in 2016. Operating grants and contributions revenue, or total Federal and State grants, decreased by

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont'd)

\$4,684 to \$89,484 in 2017 from \$94,168 in 2016. Capital grants and contributions revenue increased by \$6,867 to \$10,794 in 2017 from \$3,927 in 2016. Milwaukee County implemented a wheel tax in 2017 for all vehicles registered in Milwaukee County. The Vehicle Registration Fee revenue increased by \$12,229. Investment income is negligible for the Transit System.

The Transit System's operating expenses decreased by \$4,108 to \$162,508 in 2017 from \$166,616 in 2016. Interest expense increased by \$95 to \$1,206 in 2017 from \$1,111 in 2016. (Gain)/Loss on Sale of Capital Assets decreased by \$5,547 to \$232 in 2017 from \$5,779 in 2016. Net operating transfers, or total County operating support, decreased by \$9,855 to \$12,189 in 2017 from \$22,044 in 2016.

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.

As of December 31, 2017, the County's governmental funds report combined ending fund balances of \$217,244. The restricted fund balance consists of \$5,000 for 2018 appropriations, \$4,798 for 2019 appropriations, \$40,739 for debt service, \$59,425 for commitments (including construction), \$9,922 for delinquent property taxes, \$456 for Housing, \$38,237 for Airports, \$5,186 for Administrative Services, \$1,853 for Zoo, \$1,289 for Parks, \$104 for Persons with Disabilities Division, \$37,249 for Behavioral Health Division and \$9,630 for Fleet and Facilities Divisions. The remainder of the Fund Balance consists of \$639 of committed funds for economic development and \$2,717 of non-spendable funds for inventories and prepaids.

The general fund is the main operating fund of the County and provides a majority of the day to day funding. It is used to account for and report all financial resources, except those resources required to be accounted for and reported in another fund. The general fund fund balance decreased by \$16 (or 0.02%) to \$66,627 in 2017 from \$66,643 in 2016 due to increases in the restricted accounts for Behavioral Health Division and commitments being offset by decreases in the delinquent property tax restricted account and the non-spendable deposit account resulting in an immaterial change in overall fund balance for the general fund.

The debt service fund balance is restricted for the payment of debt service. The debt service reserve decreased by \$3,742 (or (8.4)%) to \$40,739 in 2017 from \$44,481 in 2016, primarily as a result of the use of funds to pay debt service interest, contribute cash for debt refunding and provide funds to finance capital projects.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (cont'd)

The capital projects fund balance is restricted for commitments made on capital projects in progress. The capital projects fund decreased by \$388 (or (0.9)%) to \$43,253 in 2017 from \$43,641 in 2016. The fund balance decreased because the County has been working to reduce the backlog in capital project commitments.

Proprietary funds

At the end of 2017, the unrestricted net position of the two major funds, Airports and the Transit System, totals a deficit of \$83,541 due to the recognition of the net pension liability associated with both funds beginning in 2015. The total net position of these same two major funds is \$304,853 at the end of 2017 compared to \$304,139 at the end of 2016. The total net position for the Airports increased by \$260 and the total net position for the Transit System increased by \$454. Restricted net assets of the Airports are required per debt covenants associated with revenue bonds issued for capital improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Expenditures and other uses exceeded revenues and other sources by \$19,921 in the General Fund for the year ended December 31, 2017. The table below is presented on a Non-GAAP budgetary basis. The Non-GAAP budgetary basis of actual revenues and expenditures differs from the Statement of Revenues, Expenditures, and Changes in Fund Balance due to the inclusion of encumbrances of \$19,491 in expenditures, Pension/Other expenditures of \$414 and transfers to component units of (\$6,211).

COUNTY OF MILWAUKEE, WISCONSIN
Statement of Revenue, Expenditures and Changes in Net Position - Non-GAAP Budgetary Basis
General Fund
For the Year Ending December 31, 2017
(In Thousands)

	Original Budget	Final Budget	Actual	Variance
<u>Revenue and Other Sources</u>				
Intergovernmental Revenue	\$ 242,808	\$ 248,908	\$ 229,523	\$ (19,385)
Taxes	362,203	362,203	359,129	(3,074)
Charges for Services	207,014	206,689	176,360	(30,329)
Other	19,317	26,786	31,066	4,280
Total	831,342	844,586	796,078	(48,508)
<u>Expenditures, Other Uses and Special Item</u>				
Expenditures	735,783	768,429	725,555	42,874
Other Financing Sources	89,041	91,781	90,444	1,337
Total	824,824	860,210	815,999	44,211
Changes in Fund Balance	\$ 6,518	\$ (15,624)	\$ (19,921)	\$ (4,297)

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont'd)

2017 Actual Revenues compared to 2017 Final Budget

Actual General Fund revenues are \$48,508 (or 5.7%) below the final budget amount. This is primarily due to:

- Intergovernmental Revenues are \$19,385 below due to a procedural change for DHHS Children's Long-term Support program, a reduction in the number of juvenile inmates at Lincoln Hills and a reduction in the amount of State Aid from Medicaid
- Taxes are \$3,074 below and is composed of:
 - ◊ Property taxes are \$3,208 below due to an increase in the amount of Property taxes written off.
 - ◊ Sales Taxes are \$134 above due to an increase in consumer spending.
- Charges for services are \$30,329 below due to a decrease in patient revenue resulting from a decrease in the Behavioral Health Division patient census. In May 2017, Zoo concessions were outsourced to an outside vendor; this results in a revenue reduction of \$4,000. The Zoo now receives a percentage of sales as revenue.
- Other revenues are \$4,280 above and is composed of:
 - ◊ Fines and Forfeits are \$90 above due to more than anticipated revenue from bail forfeitures.
 - ◊ Licenses and Permits are \$188 above due to revenue received from excavation permits.
 - ◊ Investment Income is \$946 above due to better investment earnings rates.
 - ◊ Other income is \$3,056 above budget.

2017 Actual Expenditures compared to 2017 Final Budget

Actual General Fund expenditures (excluding transfers), are \$42,874 (or 5.6%) below the final budget amount. This is primarily due to:

- The Department of Health and Human Services operational costs are below budget by \$15,000. This reflects reduced expenditures of: \$5,300 related to the State transition of the autism benefit to Medicaid card services as part of the Children's Long Term Support program, \$3,400 for State juvenile corrections charges due to less youth in State corrections, \$3,900 in contract adjustments, and a reduction of \$4,000 in expenditures related to the Wraparound program.
- The Zoological Department is below budget by \$4,000 due to the contracting out for concession services to an outside vendor. As a result, there is a reduction in salary and commodity expenditures since the concessionaire hires and manages their own employees as well as buying all food and beverages.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont'd)

- The Behavioral Health Division's operational costs are below budget by \$18,500. This is primarily related to underspending in the Wraparound program of \$7,600, Comprehensive Community Services program of \$2,300, and Community Recovery Services of \$600 due to lower enrollment and lower per-client spending. Reduction in staffing and staffing vacancies resulted in an additional \$4,000 underspending in personnel costs as the County continues to reduce its inpatient services and combine departmental units. Pharmacy and dietary accounts are also underspent due to lower inpatient unit census.

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 \$831,342 and final budget revenue of \$844,586 is an increase of \$13,244. The difference between original budget expenses of \$735,783 and final budget expenses of \$768,429 is an increase of \$32,646.

The major budget transfers of \$1,000 or greater in the general fund during 2017 are listed below:

- Legislative, Executive and Staff
 - ◇ Increase of \$1,800 to create expenditure authority to provide funding for the redevelopment of the Community Correctional Center (CCC) Building.
 - ◇ Increase of \$1,000 in expenditure authority for Pre-Trial Services and associated \$1,000 in revenue to recognize receipt of MacArthur Safety and Justice Challenge Phase II implementation grant.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont'd)

- ◇ Increase in revenue and expenditures of \$53,123 to correct understatement of revenue and expenses resulting from a change in the way expenditures relating to cross charges are offset.
- ◇ Appropriation transfer of \$1,095 to realign principal and interest accounts within General County debt service and deposit surplus expenditure authority into Appropriation for Contingencies.
- Public Safety
 - ◇ Increase of \$2,240 in expenditures from unappropriated funds held by the County. These funds will be used in the Office Sheriff to cover labor costs exceeding the budget.
- Public Works and Highways
 - ◇ Increase of \$1,815 to create expenditure and revenue authority for the Federal Transit Administration Section 5310 Program.
 - ◇ Increase in revenue of \$3,994 to realize proceeds from the sale of the former Skyway Hangar. Increase in expenditures of \$3,994 to provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note.
 - ◇ Increase in revenue of \$2,520 to realize proceeds from the sale of the former Midwest Hangar. Increase in expenditures of \$2,520 to provide expenditure authority for the prepayment of the 2016 Taxable General Obligation Promissory Note.
- Human Services
 - ◇ Expenditure authority of \$2,408, \$14,248 and \$24,511 was moved between departments in the Behavioral Health Division to update the 2017 budgeted organizational structure to be in compliance with Legislative Audit Bureau findings which recommended further delineation in individual programs.

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 2017 actual net contribution made by the General Fund to other funds is \$84,673.

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 Behavioral Health Division.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont'd)

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 capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2017 is \$1,189,587 (cost of \$2,500,833 less accumulated depreciation of \$1,311,246). The County's total investment in capital assets decreased overall by 2.6% - governmental activities decreased by 1.9% and business-type activities decreased by 3.3%. The investments in capital assets includes land; land improvements; construction in progress; buildings and improvements; machinery, vehicles and equipment; infrastructure; and leased equipment. All infrastructure assets of the County are included in this report.

COUNTY OF MILWAUKEE, WISCONSIN Capital Assets (Net) (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 59,311	\$ 59,311	\$ 22,091	\$ 22,100	\$ 81,402	\$ 81,411
Construction in Progress	65,123	34,043	35,701	24,786	100,824	58,829
Land Improvements	106,081	121,880	122,124	132,812	228,205	254,692
Building and Improvements	260,695	292,342	253,842	265,576	514,537	557,918
Infrastructure	103,965	94,449	-	-	103,965	94,449
Machinery, Vehicles & Equipment	57,390	63,472	103,264	110,238	160,654	173,710
Total	\$ 652,565	\$ 665,497	\$ 537,022	\$ 555,512	\$ 1,189,587	\$ 1,221,009

The Major Adopted Capital Project appropriations of \$1,000 or greater for 2017 include the following:

- \$1,000 for General Mitchell International Airport (GMIA) Hydrant Fuel System Compl
- \$1,081 for GMIA Master Plan AGIS/EALP
- \$1,097 for GMIA relight of runways 19R-IL, 13-31 TW
- \$1,140 for Information Technology security
- \$1,200 for South Shore boat launch
- \$1,234 for bridge rehabilitation program
- \$1,250 for road construction Mill Rd 43rd St to Sydney PI
- \$1,293 for GMIA airfield pavement replacement
- \$1,500 for GMIA replacement of jet bridges
- \$1,540 for road construction W Ryan Rd CTH H 96th to 112th
- \$1,600 for birdcage stain glass curtain
- \$1,670 for Courthouse Complex electrical infrastructure
- \$1,739 for Kinnickinnic ("KK") Parkway Phase 1

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont'd)

- \$2,000 for Transit KK garage maintenance building HVAC
- \$2,459 for Criminal Justice Facility roof replacement
- \$2,500 for Lake Park ravine bridge
- \$2,700 for Transit FDL bus storage garage roof
- \$3,162 for GMIA connector taxiway mods
- \$4,094 for Marcus Center HVAC upgrade
- \$4,589 for GMIA international terminal redevelopment
- \$5,792 for Fleet general equipment
- \$7,500 for new Transit flyer buses
- \$8,034 for mainframe applications migration
- \$8,600 for African Plains Exhibit
- \$21,225 for Rapid Bus Transit

Additional information on the County's capital assets can be found in Note 5 on pages 106 - 116 of this report.

Long-Term Debt

As of December 31, 2017, the County's total outstanding debt balance is \$794,627. This amount is comprised of \$612,052 for general obligation bonds and \$182,575 for airport revenue bonds.

COUNTY OF MILWAUKEE, WISCONSIN Outstanding Debt General Obligation and Revenues Bonds (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 576,821	\$ 615,916	\$ 35,231	\$ 37,580	\$ 612,052	\$ 653,496
Revenue Bonds	-	-	182,575	194,679	182,575	194,679
Totals	<u>\$ 576,821</u>	<u>\$ 615,916</u>	<u>\$ 217,806</u>	<u>\$ 232,259</u>	<u>\$ 794,627</u>	<u>\$ 848,175</u>

The County's total debt decreased by \$53,548 during the year ended December 31, 2017.

New debt issued by the County during 2017:

In November 2017, pursuant to Chapter 67 of the Wisconsin Statutes, the County issued:

- General Obligation Corporate Purpose Bonds, Series 2017A, in the amount of \$20,755 to finance various general capital projects.
- General Obligation Refunding Bonds, Series 2017B, in the amount of \$15,075 to refund all of the outstanding, callable maturities of the General Obligation Bonds, Series 2008A.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2017 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont'd)

- General Obligation Promissory Notes, Series 2017C, in the amount of \$6,615 to finance various general capital projects.
- General Obligation Promissory Notes, Series 2017D, in the amount of \$4,180 to finance improvements at the Marcus Center for the Performing Arts.

Additional information on the County's Long-Term debt can be found in Note 8 on pages 118 - 126 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Milwaukee County's annualized unemployment rate for 2017 is 4.0% compared to 5.0% in 2016, a 1.0% decrease. The unemployment rate for the month of May 2018 is 3.2% compared to 4.7% for the month of May 2017. Data as reported by the State of Wisconsin Department of Workforce Development.
- The median price for homes sold in Milwaukee County in 2017 is \$148.0. compared to \$139.9 in 2016, an increase of \$8.1 (or 5.8%). The annual median price for homes sold in Milwaukee County for the month of May 2018 is \$159.9 compared to \$150.0 for the month of May 2017, an increase of \$9.9 (or 6.6%). Data as reported by the Wisconsin Realtors Association, Housing Statistics Report.

During the 2017 fiscal year, the County has a net excess of revenues over expenditures of \$4,798 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as Restricted for 2019 Appropriations and will be added to the revenue of the 2019 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

COUNTY OF MILWAUKEE, WISCONSIN

BASIC FINANCIAL STATEMENTS

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position As of December 31, 2017 (In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Investments	\$ 176,545	\$ 97,181	\$ 273,726	\$ 9,028
Cash and Investments - Restricted	70,733	23,792	94,525	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	19,881	4,014	23,895	1,268
Property Taxes:				
Current Levy	293,626	-	293,626	-
Delinquent	7,972	-	7,972	-
Accrued Interest and Dividends	4,989	-	4,989	-
Other	17,378	2,286	19,664	227
Due From Other Governments	49,998	8,206	58,204	-
Inventories	1,849	4,652	6,501	69
Prepaid Items	868	1,018	1,886	144
Insurance Deposits	3,173	-	3,173	-
Total Current Assets	<u>647,012</u>	<u>141,149</u>	<u>788,161</u>	<u>10,736</u>
Noncurrent Assets:				
Long-Term Investments	-	-	-	5,864
Receivables:				
Contributions	-	-	-	688
Delinquent Property Taxes	2,736	-	2,736	-
Other Postemployment Benefits	-	2,276	2,276	-
Other Assets	-	-	-	1,221
Capital Assets:				
Land	59,311	22,091	81,402	-
Construction in Progress	65,123	35,701	100,824	20
Land Improvements	289,050	230,040	519,090	-
Buildings and Improvements	735,884	447,222	1,183,106	49,039
Infrastructure	214,153	-	214,153	-
Machinery, Vehicles and Equipment	188,774	213,484	402,258	26,901
Less: Accumulated Depreciation	(899,730)	(411,516)	(1,311,246)	(39,313)
Total Capital Assets	<u>652,565</u>	<u>537,022</u>	<u>1,189,587</u>	<u>36,647</u>
Total Noncurrent Assets	<u>655,301</u>	<u>539,298</u>	<u>1,194,599</u>	<u>44,420</u>
Total Assets	<u>1,302,313</u>	<u>680,447</u>	<u>1,982,760</u>	<u>55,156</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding of Debt	10,066	40	10,106	-
Deferred Outflow for Pension Contributions				
Subsequent to the Measurement Date	51,086	14,018	65,104	-
Deferred Outflow Difference Between Actual and Expected Experience				
Deferred Outflows Net Difference Between Expected and Actual Earnings on Pension Plan Investments	20,049	875	20,924	-
Total Deferred Outflows of Resources	<u>172,007</u>	<u>28,989</u>	<u>200,996</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,474,320</u>	<u>\$ 709,436</u>	<u>\$ 2,183,756</u>	<u>\$ 55,156</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position As of December 31, 2017 (In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 62,720	\$ 8,478	\$ 71,198	\$ 716
Accrued Liabilities	15,823	4,988	20,811	1,168
Accrued Interest Payable	3,321	1,051	4,372	8
Due to Other Governments	4,856	-	4,856	-
Unearned Revenues	1,322	17,002	18,324	1,862
Bonds and Notes Payable - General Obligation	60,105	3,911	64,016	717
Bonds and Notes Payable - Revenue	-	10,845	10,845	-
Unfunded Claims and Judgments	2,500	-	2,500	-
Pollution Remediation Costs	770	-	770	-
Landfill Postclosure Costs	110	-	110	-
Compensated Absences Payable	19,048	2,885	21,933	-
Risk Claims	9,190	5,669	14,859	-
Capital Leases	701	299	1,000	-
Other Current Liabilities	1,036	2,379	3,415	1,654
Total Current Liabilities	<u>181,502</u>	<u>57,507</u>	<u>239,009</u>	<u>6,125</u>
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	516,716	31,320	548,036	1,606
Bonds and Notes Payable - Revenue	-	171,730	171,730	-
Net Pension Liability	566,102	100,389	666,491	-
Unfunded Claims and Judgments	10,000	-	10,000	-
Landfill Postclosure Costs	1,125	-	1,125	-
Pollution Remediation Costs	23,885	-	23,885	-
Compensated Absences Payable	9,414	10,262	19,676	-
Risk Claims	14,200	2,857	17,057	-
Other Post Employment Benefits	358,486	17,658	376,144	-
Capital Leases	1,298	327	1,625	-
Other Noncurrent Liabilities	-	-	-	6
Accrued Pension and Postretirement Benefits	-	-	-	5,494
Total Noncurrent Liabilities	<u>1,501,226</u>	<u>334,543</u>	<u>1,835,769</u>	<u>7,106</u>
Total Liabilities	<u>1,682,728</u>	<u>392,050</u>	<u>2,074,778</u>	<u>13,231</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Revenue	299,079	-	299,079	-
Deferred Inflow Difference Between Actual and Expected Experience	-	4,984	4,984	-
Deferred Inflow Pension Assumption Changes	-	7,549	7,549	-
Total Deferred Inflows of Resources	<u>299,079</u>	<u>12,533</u>	<u>311,612</u>	<u>-</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position
As of December 31, 2017
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	\$ 406,664	\$ 347,249	\$ 753,913	\$ 34,324
Restricted for:				
2018 Appropriations	5,000	-	5,000	-
2019 Appropriations	4,798	-	4,798	-
Administrative Services	5,186	-	5,186	-
Airport - Passenger Facilities Charges and Debt	38,237	-	38,237	-
Behavioral Health Division	37,249	-	37,249	-
Capital Asset Needs	-	21,024	21,024	-
Capital Project Commitments	43,253	-	43,253	-
Commitments - Expendable	17,615	3,211	20,826	-
Debt Service	40,739	16,910	57,649	-
Delinquent Property Tax	9,922	-	9,922	-
Fleet and Facilities Divisions	9,630	-	9,630	-
Housing	456	-	456	-
Museum	-	-	-	7,852
Other	-	-	-	1,178
Parks	1,289	-	1,289	-
Persons with Disabilities	104	-	104	-
Zoo	1,853	-	1,853	-
Unrestricted (Deficit)	<u>(1,129,482)</u>	<u>(83,541)</u>	<u>(1,213,023)</u>	<u>(1,429)</u>
Total Net Position (Deficit)	<u>(507,487)</u>	<u>304,853</u>	<u>(202,634)</u>	<u>41,925</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,474,320</u>	<u>\$ 709,436</u>	<u>\$ 2,183,756</u>	<u>\$ 55,156</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Activities For the Year Ended December 31, 2017 (In Thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative, Executive and Staff	\$ (63,439)	\$ 14,776	\$ 622	\$ -	\$ (48,041)	\$ -	\$ (48,041)	\$ -
Courts and Judiciary	(59,827)	3,824	25,632	-	(30,371)	-	(30,371)	-
General Governmental Services	(13,089)	5,039	74	-	(7,976)	-	(7,976)	-
Public Safety	(194,000)	12,320	12,587	-	(169,093)	-	(169,093)	-
Public Works and Highways	(119,825)	41,469	20,954	16,633	(40,769)	-	(40,769)	-
Human Services	(319,930)	97,363	122,673	-	(99,894)	-	(99,894)	-
Parks, Recreation and Culture	(113,016)	31,133	433	1,952	(79,498)	-	(79,498)	-
Interest and Other Charges	(19,783)	-	-	-	(19,783)	-	(19,783)	-
Total Governmental Activities	<u>(902,909)</u>	<u>205,924</u>	<u>182,975</u>	<u>18,585</u>	<u>(495,425)</u>	<u>-</u>	<u>(495,425)</u>	<u>-</u>
Business-type Activities:								
Airport	(103,736)	95,323	244	7,087	-	(1,082)	(1,082)	-
Transit	(163,714)	39,704	89,484	10,794	-	(23,732)	(23,732)	-
Total Business-type Activities	<u>(267,450)</u>	<u>135,027</u>	<u>89,728</u>	<u>17,881</u>	<u>-</u>	<u>(24,814)</u>	<u>(24,814)</u>	<u>-</u>
Total Primary Government	<u>\$ (1,170,359)</u>	<u>\$ 340,951</u>	<u>\$ 272,703</u>	<u>\$ 36,466</u>	<u>(495,425)</u>	<u>(24,814)</u>	<u>(520,239)</u>	<u>-</u>
Component Units:								
Milwaukee Public Museum	\$ (13,118)	\$ 7,528	\$ 3,500	\$ -	-	-	-	(2,090)
War Memorial	(1,612)	12,748	611	-	-	-	-	11,747
Marcus Center	(6,339)	4,879	450	-	-	-	-	(1,011)
Total Component Units	<u>\$ (21,069)</u>	<u>\$ 25,155</u>	<u>\$ 4,561</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,646</u>
General Revenues:								
Property Taxes					291,370	-	291,370	-
Sales Taxes					74,603	-	74,603	-
Intergovernmental Revenues Not Related to Specific Program					34,082	-	34,082	-
Vehicle Registration Fee					-	12,229	12,229	-
Investment Income					2,870	362	3,232	798
Gain (Loss) on Sale of Capital Assets					8,597	(7)	8,590	-
Other Revenue					36,273	-	36,273	2,190
Transfers					(12,944)	12,944	-	-
Total General Revenues, Transfers and Special Items					<u>434,851</u>	<u>25,528</u>	<u>460,379</u>	<u>2,988</u>
Change in Net Position					(60,574)	714	(59,860)	11,634
Net Position -- Beginning					<u>(446,913)</u>	<u>304,139</u>	<u>(142,774)</u>	<u>30,291</u>
Net Position -- Ending					<u>\$ (507,487)</u>	<u>\$ 304,853</u>	<u>\$ (202,634)</u>	<u>\$ 41,925</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet Governmental Funds As of December 31, 2017 (In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 56,498	\$ 40,973	\$ 17,334	\$ 28,637	\$ 143,442
Cash and Investments - Restricted	-	-	32,496	38,237	70,733
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	17,882	-	755	-	18,637
Property Taxes:					
Current Levy	293,626	-	-	-	293,626
Delinquent	10,708	-	-	-	10,708
Accrued Interest	4,989	-	-	-	4,989
Other	17,377	-	-	1	17,378
Due From Other Governments	44,626	75	4,032	-	48,733
Inventories	1,849	-	-	-	1,849
Prepaid Items	868	-	-	-	868
Insurance Deposits	3,173	-	-	-	3,173
Total Assets	<u>\$ 451,596</u>	<u>\$ 41,048</u>	<u>\$ 54,617</u>	<u>\$ 66,875</u>	<u>\$ 614,136</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 48,721	\$ 309	\$ 11,364	\$ 250	\$ 60,644
Accrued Liabilities	18,340	-	-	-	18,340
Other Liabilities	1,035	-	-	-	1,035
Due to Other Governments	4,777	-	-	-	4,777
Unearned Revenues	1,322	-	-	-	1,322
Total Liabilities	<u>74,195</u>	<u>309</u>	<u>11,364</u>	<u>250</u>	<u>86,118</u>
Deferred Inflows of Resources					
Deferred Tax Revenue	299,079	-	-	-	299,079
Unavailable Revenue	11,695	-	-	-	11,695
Total Deferred Inflows of Resources	<u>310,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,774</u>
Fund Balances:					
Non-Spendable:					
Inventories	1,849	-	-	-	1,849
Prepays	868	-	-	-	868
Restricted for:					
2018 Appropriations	5,000	-	-	-	5,000
2019 Appropriations	4,798	-	-	-	4,798
Administrative Services	-	-	-	5,186	5,186
Airport - Passenger Facilities Charges and Debt	-	-	-	38,237	38,237
Behavioral Health Division	26,923	-	-	10,326	37,249
Commitments	16,172	-	43,253	-	59,425
Debt Service	-	40,739	-	-	40,739
Delinquent Property Tax	9,922	-	-	-	9,922
Fleet and Facilities Divisions	-	-	-	9,630	9,630
Housing	456	-	-	-	456
Parks	-	-	-	1,289	1,289
Persons with Disabilities	-	-	-	104	104
Zoo	-	-	-	1,853	1,853
Committed:					
Economic Development	639	-	-	-	639
Total Fund Balances	<u>66,627</u>	<u>40,739</u>	<u>43,253</u>	<u>66,625</u>	<u>217,244</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 451,596</u>	<u>\$ 41,048</u>	<u>\$ 54,617</u>	<u>\$ 66,875</u>	<u>\$ 614,136</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position As of December 31, 2017 (In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/17 \$ 217,244

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	59,311
Construction in Progress	60,687
Land Improvements	285,548
Buildings and Improvements	728,621
Infrastructure	214,153
Machinery, Vehicles and Equipment	161,774
Less: Accumulated Depreciation	(871,769)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services. 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: 234

Deferred outflows and deferred inflows of resources do not relate to current resources and are not reported in the governmental funds.

Deferred Loss on Refunding of Debt	10,027
Deferred Outflow of Pension Contributions Subsequent to the Measurement Date	50,079
Deferred Outflow Difference Between Actual and Expected Experience	19,744
Deferred Outflows Net Difference Between Expected and Actual Earnings on Pension Plan Investments	89,452

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	(566,409)
Capital Leases	(1,999)
Net Pension Liability	(557,348)
Unfunded Claims and Judgments	(12,500)
Landfill Postclosure Costs	(1,235)
Pollution Remediation Costs	(24,655)
Compensated Absences Payable	(24,958)
Other Post Employment Benefits	(351,983)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements: 11,695

Interest on long-term debt is not accrued in governmental funds; it is recognized as an expenditure when due. These liabilities are reported in the Statement of Net Position. (3,200)

Total Net Position of Governmental Activities as of 12/31/17 \$ (507,487)

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 229,523	\$ 1,841	\$ 18,585	\$ -	\$ 249,949
Property Taxes	291,370	-	-	-	291,370
Sales Taxes	67,759	-	6,844	-	74,603
Charges for Services	176,360	-	869	15,770	192,999
Fines and Forfeits	2,199	-	-	-	2,199
Licenses and Permits	1,017	-	-	-	1,017
Investment Income and Rents	2,404	-	168	299	2,871
Other	25,446	10,476	1,529	262	37,713
Total Revenues	<u>796,078</u>	<u>12,317</u>	<u>27,995</u>	<u>16,331</u>	<u>852,721</u>
Expenditures:					
Current:					
Legislative, Executive and Staff	32,180	-	-	-	32,180
Courts and Judiciary	56,624	-	-	-	56,624
General Governmental Services	11,982	-	-	-	11,982
Public Safety	164,875	-	-	-	164,875
Public Works and Highways	68,184	-	-	8,834	77,018
Human Services	306,220	-	-	410	306,630
Parks, Recreation and Culture	71,796	-	-	1,300	73,096
Capital Outlay	-	-	63,058	-	63,058
Debt Service:					
Principal Retired	-	65,596	-	-	65,596
Interest and Other Charges	-	18,976	-	-	18,976
Principal Retired on Current Refunding	-	15,338	-	-	15,338
Total Expenditures	<u>711,861</u>	<u>99,910</u>	<u>63,058</u>	<u>10,544</u>	<u>885,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>84,217</u>	<u>(87,593)</u>	<u>(35,063)</u>	<u>5,787</u>	<u>(32,652)</u>
Other Financing Sources (Uses):					
General Obligation Bonds Issued	-	2,104	27,894	-	29,998
Refunding Bonds Issued	-	14,248	-	-	14,248
Premium on Debt Issued	-	1,176	-	-	1,176
Proceeds from Sale of Capital Assets	440	6,522	4,050	4,547	15,559
Transfers In	4,803	59,801	5,163	-	69,767
Transfers Out	(89,476)	-	(2,432)	(500)	(92,408)
Total Other Financing Sources (Uses)	<u>(84,233)</u>	<u>83,851</u>	<u>34,675</u>	<u>4,047</u>	<u>38,340</u>
Net Change in Fund Balances	(16)	(3,742)	(388)	9,834	5,688
Fund Balances -- Beginning	66,643	44,481	43,641	56,791	211,556
Fund Balances -- Ending	<u>\$ 66,627</u>	<u>\$ 40,739</u>	<u>\$ 43,253</u>	<u>\$ 66,625</u>	<u>\$ 217,244</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

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, 2017 (In Thousands)

Net Change in Fund Balances for Total Governmental Funds \$ 5,688

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	63,058
Items reported as capital outlay that were not capitalized	(6,821)
Items reported as capital from operations	3,531
Depreciation reported in the government-wide statements	(53,773)
Net book value of assets retired	(19,639)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (2,192)

Sale of nonfinancial assets acquired from payment on guaranteed loan (11,410)

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	(29,998)
Refunding bonds issued	(14,248)
Premium on debt issued	(1,176)
Principal repaid	65,596
Principal retired on current refunding	15,338
Capital lease paid	1,152

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. 2,267

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 the governmental funds:

Accrued Interest Payable	183
Amortization of Premiums, Discounts and Unamortized Losses on Refunding	(565)
Unfunded Claims and Judgments	(7,000)
Landfill Postclosure Costs	1,885
Pollution Remediation Costs	(10,931)
Compensated Absences Payable	2,305
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	2,478
Deferred Outflow Difference Between Actual and Expected Experience	(5,133)
Deferred Outflows Net Difference Between Expected and Actual Earnings on Pension Plan Investments	(12,802)
Net Pension Liability	(37,130)
Deferred Inflow Difference Between Actual and Expected Experience	3,742
Other Postemployment Benefits	(14,979)

Change in Net Position of Governmental Activities \$ (60,574)

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2017
(In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 242,808	\$ 248,908	\$ 229,523	\$ (19,385)
Property Taxes	294,578	294,578	291,370	(3,208)
Sales Tax	67,625	67,625	67,759	134
Charges for Services	207,014	206,689	176,360	(30,329)
Fines and Forfeits	2,109	2,109	2,199	90
Licenses and Permits	829	829	1,017	188
Investment Income	1,430	1,458	2,404	946
Other	14,949	22,390	25,446	3,056
Total Revenues	831,342	844,586	796,078	(48,508)
Expenditures:				
Current				
Legislative, Executive and Staff	34,707	41,191	38,616	2,575
Courts and Judiciary	58,555	60,377	58,026	2,351
General Governmental Services	12,722	13,017	12,267	750
Public Safety	154,149	163,501	166,794	(3,293)
Public Works and Highways	68,603	72,353	70,543	1,810
Human Services	339,494	345,314	311,318	33,996
Parks, Recreation and Culture	67,553	72,676	67,991	4,685
Total Expenditures	735,783	768,429	725,555	42,874
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	95,559	76,157	70,523	(5,634)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,400	1,400	440	(960)
Transfers In	11,333	10,798	4,803	(5,995)
Transfers Out	(95,563)	(97,768)	(89,476)	8,292
Transfers To Component Units	(6,211)	(6,211)	(6,211)	-
Total Other Financing Sources (Uses)	(89,041)	(91,781)	(90,444)	1,337
Net Change in Fund Balance	6,518	(15,624)	(19,921)	(4,297)
Fund Balances - Beginning	66,643	66,643	66,643	-
Fund Balances - Ending	\$ 73,161	\$ 51,019	\$ 46,722	\$ (4,297)

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet
Proprietary Funds
As of December 31, 2017
(In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal
	Airports	System		Service Funds
Assets				
Current Assets:				
Cash and Investments	\$ 75,580	\$ 21,601	\$ 97,181	\$ 33,103
Cash and Investments -- Restricted	23,792	-	23,792	-
Receivables:				
Accounts (Net of Allowance for Doubtful Accounts)	4,014	-	4,014	1,244
Other	79	2,207	2,286	-
Due From Other Governments	4,319	3,887	8,206	1,265
Inventories	-	4,652	4,652	-
Prepaid Items	137	881	1,018	-
Total Current Assets	<u>107,921</u>	<u>33,228</u>	<u>141,149</u>	<u>35,612</u>
Noncurrent Assets:				
Other Post Employment Benefit	-	2,276	2,276	-
Capital Assets:				
Land	19,327	2,764	22,091	-
Construction in Progress	29,795	5,906	35,701	4,436
Land Improvements	224,884	5,156	230,040	3,502
Building and Improvements	391,776	55,446	447,222	7,263
Machinery, Vehicles and Equipment	24,234	189,250	213,484	27,000
Total Capital Assets	<u>690,016</u>	<u>258,522</u>	<u>948,538</u>	<u>42,201</u>
Less: Accumulated Depreciation	<u>(271,753)</u>	<u>(139,763)</u>	<u>(411,516)</u>	<u>(27,961)</u>
Total Capital Assets (Net)	<u>418,263</u>	<u>118,759</u>	<u>537,022</u>	<u>14,240</u>
Total Assets	<u>526,184</u>	<u>154,263</u>	<u>680,447</u>	<u>49,852</u>
Deferred Outflows of Resources				
Deferred Loss on Refunding of Debt	-	40	40	39
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	3,408	10,610	14,018	1,007
Deferred Outflow Difference Between Expected and Actual Experience	627	248	875	305
Deferred Outflow Net Difference Between Expected and Actual Earnings on Pension Plan Investments	<u>3,642</u>	<u>10,414</u>	<u>14,056</u>	<u>1,354</u>
Total Deferred Outflows of Resources	<u>7,677</u>	<u>21,312</u>	<u>28,989</u>	<u>2,705</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 533,861</u>	<u>\$ 175,575</u>	<u>\$ 709,436</u>	<u>\$ 52,557</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet
Proprietary Funds
As of December 31, 2017
(In Thousands)

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Airports	Transit System	Total	Internal Service Funds
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 4,457	\$ 4,021	\$ 8,478	\$ 2,076
Accrued Liabilities	1,583	3,405	4,988	333
Accrued Interest Payable	705	346	1,051	120
Unearned Revenues	11,946	5,056	17,002	-
Due to Other Governments	-	-	-	79
Bonds and Notes Payable - General Obligation	-	3,911	3,911	2,102
Bonds and Notes Payable - Revenue	10,845	-	10,845	-
Compensated Absences	1,183	1,702	2,885	388
Risk Claims	-	5,669	5,669	9,190
Capital Leases	299	-	299	-
Other Liabilities	89	2,290	2,379	-
Total Current Liabilities	<u>31,107</u>	<u>26,400</u>	<u>57,507</u>	<u>14,288</u>
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	-	31,320	31,320	8,310
Bonds and Notes Payable - Revenue	171,730	-	171,730	-
Compensated Absences	738	9,524	10,262	275
Net Pension Liability	21,615	78,774	100,389	8,754
Risk Claims	-	2,857	2,857	14,200
Other Postemployment Benefits	17,658	-	17,658	6,496
Capital Leases	327	-	327	-
Total Long-Term Liabilities	<u>212,068</u>	<u>122,475</u>	<u>334,543</u>	<u>38,035</u>
Total Liabilities	<u>243,175</u>	<u>148,875</u>	<u>392,050</u>	<u>52,323</u>
<u>Deferred Inflows of Resources</u>				
Deferred Inflow Difference Between Actual and Expected Experience				
	-	4,984	4,984	-
Deferred Inflow Pension Assumption Changes				
	-	7,549	7,549	-
Total Deferred Inflows of Resources	<u>-</u>	<u>12,533</u>	<u>12,533</u>	<u>-</u>
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	263,681	83,568	347,249	3,867
Restricted for:				
Operations and Debt Service	16,910	-	16,910	-
Capital Asset Needs	21,024	-	21,024	-
Commitments	3,009	202	3,211	1,443
Unrestricted (Deficit)	<u>(13,938)</u>	<u>(69,603)</u>	<u>(83,541)</u>	<u>(5,076)</u>
Total Net Position (Deficit)	<u>290,686</u>	<u>14,167</u>	<u>304,853</u>	<u>234</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position				
	<u>\$ 533,861</u>	<u>\$ 175,575</u>	<u>\$ 709,436</u>	<u>\$ 52,557</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2017
 (In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal Service Funds
	Airports	System		
Operating Revenues:				
Charges for Services	\$ 76,161	\$ -	\$ 76,161	\$ 24,047
Admissions and Concessions	19,082	-	19,082	-
Transit Fares	-	35,869	35,869	-
Total Charges for Services	95,243	35,869	131,112	24,047
Other	81	3,835	3,916	5
Total Operating Revenues	95,324	39,704	135,028	24,052
Operating Expenses:				
Personnel Services	28,225	107,728	135,953	5,721
Contractual Services	20,030	21,339	41,369	10,485
Intra-County Services	10,426	1,547	11,973	860
Commodities	4,453	13,878	18,331	176
Depreciation and Amortization	32,470	15,431	47,901	1,868
Maintenance	818	587	1,405	21
Other	126	1,998	2,124	1,523
Insurance and Claims	-	-	-	12,428
Total Operating Expenses	96,548	162,508	259,056	33,082
Operating Income (Loss)	(1,224)	(122,804)	(124,028)	(9,030)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	244	89,484	89,728	369
Vehicle Registration Fee	-	12,229	12,229	-
Investment Income	362	-	362	-
Gain (Loss) on Sale of Capital Assets	225	(232)	(7)	(1)
Other Income	-	-	-	1,646
Interest Expense	(7,188)	(1,206)	(8,394)	(426)
Total Nonoperating Revenues (Expenses)	(6,357)	100,275	93,918	1,588
Income (Loss) Before Contributions and Transfers	(7,581)	(22,529)	(30,110)	(7,442)
Capital Contributions	7,087	10,794	17,881	11
Transfers In	754	12,189	12,943	11,568
Transfers Out	-	-	-	(1,870)
Change in Net Position	260	454	714	2,267
Net Position -- Beginning	290,426	13,713	304,139	(2,033)
Net Position -- Ending	\$ 290,686	\$ 14,167	\$ 304,853	\$ 234

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2017 (In Thousands)

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Airports	Transit System	Total	Internal Service Funds
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 98,040	\$ 82,140	\$ 180,180	\$ 25,229
Payments to Suppliers	(22,894)	(48,665)	(71,559)	(19,301)
Payments to Employees including Benefits	(28,225)	(107,728)	(135,953)	(5,717)
Payments for Interfund Services Used	(10,426)	(1,547)	(11,973)	(1,091)
Net Cash Flows Provided (Used) by Operating Activities	<u>36,495</u>	<u>(75,800)</u>	<u>(39,305)</u>	<u>(880)</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	244	89,484	89,728	369
Transfers From Other Funds	754	12,189	12,943	9,698
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>998</u>	<u>101,673</u>	<u>102,671</u>	<u>10,067</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Proceeds from Bonds	-	1,655	1,655	248
Capital Contributions	7,087	10,794	17,881	11
Principal Payments on Bonds	(10,496)	(3,934)	(14,430)	(2,564)
Premium on Bonds	-	33	33	-
Interest Paid on Bonds	(9,112)	(1,241)	(10,353)	(427)
Principal Payments on Capital Lease	(309)	-	(309)	-
Acquisition of Capital Assets	(23,245)	(11,579)	(34,824)	(2,583)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(36,075)</u>	<u>(4,272)</u>	<u>(40,347)</u>	<u>(5,315)</u>
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	362	-	362	-
Net Cash Flows Provided (Used) by Investing Activities	<u>362</u>	<u>-</u>	<u>362</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,780	21,601	23,381	3,872
Cash and Cash Equivalents at Beginning of Year	97,592	-	97,592	29,231
Cash and Cash Equivalents at End of Year	<u>\$ 99,372</u>	<u>\$ 21,601</u>	<u>\$ 120,973</u>	<u>\$ 33,103</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2017 (In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal
	Airports	System		Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (1,224)	\$ (122,804)	\$ (124,028)	\$ (9,030)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	32,470	15,431	47,901	1,868
Nonoperating Revenues	-	12,229	12,229	1,646
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	(456)	-	(456)	781
Other Receivables	-	3,351	3,351	-
Due from Other Governments	1,464	25,662	27,126	(1,250)
Inventories	-	(120)	(120)	-
Prepaid Items	-	(80)	(80)	-
Deferred Outflow Pension Contributions Subsequent to the Measurement Date	(398)	146	(252)	(187)
Deferred Outflow Difference Between Expected and Actual Experience	325	883	1,208	89
Deferred Outflow Net Difference Between Expected and Actual Earnings on Pension Plan Investments	525	7,831	8,356	202
(Increase) Decrease in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	573	(2,064)	(1,491)	(698)
Accrued Liabilities	18	(218)	(200)	156
Due to Other Governments	(60)	(4,868)	(4,928)	-
Unearned Revenues	1,708	1,194	2,902	-
Compensated Absences	(250)	571	321	(71)
Net Pension Liability	647	(15,930)	(15,283)	523
Risk Claims	-	693	693	4,722
Other Post Employment Benefits	1,341	(2,545)	(1,204)	438
Deferred Inflow Difference Between Actual and Expected Experience	(188)	2,555	2,367	(69)
Deferred Inflow Pension Assumption Changes	-	2,283	2,283	-
Total Adjustments	37,719	47,004	84,723	8,150
Net Cash Flows Provided (Used) by Operating Activities	\$ 36,495	\$ (75,800)	\$ (39,305)	\$ (880)

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position
Fiduciary Funds
As of December 31, 2017
(In Thousands)

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and Investments:		
Domestic Common and Preferred Stocks	\$ 499,243	\$ -
Long / Short Hedge Funds	166,442	-
Fixed Income	253,867	-
International Common and Preferred Stocks	302,188	-
Real Estate Investments Trusts	177,651	-
Infrastructure	166,716	-
Private Equity	156,344	-
Deposits	65,949	17,368
Total Cash and Investments	1,788,400	17,368
Receivables:		
Accrued Interest and Dividends	1,431	-
Due from Sale of Investments	510	-
Other	1,821	38
Securities Lending	24,491	-
Other Assets	1,724	-
Total Assets	1,818,377	17,406
<u>Liabilities</u>		
Accounts Payable	4,730	1,512
Agency Deposits	-	15,894
Securities Lending	24,491	-
Other Liabilities	2,747	-
Total Liabilities	31,968	17,406
<u>Net Position</u>		
Restricted for Pension Benefits	\$ 1,786,409	\$ -

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Changes in Net Position
Pension Trust Fund
For the Year Ended December 31, 2017
(In Thousands)

	Total
Additions:	
Contributions:	
County of Milwaukee	\$ 53,661
Plan Participants	12,330
Total Contributions	65,991
Investment Income:	
Net Appreciation (Depreciation) in Fair Value	239,131
Interest and Dividends	9,769
Other Income	7,036
Total Investment Income	255,936
Security Lending Income	392
Security Lending Rebates (and Fees)	(314)
Net Security Lending Activity	78
Investment Expense:	
Net Investment Income (Loss)	(3,186)
Total Additions, Net of Losses	252,828
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(196,853)
Administrative Expenses	(5,502)
Withdrawal of Membership Accounts	(1,738)
Total Deductions	(204,093)
Change In Plan Net Position	114,726
Net Position Restricted for Pension Benefits	
Beginning of Year	1,671,683
End of Year	\$ 1,786,409

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

COUNTY OF MILWAUKEE, WISCONSIN

Combining Balance Sheet
Component Units
As of December 31, 2017
(In Thousands)

	Milwaukee Public Museum	War Memorial	Marcus Center	Total
<u>Assets</u>				
Current Assets:				
Cash and Investments	\$ 2,537	\$ 2,133	\$ 4,358	\$ 9,028
Accounts Receivable	950	153	165	1,268
Other Receivables	-	116	111	227
Inventories	42	-	27	69
Prepaid Items	61	23	60	144
Total Current Assets	3,590	2,425	4,721	10,736
Noncurrent Assets:				
Long-Term Investments	5,864	-	-	5,864
Accounts Receivable	584	104	-	688
Other	-	-	1,221	1,221
Capital Assets (Net):				
Construction in Progress	20	-	-	20
Building and Improvements	20,676	-	28,363	49,039
Machinery, Vehicles and Equipment	13,308	11,978	1,615	26,901
Less: Accumulated Depreciation	(19,820)	(79)	(19,414)	(39,313)
Total Capital Assets (Net)	14,184	11,899	10,564	36,647
Total Noncurrent Assets	20,632	12,003	11,785	44,420
Total Assets	\$ 24,222	\$ 14,428	\$ 16,506	\$ 55,156
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 415	\$ 289	\$ 12	\$ 716
Accrued Liabilities	586	119	463	1,168
Accrued Interest Payable	8	-	-	8
Unearned Revenues	1,091	105	666	1,862
Bonds and Notes Payable	390	-	327	717
Other Current Liabilities	1,377	-	110	1,487
Accrued Pension and Postretirement Benefits	167	-	-	167
Total Current Liabilities	4,034	513	1,578	6,125
Noncurrent Liabilities:				
Bonds and Notes Payable	320	-	1,286	1,606
Other Noncurrent Liabilities	-	6	-	6
Accrued Pension and Postretirement Benefits	5,494	-	-	5,494
Total Noncurrent Liabilities	5,814	6	1,286	7,106
Total Liabilities	9,848	519	2,864	13,231
<u>Net Position</u>				
Net Investment in Capital Assets	13,474	11,899	8,951	34,324
Restricted	7,852	1,142	36	9,030
Unrestricted (Deficit)	(6,952)	868	4,655	(1,429)
Total Net Position	14,374	13,909	13,642	41,925
Total Liabilities and Net Position	\$ 24,222	\$ 14,428	\$ 16,506	\$ 55,156

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

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenses, and Changes in Net Position
Component Units
For the Year Ended December 31, 2017
(In Thousands)

	Milwaukee Public Museum	War Memorial	Marcus Center	Total
Revenues:				
Charges for Services:				
Contributions and Memberships	\$ 4,259	\$ 12,193	\$ 394	\$ 16,846
Other	2,997	103	3,562	6,662
Rents	272	452	922	1,646
Other	738	650	802	2,190
Total Revenues	8,266	13,398	5,680	27,344
Operating Expenses:				
Parks, Recreation and Culture	13,510	1,612	6,339	21,461
Operating Income (Loss)	(5,244)	11,786	(659)	5,883
Nonoperating Revenues (Expenses):				
County Program Support	3,500	611	450	4,561
Interest and Gains/(Losses) on Investments	730	-	68	798
Pension and Post-retirement benefit	392	-	-	392
Total Nonoperating Revenues (Expenses)	4,622	611	518	5,751
Changes in Net Position	(622)	12,397	(141)	11,634
Net Position -- Beginning	14,996	1,512	13,783	30,291
Net Position -- Ending	\$ 14,374	\$ 13,909	\$ 13,642	\$ 41,925

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

COUNTY OF MILWAUKEE, WISCONSIN

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 System and Pension Plans
- 16 - Pending Governmental Accounting Standards

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (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 State of Wisconsin statutes.

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

This report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost 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 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 primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the 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

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

The County has no blended component units to report. The County has three major discretely presented component units which are described below.

Milwaukee Public Museum, Inc. ("MPM") was organized on January 10, 1992 as a non-stock, non-profit corporation based in Wisconsin. Prior to March 31, 1992, the Milwaukee Public Museum was operated by the County. On March 31, 1992, MPM commenced operations as a corporation, separate and distinct from the County. MPM operates a natural history museum which focuses on exhibits, public programming, and research in the natural sciences, anthropology, and history. A forty-five member Board of Directors governs MPM. Nine members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

MPM is reported as a discretely presented component unit of the County because the County owns the majority of the economic resources (the building and artifacts) available to MPM and provides annual appropriations. As a result, MPM has the ability to impose specific financial burdens on the County. MPM has a fiscal year ending August 31st.

Milwaukee County War Memorial, Inc. ("War Memorial") is a non-stock, non-profit corporation based in Wisconsin. The War Memorial is operated under the auspices of Milwaukee County. The original purpose of the War Memorial was to operate the War Memorial Center Facility/Milwaukee Art Museum, the Marcus Center for the Performing Arts, and the Charles Allis and Villa Terrace Art Museums. In 2006, the Marcus Center for the Performing Arts and in 2012, the Charles Allis and Villa Terrace Art Museums were granted separate Internal Revenue Service Section 501(c)(3) status and began operating as separate entities. In 2013, operation of a portion of the War Memorial Center Facility/Milwaukee Art Museum was ceded to the Milwaukee Art Museum. Beginning September 17, 2013, the sole purpose of the War Memorial is to operate the War Memorial Center.

A four member Board of Trustees ("Trustees") and an eleven member Board of Directors ("Board") govern the War Memorial. The four Trustees and two members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

The War Memorial is reported as a discretely presented component unit of the County because the County appoints the voting majority of the Board of Trustees, owns the majority of the economic resources (the building) available to the War Memorial, and provides annual appropriations. As a result, the War Memorial has the ability to impose specific financial burdens on the County. The War Memorial has a fiscal year ending December 31st.

Marcus Center for the Performing Arts ("Marcus Center") is a non-stock, non-profit corporation based in Wisconsin that offers performance facilities, various services to a wide range of performing arts, and a parking structure. 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. The Marcus Center operates as a

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

separate reporting entity and has combined all of its related funds into one set of financial statements. A twenty-five member Board of Directors governs the Marcus Center. Seven members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

On August 12, 2015, the State of Wisconsin passed Wisconsin Act 60; the legislation states that under Section 115 of Nonstatutory Provisions, the Marcus Center property can be transferred to the local exposition district ("Wisconsin Center District"). This transfer shall take effect upon adoption of a resolution by the Wisconsin Center District Board requesting the transfer, at which point a written proclamation of support from the County Executive would be needed to complete the transfer of the property. On April 4, 2018, the language transferring the Marcus Center property from Milwaukee County to the Wisconsin Center District was removed under Wisconsin Act 205.

The Marcus Center is reported as a discretely presented component unit of the County because the County owns the majority of the economic resources (the building), provides annual appropriations, and has previously assisted with the issuance of general obligation corporate purpose bonds to finance certain improvements. While the Marcus Center is fiscally dependent, it has the ability to impose specific financial burdens on the County. Also, even though the County does not appoint the majority of the Board of Directors, excluding the Marcus Center would render the County's financial statements incomplete or misleading. In 2017, the Marcus Center changed their fiscal year ending from December 31st to June 30th.

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

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

Milwaukee County War Memorial, Inc.
750 North Lincoln Memorial Drive
Milwaukee, WI 53202

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

Related Organizations

The Milwaukee County Federated Library System ("MCFLS") is a membership organization comprised of the fifteen administratively autonomous and fiscally independent public libraries in Milwaukee County. MCFLS assumes a leadership role in facilitating cooperation among its member libraries, improving access to and encouraging sharing of resources, promoting the most effective use of local, county, state and federal funds and assisting member libraries in the utilization of current and evolving technologies to provide the highest possible level of library service to all County residents. The County Executive is responsible for appointing the seven-member board of MCFLS but the County's accountability for MCFLS does not extend beyond making the appointments. In accordance with State Statute s.43.19(1)(a) at least one but not more than two County Board Supervisor(s) shall be members of the system board at any one time.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

Milwaukee Regional Innovation Center, Inc. ("MRIC") is a community for entrepreneurs that provides the environment, the support, and the resources for innovation. The MRIC board is composed of fifteen members of whom five are elected by the MRIC board, six are elected by the County Board and are confirmed by the County Board, two are appointed by the County Executive, and two are appointed by the County Board Chairperson. If MRIC were to dissolve, its remaining assets (after debt and liability payments) would be given back to the County to benefit the public.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used between the County's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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/deferred outflows of resources, liabilities/deferred inflows of resources, fund equity,

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 the property taxes. The County considers intergovernmental revenues 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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

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, expenditures related to debt service, 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 as well as 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.

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

Funds are organized as major or nonmajor within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

- (a) Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures /expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- (b) The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- (c) In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds 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.

The County presents 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 presents the following **major proprietary funds**:

- **Airports Fund** accounts for the operations of General Mitchell International Airport and Timmerman Airport. 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. Both systems are operated and managed by Milwaukee Transport Services, Inc., a private non-profit corporation. The Transit System provides public transportation in the Milwaukee metropolitan area. The Paratransit System provides transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

The County presents 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 maintenance and repairs of the miniature passenger train and the zoomobile, conservation, maintaining and expanding the library, employee's travel, animal acquisitions and specimens for the Milwaukee County Zoo.
 - ◇ **Parks** - used for the repair, restoration and enhancement of the various parks throughout Milwaukee County.
 - ◇ **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, funding for youth and young adults with severe mental health needs. It also used for compensated absence payouts for Behavioral Health Division retirees.
 - ◇ **Airport** - Airport Passenger Facility Charge (PFC) is used for the collection of Federal Aviation Administration (FAA) approved passenger facility charges, which are to be used for capital projects at the Airport.
 - ◇ **Administrative Services** – used by Risk Management for employee health and safety issues. It also includes pension stabilization established with \$6,500 in 2009 with issuance of Pension Liability funds for County ERS, under state statute.
 - ◇ **Public Works** - used for compensated absence payouts for retirees from the Fleet Maintenance and Facilities Management divisions.
- **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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

- **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 / Deferred Outflows of Resources, Liabilities / Deferred Inflows of Resources 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. These pooled common accounts are considered cash equivalents for the purposes of the statements of cash flows. The cash and investment balance in each fund represents the equity in these pooled resources.

The resources of the Special Revenue funds, the Agency funds, the Pension Trust fund, and the Transit fund are restricted and are not available to the County to finance its operations. Deposits and investments of the Agency Funds are held separately from those of other County funds. Deposits and investments of the Airport Trust are held separately from those of other County funds due to Revenue Bond restrictions. Deposits and investments of the Pension Trust fund are held in separate accounts with Employees' Retirement System. Deposits and investments in the Transit fund are held in separate accounts with Milwaukee Transport Services, Inc., a non-profit corporation.

The State of Wisconsin 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 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.

Additional information is provided in Note 3.

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". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

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 shown as deferred inflows of resources.

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.

Delinquent property tax receivable is comprised of the unpaid property taxes that the County purchases from other taxing authorities within the County, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement. The municipalities portion that is not collectable within sixty days of year-end is 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. The County's portion of delinquent property taxes, accrued interest and penalties that are not collectable within sixty days of year-end is reflected as unearned revenue in the governmental funds.

Additional information is provided in Note 4.

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. As of December 31, 2017 Milwaukee County has prepaid items totaling \$1,668.

Milwaukee County offers its employees the option to participate in flexible spending account plans for eligible health and daycare expenses which are administered by a third party; as of December 31, 2017 \$218 is prepaid.

Milwaukee County has self-funded health and prescription insurance plans administered by a third party. A requirement of the self-funded plans is that the County must maintain deposits with this third party manager; as of December 31, 2017 \$3,173 is on deposit.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

4. Restricted Assets

Certain proceeds of the Deposits and Investments area are considered restricted as explained earlier in Note 1, section D, item 1. At the end of 2017, these restricted assets consisted of Capital Project reserves, Airport reserves and unspent revenue bond proceeds, and Airport Passenger Facility Charge revenues. Restricted assets are not available to the County to finance its operations.

Capital Projects: Bond proceeds of \$32,496 are held for various capital projects for the Courthouse and other governmental facilities, Parks and other recreational areas, and Highway and related transportation assets and infrastructure.

Airports: Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment are maintained in separate bank accounts and their use is limited by applicable bond covenants. At the end of 2017, the restricted asset balance of \$23,792 consists of \$18,162 of reserves under Airport Revenue Bond covenants and \$5,630 of 2006, 2009, 2010 and 2013 unspent revenue bond proceeds.

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 first.

Airport Special Revenue Fund: Restricted Assets for the Airport Special Revenue Fund at the end of 2017 amount to \$38,237 which consists of \$33,609 for passenger facility charges allocated and \$4,628 for contributed assets. 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.

5. Capital Assets / Other 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 which has an initial, individual cost of 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 acquisition value at the time of receipt.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

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: Buildings - 40 years, Building Improvements - 12-20 years, Furniture and Fixtures - 10 years, Infrastructure - 20-30 years, Machinery and Equipment - 5-15 years, and Vehicles and Related Equipment - 5-12 years.

In 2016, the County obtained mortgaged assets from a company who defaulted on its loan commitment, which required the County to pay off the company's debt. The assets were valued at the cost of \$11,410. These assets were sold in 2017.

The County owns a collection of zoo animals and a collection of museum historical artifacts which 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. 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.

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.

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 in the same manner as in the government-wide statements.

Additional information is provided in Note 5.

6. Compensated Absences

County employees are granted vacation, sick leave, and personal days 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, a maximum of 56

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

(fifty six) vacation hours may be carried over to the subsequent calendar year. Sick leave is accrued up to a maximum of 960 (nine hundred sixty) hours. Personal days must be used in the current calendar year; unused balances are forfeited at year-end.

In the event of termination or retirement, employees are paid for unused vacation, personal days, holiday and overtime hours; however, if an employee has less than one year of service or is discharged for cause, all unused balances are forfeited. Unused sick leave hours are forfeited upon termination other than retirement. Depending on their prior bargaining unit affiliation and date of hire, a retiring employee may be entitled to either a full or partial cash payout or full credit for post-retirement health care costs of their eligible sick leave hours. The County eliminated the cash payout/health care credit at retirement for any sick leave hours accrued after June 24, 2012 for certain union and non-represented employees. Retiree sick leave cash payouts are \$1,367 and health care credits are \$107 in 2017.

Vacation, eligible sick leave, holiday and overtime hours earned and vested by active employees are accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences, primarily vacation, holiday, and overtime, is classified as current liabilities; for the governmental activities and the business-type activities, the short-term portion is \$19,048 and \$2,885, respectively. The long-term portions of compensated absences, primarily for eligible sick leave payable upon retirement, is classified as compensated absences; for the governmental activities and the business-type activities, the long-term portion is \$9,414 and \$10,262, respectively. The \$2,840 paid to employees in the governmental fund types within 60 days after year-end is recorded as a liability and as an expense in the governmental fund financial statements.

Additional information is provided in Note 8.

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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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.

Additional information is provided in Note 8.

8. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and therefore will not be recognized as an outflow of resources

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

(expense/expenditure) until that future time.

A deferred loss on refunding arises from a refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. 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:

- **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).

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

- **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. 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 Comptroller shall ensure that there are adequate funds in the department prior to the encumbering of any funds. 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 resources to be spent first and then unrestricted resources 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.

The State of Wisconsin statutes 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 State of Wisconsin statutes. The surplus cannot be used for any other purposes except those stated above.

11. Allowance for Doubtful Accounts

The 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 Department of Health and Human Services ("DHHS") provides an allowance for amounts due from recipients of housing loans provided to low-income homeowners. The Department of Public Works ("DPW")

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

provides an allowance for Private Fire Protection charges that are in dispute.

BHD, 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, 2017, the total allowance for BHD, DHHS, and DPW is \$24,757. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2017. All allowances are netted against receivables for financial statement presentation.

Additional information is provided in Note 4.

12. Capitalization of Interest

Interest is capitalized on 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 2017, the net amount of capitalized interest is \$328.

13. 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, 2017.

14. 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.

Additional information is provided in Note 8.

15. 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.

Additional information is provided in Note 8.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

16. Capital Contributions

The capital contributions accounted for in the proprietary fund types represent contributions from other funds and state and federal grant programs. The contributions amount is reported after non-operating revenues and expenses on the statement of revenues, expenses and changes in fund net position.

17. Unearned and Unavailable Revenues

Unearned revenues reported in the government-wide and proprietary financial statements represent amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows. In governmental fund financial statements, amounts owed to the County which are not available are recorded as receivables and unavailable revenues.

18. Net Pension Liability (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 the annual change in the net pension liability (asset) adjusted for certain other changes in the net pension liability (asset) which are amortized over the average expected remaining service lives of plan participants or five years.

Additional information is provided in Note 15.

19. Encumbrances

Encumbrance accounting is employed in the governmental, proprietary and internal service funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as a restriction of fund balance; the encumbrance balance is reduced as goods and services are received and payments are processed throughout the year. As of year-end, unliquidated encumbrances are not reflected as expenditures, but as a restriction of fund balances, and are rolled over into the subsequent year's appropriation balance and are liquidated in subsequent years when the services or materials are received. Every appropriation lapses, except for capital projects, at December 31 to the extent that it has not been expended or encumbered.

The 2017 encumbrance, carryover and commitment balances by fund are:

	Encumbrances	Carryovers	Other	Total Commitments
General Fund	\$ 19,491	\$ (5,677)	\$ 2,358	\$ 16,172
Capital Projects	41,541	1,689	23	43,253
Internal Service Funds	1,443	-	-	1,443
Airports	3,009	-	-	3,009
Transit	202	-	-	202
Totals	<u>\$ 65,686</u>	<u>\$ (3,988)</u>	<u>\$ 2,381</u>	<u>\$ 64,079</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont'd)

20. 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.

Additional information is provided in Note 8.

21. 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 and interest, net of payments.

Additional information is provided in Note 14.

E. Governmental Accounting Standards for 2017

In fiscal year 2017, the County implemented the following GASB's, however the implementation of these standards did not have an effect on the current year financial statements:

- **GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***, was implemented by the County effective January 1, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- **GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB No. 14***, was implemented by the County effective January 1, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.
- **GASB Statement No. 81, *Irrevocable Split-Interest Agreements***, was implemented by the County effective January 1, 2017. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

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 Services ("DAS"), acting as staff for the County Executive, reviews the requests in detail with the departments during June, July and August. After DAS has finalized their changes to the budget requests, 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 2017 appropriations and encumbrances. 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 2017 for emergencies or utilizing tax anticipation notes.

Budgetary Basis of Accounting

The "Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund - (Non-GAAP Budgetary Basis)" 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 liability bonds are considered a departmental personnel service appropriation and are reflected as an 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 2 - Stewardship, Compliance and Accountability (cont'd)

The reconciliation of the General Fund is as follows:

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 796,078	\$ 711,861	\$ (84,233)
Encumbrances	-	19,491	-
Pension/Other	-	414	-
Transfers to Component Units	-	(6,211)	(6,211)
Non-GAAP Budgetary Basis	\$ 796,078	\$ 725,555	\$ (90,444)

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 and the Risk Management Internal Service Fund have a net position ending balance of \$(2,748) and \$(471), respectively, as of December 31, 2017. The net liabilities were due to the recognition and reporting of the net pension liability associated with each fund. The County will continue to pay down the net pension liability through contributions to the pension plan for prior service liabilities which will reduce the deficit net position in both of these funds.

County Tax Rate Limit

Wisconsin State Statute (s.59.605) imposes a limit on the property tax rate that the County can impose upon its citizens. Wisconsin State Statute (s.66.0602), 2011 Wisconsin Act 32, changed the local levy limit to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current year or zero percent. For the 2017 Budget, the levy limit consists of net new construction which is 1.38%. The limit also contains adjustments for levy for debt service payments and terminated tax increment districts.

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 quarterly 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(s) or to maintain the funds in the financial institution. Funds sent to the investment manager(s) 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 institutions earn a guaranteed rate of return set to the current market LIBOR rates and are secured by collateral in the County's name at a

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

Federal Reserve Bank. The County maintains other bank accounts for convenience of deposit which may be transferred to the primary account as warranted.

The following information presents the deposits and investments split into two sections: primary government - County and Agency and Pension Trust Fund.

Statement of Net Position:

Cash and Investments	\$ 273,726
Cash and Investments - Restricted	94,525
Subtotal County	368,251

Statement of Fiduciary Net Position:

Cash and Investments:	
Pension Trust Fund	1,788,400
Agency Fund	17,368
Subtotal Fiduciary	1,805,768
Total	\$ 2,174,019

County and Agency:

Deposits	\$ 95,768
Investments	289,851

Pension:

Deposits	65,949
Investments	1,722,451
Total	\$ 2,174,019

PRIMARY GOVERNMENT - COUNTY AND AGENCY

Cash Deposits

The carrying amount of the County's deposits at December 31, 2017 is \$95,768 and the bank balance is \$105,542. The primary differences between the carrying value and bank balances are outstanding checks, deposits not yet processed by the banks and Petty Cash on hand.

Custodial Credit Risk - Deposits

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. All time and savings deposits (includes NOW accounts and money market deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. Separately, all demand deposit accounts (includes interest-bearing and noninterest-bearing deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. In addition, if the depository institution is outside of the State of Wisconsin, both time and savings deposits and demand deposits are added together and insured up to \$250. The State Deposit Guarantee Fund insures deposits up to a total of \$400 per entity, not per banking institution. Of the \$105,542 of deposits with financial

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

institutions, \$1,831 is covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, \$103,455 is collateralized with government securities held in a separate financial institution in the County's name, and \$256 is uninsured, uncollateralized, or exposed to custodial credit risk.

Investments

On August 12, 2014 the County modified its Statement of Investment Policy ("investment policy"). The primary objectives of the modified investment policy are safety, liquidity, return and local interests. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit risk and interest rate risk. The investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that may be reasonably anticipated. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County will support investment in local financial institutions to the maximum extent possible, consistent with all other investment objectives and will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

Consistent with the Government Finance Officers Association Policy Statement on local laws concerning investment practices, the following investments will be permitted by the County's investment policy and are those defined by Wisconsin State Statute (s.66.0603) and Milwaukee County ordinances, where applicable. If additional types of securities are approved for investment of public funds by Wisconsin State Statutes, they will not be eligible for investment by Milwaukee County until the investment policy has been amended and the amended version adopted by the governing body.

- Time and other money market deposits of banks, trust companies, savings and loans, and credit unions.
 - ◇ Deposits over the Federal Deposit Insurance Corporation ("FDIC") insured amount are to be fully collateralized with an acceptable form of collateral, surety, or other guarantee assuring the principal repayment to Milwaukee County.
 - ◇ CDARS – Certificates of Deposit Account Registry Service, a placement service in which a member institution uses CDARS to place funds into Certificate of Deposits ("CD's") issued by banks that are members of the network. This occurs in increments below the standard FDIC insurance coverage maximum, allowing for coverage of principal and interest.
 - ◇ ADM – American Deposit Management, CD placement service and other depository placement services.
- U.S. Treasury obligations, government agency securities, and Government Sponsored Enterprise ("GSE").

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

- Municipal Securities including general obligation bonds, essential service bonds rated AA or higher, or securities of any county, city, drainage district, vocational, technical and adult education district, village, town or school district of the State of Wisconsin.
- State of Wisconsin Investment Board's Local Government Investment Pool.
- Repurchase Agreements ("Repos"). Investment agreements pursuant to which a federal or state credit union, federal or state savings and loans association, state bank, savings and trust company, mutual savings bank, or national bank in the State of Wisconsin agrees to repay funds advanced to it by the issuer, plus interest. Repos are to be secured by investments securities fully guaranteed by the U.S. government.
- Corporate securities. Issued by private corporations, these securities must be rated in the highest or second highest rating category assigned by Standard and Poor's Corporation ("S&P"), Moody's Investor Service ("Moody's"), some other Nationally Recognized Statistical Rate Organization ("NRSRO"), or senior to or on parity with a security of the same issuer which has such a rating.
- Commercial Paper which may be tendered for purchase at the option of the holder within not more than two hundred seventy (270) days of the date acquired as permitted by Wisconsin State Statutes. These securities must be rated in the highest or second highest rating category assigned by S&P, Moody's, NRSRO, or senior to or on parity with a security of the same issuer which has such a rating.
- Money Market Funds. Open-ended Money Market funds restricted to investments permitted in Wisconsin State Statute (s.66.0603(1)(m)), limited to a maximum average maturity of sixty (60) days or less.

The following restrictions will apply to any investments made by Milwaukee County: no leveraged investments and no securities in foreign currencies. All other investments not listed above are prohibited from consideration of investment. At any time the Milwaukee County Treasurer may desire to be more conservative in its investments and may limit or restrict certain of the investments listed above

The County has one futures brokerage relationship to facilitate the purchase and sale of diesel futures contracts in conjunction with the hedging program. In its normal course of operations, the Transit System enters into exchange-traded futures contracts for diesel fuel as a hedge for its diesel fuel purchases. The collateral held with the broker at December 31, 2017 is \$1,528.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

The maximum loss that would be recognized at the reporting date if the broker failed to perform as contracted is \$4,116. The aggregate fair value of these hedging derivative instruments (futures contracts) at December 31, 2017 is \$1,409, resulting in no credit risk to the County. This broker 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.

As of December 31, 2017, the County and Agency investment types are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Commercial Paper - Discounted	\$ 2,571
Corporate Bonds	11,698
Corporate Paydown Securities (CMO)	6,746
F F C B Deb	16,835
F H L B	1,440
F H L B Deb	18,623
F H L M C	38,825
F H L M C Deb	5,947
F N M A	32,819
F N M A Deb	6,456
F N M A Gtd	1,927
First Amer Treas Oblig FD Cl D	17,416
Foreign Corporate Bonds	2,244
Foreign Gov't Obligations	3,991
Futures Hedge	1,528
G N M A I I	14,832
G N M A Gtd	1,589
LGIP	31,054
Money Market Mutual Funds	9,339
Municipal Bonds	10,661
S B A Gtd Ln	10,221
U.S. Treasury Obligations	43,089
Total	<u>\$ 289,851</u>

Custodial Credit Risk - Investments

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. The County's investment policy states that all investment institution must enter into a "depository agreement" requiring the depository to pledge collateral to secure amounts over and above FDIC guaranteed amounts. All securities serving as collateral will be specifically pledged to the County and placed in a custodial account at a Federal Reserve Bank, the trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.

Amounts in excess of FDIC guaranteed amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. Acceptable collateral includes the following: Securities of the U.S. Treasury and/or Agency or GSE securities as long as they are fully guaranteed.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

All securities purchased will be properly designated as an asset of Milwaukee County and will be evidenced by safekeeping receipts in Milwaukee County's name and held in safekeeping by a third-party custodial bank or other third-party custodial institution designated by Milwaukee County, and chartered by the U.S. Government or the State of Wisconsin. No withdrawal of such securities, in whole or in part, will be made from safekeeping except by the Milwaukee County Treasurer or a designee. All trades of marketable securities will be executed on a delivery versus payment basis to ensure that the securities are deposited in Milwaukee County's safekeeping institution prior to the release of funds.

The County does not have any investments exposed to custodial credit risk.

Interest Rate Risk - Investments

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. Unless matched to a specific cash flow requirement, the County will not directly invest in securities maturing more than ten (10) years from the date of purchase. For adjustable rate securities, the time to coupon reset will be used as the effective maturity date.

As of December 31, 2017, the County and Agency investments subject to interest rate risk are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Years</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Commercial Paper- Discounted	\$ 2,571	\$ 2,571	\$ -	\$ -	\$ -
Corporate Bonds	11,698	5,418	6,280	-	-
Corporate Paydown Securities (CMO)	6,746	-	6,746	-	-
F F C B Deb	16,835	-	16,835	-	-
F H L B	1,440	-	1,440	-	-
F H L B Deb	18,623	6,481	12,142	-	-
F H L M C	38,825	4,265	18,071	5	16,484
F H L M C Deb	5,947	-	5,947	-	-
F N M A	32,819	-	14,133	38	18,648
F N M A Deb	6,456	4,972	1,484	-	-
F N M A Gtd	1,927	-	1,838	-	89
First Amer Treas Oblig FD Cl D	17,416	17,416	-	-	-
Foreign Corporate Bonds	2,244	1,549	695	-	-
Foreign Gov't Obligations	3,991	-	3,991	-	-
Futures Hedge	1,528	1,528	-	-	-
G N M A I I	14,832	-	112	1,884	12,836
G N M A Gtd	1,589	-	-	-	1,589
Money Market Mutual Funds	9,339	9,339	-	-	-
Municipal Bonds	10,661	-	10,661	-	-
S B A Gtd Ln	10,221	32	1,574	16	8,599
U.S. Treasury Obligations	43,089	-	43,089	-	-
	<u>\$ 258,797</u>	<u>\$ 53,571</u>	<u>\$ 145,038</u>	<u>\$ 1,943</u>	<u>\$ 58,245</u>
Not subjected to interest rate risk:					
LGIP	<u>31,054</u>				
Total investments	<u>\$ 289,851</u>				

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

Credit Risk - Investments

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 Standard & Poor's or Moody's Investor Service) gives an indication of the degree of credit risk for that security. In accordance with the County's investment policy, the County will mitigate the credit risk using the following strategies: diversification, liquidity, investment rating downgrade and market risk.

As of December 31, 2017, the County and Agency investments' credit quality ratings are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Services</u>
Commercial Paper - Discounted	\$ 2,571	N/R	N/R
Corporate Bonds	749	A	A1
Corporate Bonds	949	AA-	A1
Corporate Bonds	1,098	AA-	Aa2
Corporate Bonds	300	AA-	Aa3
Corporate Bonds	1,192	AA+	Aa1
Corporate Bonds	1,440	AAA	Aaa
Corporate Bonds	4,821	N/R	N/R
Corporate Bonds	1,149	N/R	WR
Corporate Paydown Securities (CMO)	691	AA+	Aaa
Corporate Paydown Securities (CMO)	3,606	AA+	N/A
Corporate Paydown Securities (CMO)	2,449	N/A	N/A
F F C B Deb	16,835	AA+	Aaa
F H L B	1,440	AA+	Aaa
F H L B Deb	18,623	AA+	Aaa
F H L M C	19,109	AA+	Aaa
F H L M C	1,671	AA+	N/A
F H L M C	18,045	N/A	N/A
F H L M C Deb	5,947	AA+	Aaa
F N M A	14,131	AA+	Aaa
F N M A	18,688	N/A	N/A
F N M A Deb	6,456	AA+	Aaa
F N M A Gtd	1,927	N/A	N/A
First Amer Treas Oblig FD Cl D	17,416	N/R	N/R
Foreign Corporate Bonds	1,145	A+	A1
Foreign Corporate Bonds	1,099	AA-	Aa2
Foreign Gov't Obligations	3,991	AAA	Aaa
Futures Hedge	1,528	N/A	N/A
G N M A I I	14,832	N/A	N/A
G N M A Gtd	1,589	N/A	N/A
LGIP	31,054	N/A	N/A
Money Market Mutual Funds	9,339	N/R	N/R
Municipal Bonds	356	AA	Aa1
Municipal Bonds	408	AA	N/A
Municipal Bonds	1,824	AA-	Aa2
Municipal Bonds	2,935	AA-	Aa3
Municipal Bonds	4,881	AAA	Aaa
Municipal Bonds	257	N/A	Aa3
S B A Gtd Ln	10,221	N/A	N/A
U.S. Treasury Obligations	43,089	N/A	Aaa
Total	<u>\$ 289,851</u>		

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

Fair Value Measurements - Investments

The GASB Board issued Statement 72 to update the existing standards on fair value (primarily Statement 31). A review of existing standards by the GASB Board, found opportunities to improve the measurement of resources available to governments, and to increase comparability and accountability. Statement 72 is effective for fiscal years beginning after June 15, 2015.

Fair Value Hierarchy Valuation inputs are assumptions that market participant use in pricing an asset or liability. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories - Level 1, Level 2, and Level 3 inputs - considering the relative reliability of the inputs. GASB chose to leverage the input hierarchy in FASB Statement 157, Fair Value Measurement. The level is determined based on the lowest level of input significant to the measurement in its entirety. Premiums or discounts based on the government's transaction size, i.e., "blockage factors", should not be a valuation or a price adjustment for any level of the hierarchy.

As of December 31, 2017, the County and Agency investments' fair value measurements are as follows:

	12/31/2017	<u>Fair Value Measurements Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value:				
Commercial Paper - Discounted	\$ 2,571	\$ -	\$ 2,571	\$ -
Corporate Bonds	11,698	-	11,698	-
Corporate Paydown Securities (CMO)	6,746	-	6,746	-
F F C B Deb	16,835	-	16,835	-
F H L B	1,440	-	1,440	-
F H L B Deb	18,623	-	18,623	-
F H L M C	38,825	-	38,825	-
F H L M C Deb	5,947	-	5,947	-
F N M A	32,819	-	32,819	-
F N M A Deb	6,456	-	6,456	-
F N M A Gtd	1,927	-	1,927	-
Foreign Corporate Bonds	2,244	-	2,244	-
Foreign Government Obligations	3,991	-	3,991	-
Futures Hedge	1,528	-	-	1,528
G N M A II	14,832	-	14,832	-
G N M A Gtd	1,589	-	1,589	-
Money Market Mutual Funds	9,339	-	9,339	-
Municipal Bonds	10,661	-	10,661	-
S B A Gtd Ln	10,221	-	10,221	-
US Treasury Obligations	43,089	43,089	-	-
Total Investments by Fair Value Measurement	<u>\$ 241,381</u>	<u>\$ 43,089</u>	<u>\$ 196,764</u>	<u>\$ 1,528</u>

Short-term Investments Reported at Cost or Amortized Cost:

First Amer Treas Oblig FD CI D	17,416
LGIP	31,054
Total Investments	<u>\$ 289,851</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's investment policy states that to mitigate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, assets in all of the County's funds will be diversified by maturity, issuer, and class of security. Diversification strategies will be determined, and revised periodically, by the Milwaukee County Treasurer.

As of December 31, 2017, the County is not exposed to a concentration of credit risk.

PENSION TRUST FUND

Cash Deposits

The carrying amount of Pension Trust Fund deposits at December 31, 2017 is \$65,949 and the bank balance is \$66,494. The carrying amount consists of \$4,232 of cash held in deposit at banks and \$61,717 of cash equivalents held by investment managers.

Custodial Credit Risk - Deposits

The 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 deposits or will not be able to cover collateral securities that are in the possession of an outside entity. All time and savings deposits (includes NOW accounts and money market deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. Separately, all demand deposit accounts (includes interest-bearing and noninterest-bearing deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. In addition, if the depository institution is outside of the State of Wisconsin, both time and savings deposits and demand deposits are added together and insured up to \$250. The State Deposit Guarantee Fund insures deposits up to a total of \$400 per entity, not per banking institution. Of the \$4,232 of deposits with financial institutions, \$4,232 is covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, and there is no balance that is uninsured, uncollateralized, or exposed to custodial credit risk. All assets of the Pension Trust Fund are held in its name.

Investments

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. Investments, primarily stocks, bonds, certain government loans and

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

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. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

As of December 31, 2017, the Pension Trust Fund has the following investments:

Investment Type:	Fair Value
Domestic Common and Preferred Stocks	\$ 498,884
Fixed Income	253,867
Futures	359
Infrastructure	166,716
International Common and Preferred Stocks	302,188
Long / Short Hedge Funds	166,442
Private Equity	156,344
Real Estate and REIT'S	177,651
Total	\$ 1,722,451

Custodial Credit Risk – Investments

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, 2017. As of December 31, 2017, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair 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 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

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, 2017, the Retirement System has the following Option-Adjusted Durations for the fixed income investments:

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>
ABS-Car Loan	\$ 1,971	0.92
ABS-Credit Cards	1,022	0.96
ABS-Small Business Administration	8,933	5.02
Aerospace & Defense	1,428	4.57
Agency for Int'l. Devel. Backed Debt	369	6.80
Banking & Finance	10,761	5.01
Capital Goods	2,110	3.85
Chemicals	1,678	4.91
CMBS - Conduit	12,287	4.25
Commercial Services & Supp.	4,348	11.92
Communications	1,378	3.29
FHLMC Multiclass	752	4.91
FHLMC Pools	14,127	3.65
FNMA Pools	21,868	3.74
FNMA REMIC	1,208	3.47
Food Beverage & Tobacco	205	5.40
Food Products	851	6.90
GNMA Multi Family Pools	381	4.13
GNMA Single Family Pools	1,007	4.03
Health Care	7,054	11.25
Household Products	593	5.75
Industrial	3,152	3.50
Insurance	627	4.20
Oil & Gas	7,260	4.91
Other Corporate Bonds	375	3.16
Other U.S. Govt. Obligations	627	4.10
Paper & Forest Products	374	7.78
Pvt Placements - More than 1 year	7,144	3.81
Real Estate	31	6.66
REITS	4,798	4.84
Taxable Municipals	10,362	8.75
Technology	2,974	4.88
Transportation	1,656	4.31
U.S. Governments	16,203	10.23

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>
Utility-Electric	\$ 4,743	7.91
Utility-Gas	353	4.48
Utility-Telephone	2,131	10.91
Whole Loan - CMO	9	0.00
Whole Loan - Re-securitization	257	0.11
Other:		
Units of participation	99,717	
FNMA REMIC	510	
Utilities	1,850	
Whole Loans	1,903	
Cash transfer to be invested	(7,520)	
Total	<u>\$ 253,867</u>	

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represent five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer, other than the U.S. Government securities and mutual funds, that exceed five (5) percent of the total investments.

Foreign Currency Risk - Investment

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, \$7.3, the Retirement System directly owned approximately \$42.9 in investments denominated in foreign currencies.

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

Credit Risk - Investments

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 ("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 "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". Moody's quality rating of "BAA3" or above is considered investment grade. Of the \$7.9 million not rated by Moody's as of December 31, 2017, \$7.3 million was rated by S&P as investment grade ("BBB-" or higher), and \$0.6 million is not rated by S&P or Moody's.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2017 are as follows:

Moody's Quality Ratings	Fair Value	Moody's Quality Ratings	Fair Value
AAA	\$ 66,712	BA2	\$ 2,430
AA1	4,701	BA3	7,374
AA2	5,392	B1	2,109
AA3	3,751	B2	354
A1	4,518	B3	-
A2	3,072	CAA1	-
A3	9,199	CAA2	-
BAA1	10,368	CAA3	-
BAA2	5,817	CA	-
BAA3	3,734	NR	7,879
BA1	3,639		-
Subtotal	\$ 120,903	Subtotal	\$ 20,146
		Total Credit Risk Fixed Income Securities	141,049
		U.S. Government and Agencies	16,358
		Units of Participation (Not Rated)	96,460
		Total Investment in Fixed Income	\$ 253,867

Fair Value Measurements

The GASB Board issued Statement 72 to update the existing standards on fair value (primarily Statement 31). A review of existing standards by the GASB Board, found opportunities to improve the measurement of resources available to governments, and to increase comparability and accountability. Statement 72 is effective for fiscal years beginning after June 15, 2015.

Fair Value Hierarchy Valuation inputs are assumptions that market participant use in pricing an asset or liability. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories - Level 1, Level 2, and Level 3 inputs - considering the relative reliability of the inputs. GASB chose to leverage the input hierarchy in FASB Statement 157, Fair Value Measurement. The level is determined based on the lowest level of input significant to the measurement in its entirety. Premiums or discounts based on the government's transaction size, i.e., "blockage factors", should not be a valuation or a price adjustment for any level of the hierarchy.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont'd)

As of December 31, 2017, the Pension investments fair value measurements are as follows:

Investments by Fair Value:	Fair Value Measurements Using:			
	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Common Stocks	\$ 287,019	\$ 287,019	\$ -	\$ -
Domestic Stock Funds	141,402	42,082	99,320	-
International Stock Funds	372,651	-	372,651	-
Subtotal	801,072	329,101	471,971	-
Fixed Income Securities				
Corporate Bonds	157,407	-	157,407	-
Corporate Bond Funds	96,460	-	96,460	-
Subtotal	253,867	-	253,867	-
Futures				
Futures Contracts	359	359	-	-
Subtotal	359	359	-	-
Total Fair Value Level	\$ 1,055,298	\$ 329,460	\$ 725,838	\$ -

Investments measured at the net asset value (NAV):	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments				
Hedge Funds				
ABS Investment Management	\$ 72,596	\$ -	Quarterly	45 Days
Parametric Def Equity Fund LLC	93,846	-	Monthly	5 Days
Subtotal	166,442			
Private Equity				
Venture Capital				
Adams Street	88,185	26,392	Illiquid	
Mesirow Financial	18,250	13,500	Illiquid	
Progressive Investment Mgmt	26	-	Illiquid	
Siguler Guff	49,883	33,258	Illiquid	
Infrastructure				
IFM Infrastructure	86,343	-	Quarterly	90 Days
JP Morgan Infrastructure	80,373	-	Semi-Annually	90 Days
Subtotal	323,060			
Real Estate				
American Realty Advisors	41,105	-	Quarterly	30 Days
Morgan Stanley Prime Prop Fund	94,501	-	Quarterly	90 Days
UBS Trumbull R/E	42,045	-	Quarterly	60 Days
Subtotal	177,651			
Total Investments measured at NAV	\$ 667,153			
Total Investments	\$ 1,722,451			

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 4 - Receivables

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

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
Accounts	\$ 38,467	\$ -	\$ 755	\$ -	\$ 39,222
Taxes:					
Current Levy	293,626	-	-	-	293,626
Delinquent	10,708	-	-	-	10,708
Interest	4,989	-	-	-	4,989
Other	17,377	-	-	1	17,378
Due from Other Governments	44,626	75	4,032	-	48,733
Gross Receivables	409,793	75	4,787	1	414,656
Less: Allowance for Uncollectibles	(20,585)	-	-	-	(20,585)
Net Total Receivables	\$ 389,208	\$ 75	\$ 4,787	\$ 1	\$ 394,071

\$2,736 of the \$10,708 delinquent taxes balance is not expected to be collected within one year.

Receivables as of the year-end for the Proprietary Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Business-type Activities		Governmental
	Transit		Internal Service
	Airports	System	Funds
Accounts	\$ 4,014	\$ -	\$ 5,416
Other	79	2,207	-
Due from Other Governments	4,319	3,887	1,265
Gross Receivables	8,412	6,094	6,681
Less: Allowance for Uncollectibles	-	-	(4,172)
Net Total Receivables	\$ 8,412	\$ 6,094	\$ 2,509

All balances are expected to be collected within one year.

Governmental funds report unearned and deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of December 31, 2017, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 4 - Receivables (cont'd)

	Unearned Revenue	Deferred Tax Revenue	Unavailable Other Revenue	Total
Property Taxes Receivable for Subsequent Year	\$ -	\$ 293,678	\$ -	\$ 293,678
Delinquent Tax Receivables	-	5,401	-	5,401
Federal and State Receivables	-	-	4,615	4,615
Housing Loan Receivables	-	-	7,080	7,080
Other Receivables	1,322	-	-	1,322
Totals	\$ 1,322	\$ 299,079	\$ 11,695	\$ 312,096
Liabilities	\$ 1,322	\$ -	\$ -	\$ 1,322
Deferred Inflows	-	299,079	11,695	310,774
Totals	\$ 1,322	\$ 299,079	\$ 11,695	\$ 312,096

Enterprise funds also defer revenue recognition in connection with resources received, but not yet earned. As of December 31, 2017, the unearned revenue balances for the Airports and Transit System are \$11,946 and \$5,056, respectively.

Note 5 - Capital Assets

Primary Government

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2017.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 59,311	\$ -	\$ -	\$ 59,311
Construction in progress	34,043	33,815	(2,735)	65,123
Total Capital Assets, not being depreciated	93,354	33,815	(2,735)	124,434
Capital Assets, being depreciated				
Land Improvements	303,253	1,066	(15,269)	289,050
Buildings	706,423	1,917	(34,222)	674,118
Fixed Equipment Buildings	63,719	1,384	(3,337)	61,766
Infrastructure	199,851	20,223	(5,921)	214,153
Machinery and Equipment	103,279	1,029	(11,129)	93,179
Vehicles and Related Equipment	84,306	8,937	(4,675)	88,568
Furniture and Fixtures	6,693	430	(96)	7,027
Total Capital Assets, being depreciated	1,467,524	34,986	(74,649)	1,427,861
Less: Accumulated Depreciation				
Land Improvements	(181,373)	(9,896)	8,300	(182,969)
Buildings	(434,863)	(19,444)	21,735	(432,572)
Fixed Equipment Buildings	(42,937)	(2,996)	3,316	(42,617)
Infrastructure	(105,402)	(10,708)	5,922	(110,188)
Machinery and Equipment	(75,751)	(5,639)	11,016	(70,374)
Vehicles and Related Equipment	(51,943)	(6,497)	907	(57,533)
Furniture and Fixtures	(3,112)	(461)	96	(3,477)
Total Accumulated Depreciation	(895,381)	(55,641)	51,292	(899,730)
Net Capital Assets being depreciated	572,143	(20,655)	(23,357)	528,131
Governmental Activities Capital Assets-Net	\$ 665,497	\$ 13,160	\$ (26,092)	\$ 652,565

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Governmental activities capital assets, net of accumulated depreciation, as of December 31, 2017 are comprised of the following:

General Capital Assets, Net	\$ 638,325
Internal Service Fund Capital Assets, Net	14,240
Total Capital Assets, Net	<u>\$ 652,565</u>

Depreciation is charged to governmental functions as follows:

Legislative, Executive and Staff	\$ 4,708
Courts and Judiciary	91
General Governmental Services	192
Public Safety	6,727
Public Works and Highways	19,995
Human Services	3,468
Parks, Recreation and Culture	20,460
Total	<u>\$ 55,641</u>

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2017.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 22,100	\$ -	\$ (9)	\$ 22,091
Construction in progress	24,786	21,662	(10,747)	35,701
Total Capital Assets, not being depreciated	<u>46,886</u>	<u>21,662</u>	<u>(10,756)</u>	<u>57,792</u>
Capital Assets, being depreciated				
Land Improvements	241,423	1,670	(13,053)	230,040
Buildings	141,446	2,562	(1,504)	142,504
Fixed Equipment Buildings	299,877	5,262	(421)	304,718
Machinery and Equipment	31,046	1,653	(9,597)	23,102
Vehicles and Related Equipment	192,043	7,592	(14,626)	185,009
Furniture and Fixtures	6,633	-	(1,260)	5,373
Total Capital Assets, being depreciated	<u>912,468</u>	<u>18,739</u>	<u>(40,461)</u>	<u>890,746</u>
Less: Accumulated Depreciation				
Land Improvements	(108,611)	(12,327)	13,022	(107,916)
Buildings	(71,474)	(5,193)	1,504	(75,163)
Fixed Equipment Buildings	(104,273)	(14,358)	414	(118,217)
Machinery and Equipment	(21,988)	(2,117)	9,283	(14,822)
Vehicles and Related Equipment	(93,234)	(13,211)	14,425	(92,020)
Furniture and Fixtures	(4,262)	(368)	1,252	(3,378)
Total Accumulated Depreciation	<u>(403,842)</u>	<u>(47,574)</u>	<u>39,900</u>	<u>(411,516)</u>
Net Capital Assets, being depreciated	<u>508,626</u>	<u>(28,835)</u>	<u>(561)</u>	<u>479,230</u>
Business-type Activities Capital Assets-Net	<u>\$ 555,512</u>	<u>\$ (7,173)</u>	<u>\$ (11,317)</u>	<u>\$ 537,022</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Depreciation is charged to business-type activities as follows:

Airports	\$	32,143
Transit System		15,431
Total	\$	47,574

Discretely Presented Component Units

All three of the County's component units have reportable capital assets.

The capital assets of the **Milwaukee Public Museum, Inc.** consist of the following:

Construction in progress	\$	20
Building additions and improvements		20,676
Furniture, equipment and exhibits improvements		13,308
Less: Accumulated Depreciation		(19,820)
Capital Assets, Net	\$	14,184

The capital assets of the **Milwaukee County War Memorial, Inc.** consist of the following:

Machinery, Vehicles and Equipment	\$	11,978
Less: Accumulated Depreciation		(79)
Capital Assets, Net	\$	11,899

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

Building and Improvements	\$	28,363
Machinery, Vehicles and Equipment		1,615
Less: Accumulated Depreciation		(19,414)
Capital Assets, Net	\$	10,564

Construction Commitments

The following is a list of **capital projects appropriations and transfers** that were approved by the Milwaukee County Board of Supervisors per the 2017 Adopted Capital Improvements Budget. These reflect projects for both governmental and proprietary funds.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017 Appropriations	2017 Transfers	2017 Expenditures & Encumbrances
<u>Airports (WA)</u>				
WA042	GMIA Bag Claim Remodeling	\$ - *	\$ -	\$ 3
WA096	Parking Structure Relighting	-	107	141
WA125	Security & Wildlife Deter Peri	315 ***	-	272
WA139	GMIA - Redundant Main Electric	-	-	31
WA158	GMIA - Deicer Pads	-	-	174
WA172	GMIA Sanitary Sewer Upgrade	-	-	5
WA176	GMIA Master Plan Agis/Ealp	1,081 ***	-	57
WA177	GMIA Parking Structure Repairs	-	-	446
WA185	GMIA Surveillance System	-	-	2,502
WA187	GMIA 13-31 Pavement Resurface	-	-	8
WA189	LJT Airfield Pvmnt Rehab 2015	-	39	5
WA191	GMIA Pavement Rehab 2015	-	-	60
WA192	GMIA Airfield Safety Impr 2015	-	-	26
WA194	GMIA Taxiway Re-Cabling/Religh	-	-	185
WA195	GMIA Taxiway F Reconstruction	-	-	2,156
WA196	Replace Skywalk Glass	-	-	4,750
WA201	GMIA Terminal Exp Centr Checkp	-	-	18
WA205	GMIA Firehouse Addition	-	2,816	331
WA206	Expand Taxicab Parking/Staging	-	-	642
WA207	GMIA Landside Roadway Rehab	-	500	807
WA208	LJT 15L-33R Pavement Resurf	-	-	1,142
WA209	GMIA Sustainability Mgt Plan	-	-	232
WA211	GMIA Physical Access Cntrl Syst	300 **	-	265
WA212	GMIA Hydrant Fuel System Compl	1,000 **	-	3
WA213	Replacement of Jet Bridges	1,500 **	256	1,468
WA215	GMIA Relight 19R-II, 13-31 Tw	1,097 **	-	770
WA217	GMIA Airfield Safety Improvement	517 **	-	344
WA218	GMIA Airfield Pavement Replace	1,293 **	-	1,117
WA220	GMIA Connector Taxiway Mods	3,162 **	-	790
WA221	International Terminal Redevel	4,589 ***	-	100
WA224	LJT Airfield Pavmnt Repl/Rehab	450 ***	-	405
WA225	GMIA Fuel Storage Facility	-	-	160
WA261	GMIA Master Plan 2017	-	2,583	17
<u>Courthouse Complex (WC)</u>				
WC027	Courthouse Light Court Window	-	27	73
WC059	CH Complex Elec Infrastr Ph 1	1,670 ***	1	79
WC062	CJF Bldg Roof Replacement	2,459 ***	3	103
WC089	Courthouse Elevator Renov Ph 1	-	-	157
WC093	Courthouse Penthouse Masonry	-	-	17
WC094	Courthouse Ext Duct Repairs	-	-	24
WC095	Courthouse Basement Masonry	506 ***	-	21
WC096	Courthouse Tuckpointing	-	-	20
WC102	CH HVAC Replacement	250 ***	2	164
WC103	CJF Cooling Tower	-	-	1
WC116	Courthouse Cooling Coil Replac	-	248	435

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017 Appropriations		2017 Transfers		2017 Expenditures & Encumbrances
<u>Courthouse Complex (WC) (cont'd)</u>						
WC120	CJF Hot Water Heater Replacement	\$ -	***	\$ 2	\$	281
WC129	Safety Bldg Fire Pumps/Cntls	361	**	1		15
WC143	CH Lightcourt Perm Vertical Ac	50	**	-		-
WC147	CH Complex Facade Insp/Repair	500	**	-		248
WC148	CH Complex Plan Phase 3	500	**	-		335
WC154	CJF Elevators 1&2 Upgrade	75	**	-		80
<u>Behavioral Health (WE)</u>						
WE054	BHD Essent Elec Sys Imprvmnts	-	***	-		34
WE056	Acute/Children's Whiteboard Un	-	*	1		13
<u>County Grounds (WG)</u>						
WG017	VPJJC Fire Protection Mon Sys	-	*	-		71
WG018	Res Park Fire Prot Mon Sys	-	*	-		1
WG019	CATC Fire Prot Monitoring Syst	-	*	-		1
WG026	Child Crt Parking Lot /Access	-	*	-		10
<u>Highways (WH)</u>						
WH001	Traffic Hazard Elimination Program	960	***	7		1,562
WH002	Congestion Mitigation and Air Quality	468	***	3		44
WH010	Mill Rd. 43rd St. to Sydney Pl	1,250	***	17		13,637
WH020	Major Rehabilitation	100	***	13		2,947
WH030	Bridge Replacement Program	-	***	40		53
WH080	Bridge Rehabilitation Program	1,234	***	1		55
WH090	W Ryan Rd Cth H 96th to 112th	1,540	***	1		1,332
WH091	Short Term Cth Rehab-Maint Prj	500	***	-		730
WH092	S 76th & W Layton Adapt Sig Sy	-	***	1		3
WH094	W. Rawson Int W/ 10th and 6th	-	*	-		143
WH095	W Rawson - S. 27th to S. 20th	150	**	-		-
WH228	North Shop Improvements	325	**	(325)		-
WH234	Highway Billing System	-	*	-		37
WH242	North Shop Improvements	-	**	325		3
<u>House of Correction (WJ)</u>						
WJ021	Acc HVAC System	-	*	(64)		26
WJ068	HOC Roadway/Sidewalk Replace	-	*	-		11
WJ074	HOC Master Control	-	*	-		804
WJ078	HOC Sallyport Gate Replacements	252	**	-		189
WJ086	HOC Visiting Center Improvemen	-	***	64		479
<u>Museum (WM)</u>						
WM003	Electrical Distribution Replac	-	***	92		1,281
WM010	MPM Elevator/Escalator Modern	-	***	2		63
WM015	Museum Exterior Window Replace	-	*	(74)		20
WM016	MPM Facade Repair	-	*	-		1
WM019	MPM Waterproof &Caulk- Gar/PI	-	***	3		70
WM023	MPM Steam Convertor & Inst Che	-	*	-		1

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017 Appropriations		2017 Transfers		2017 Expenditures & Encumbrances
<u>Museum (WM) (cont'd)</u>						
WM027	MPM North Wing Ahu and Control	\$ 524	**	\$ -	\$	30
WM563	Security/Fire/Life Safety Sys	-	***	4		213
<u>Other Agencies (WO)</u>						
WO038	Marcus Center HVAC Upgrade	4,094	***	2		3,948
WO060	Lake Pk-Rav Nort to Serv Driv	-	*	-		67
WO064	Wil-O-Way Rec Center Entrance	-	**	7		7
WO077	Oak Crk Parkway Rr Trks to Chi	-	***	1		3
WO086	Milwaukee River Parkway Recons	-	*	(165)		37
WO103	Fleet Mgt Cent Garage Roof Rep	-	*	-		113
WO112	Fleet General Equipment Constr	5,792	***	2		6,438
WO113	Fleet Mgt Stormwater Reconfig	-	***	1		116
WO114	Museum Facade Replacement	-	*	-		10
WO118	Historical Society Ext Renovate	-	***	3		2,152
WO136	Trimborn Farm Stone Barn Roof	-	***	1		23
WO141	Fleet O'Donnell Panels Relocate	-	***	100		77
WO165	Countywide Ada Repairs	125	***	-		238
WO176	Mainframe Retirement	692	**	-		639
WO178	MCSO Rugged Modems	120	**	-		120
WO180	Information Technology Security	1,140	**	-		703
WO205	Courts Scanning	-	*	-		61
WO217	Phone and Voicemail Replacement	900	***	(196)		220
WO218	Technical Infrastructure Replace	300	**	-		294
WO224	Zoo Inter Utilities Relocation	-	*	-		18
WO229	Warehouse Facility Replacement	-	*	-		101
WO230	Fleet/Highways Bldg Modification	-	*	-		(11)
WO240	Project Management Software	-	***	50		249
WO246	Grant Wow Stage Improvements	-	*	-		47
WO247	Mchs Window Grates	-	*	(66)		5
WO303	Comp Aided Dispatch Interop	275	**	-		-
WO424	Jail Management System	-	*	-		765
WO447	CCFC Camera System	686	***	-		864
WO450	Iris Scan Enrollment & Reading	-	***	-		3
WO452	Train Acad. Firing Range Vent	-	***	375		473
WO455	Train Acad Cntrl Turn Targ Sys	-	***	3		246
WO462	Bullpen Camera System	-	***	3		354
WO465	Training Academy Boiler System	188	**	-		19
WO507	Charles Allis Ext Facade Repair	-	*	-		21
WO517	Birdcage Stain Glass Curtainwa	1,600	***	55		886
WO527	Charles Allis Ext Improvements	-	*	-		36
WO602	Mainframe Applications Migration	8,034	***	-		7,733
WO606	Countywide Wire/Wireless Infra	-	***	-		83
WO614	Build Out Ten Sites to Digital	-	***	28		3,850
WO619	Crit Data Prot and Backup	-	*	-		461
WO632	Internet/Intranet Rebuild/Redi	-	*	-		349
WO634	Mer Infrastructure Improvement	-	*	-		188
WO636	MCHS Recharge System	-	**	66		66

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017		2017		2017
		Appropriations		Transfers		Expenditures & Encumbrances
<u>Other Agencies (WO) (cont'd)</u>						
WO870	County Special Assessments	\$ 100	***	\$ -	\$	28
WO888	Uihlein Elevator #1	-	***	2		24
WO948	Master Real Prop Ind	571	***	-		1,180
WO949	Inventory & Assess Cnty Bldgs	-	*	-		7
<u>Parks (WP)</u>						
WP063	Estabrook Dam Rehabilitation	-	*	-		95
WP129	Athletic Fields	-	*	-		59
WP131	Olt Downtown Conn. Phase 4	-	***	12		153
WP143	Mitchell Park Greenhouse	-	*	-		34
WP172	MLK Community Center Roof Repl	-	***	36		26
WP191	Moody Pool Renovation	-	*	-		15
WP192	FEMA Flood Projects	-	*	-		65
WP203	Kosciuszko Cc HVAC	-	***	1		11
WP208	Kosci Comm Cnt Fire Alarm Upgr	-	*	-		113
WP225	Oakwood Cart Paths- Back 9	-	*	(237)		584
WP248	Sports Complex Security System	-	*	-		8
WP255	Sherman Park B&G HVAC Repl	-	*	(182)		114
WP260	Holler Park Pool Sand Filt Sys	-	*	-		6
WP262	Brown Deer Clubhouse Kitchen	-	***	1		21
WP269	Wehr Nature Center Improvement	-	***	-		1
WP271	Johnson Park Pavilion	-	***	-		17
WP273	Grobschmidt Park Pool Rehab	-	*	-		4
WP275	Menomonee River Prkwy Wetlands	-	*	-		46
WP279	Algonquin Park Walkways	-	***	1		29
WP280	Menomonee River Prkwy Recon	-	*	-		551
WP284	Clarke Square Park Improvement	-	**	190		35
WP288	Hales Corners Bathhouse Roof	-	***	-		1
WP290	Kinnickinnic Parkway Phase 1	1,739	***	2		1,255
WP297	Oakleaf Trail Improvements	-	**	1		1
WP298	South Shore Boat Launch	1,200	***	176		2,895
WP304	Hales Corners Pool Rehab	-	***	-		8
WP311	Jackson Park Electrical Service	-	***	2		12
WP323	Menomonee Rvr Streambank Stabi	300	**	-		61
WP330	Cool Waters Slide	-	***	12		875
WP332	Currie Park Electrical Service	-	*	-		1
WP368	Countywide Park Roofs	-	*	(25)		611
WP383	Mitchell Domes Electrical	-	*	(22)		22
WP394	Bay View Dog Park	-	*	-		6
WP399	Noyes Pool Improvements	-	***	-		69
WP462	Dineen Park Tennis Courts Repl	-	*	-		11
WP465	Tennis Courts Lighting Retros	-	*	-		41
WP482	Sherman Park Tennis Courts Imp	-	*	-		22
WP484	Lake Park Ravine Bridge	2,500	***	5		33
WP487	McGovern Pk Restrooms/Pavilion	-	***	47		73
WP488	Kern Pk Restrooms/Pavilion	-	***	15		41
WP489	Doctors Pk Restrooms/Pavilion	-	***	1		45

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017		2017		2017
		Appropriations		Transfers		Expenditures & Encumbrances
<u>Parks (WP) (cont'd)</u>						
WP490	Mitchell Domes Long-Term Plan	\$	-	*	\$ (240)	\$ 275
WP491	Olt Recon- Prospect to Bellvie		-	***	364	901
WP492	Root River Olt Extension		-	***	100	644
WP497	Whitnall Clubhouse Improvement		-	*	-	33
WP512	McKinley Marina Parking Lots		-	***	8	17
WP523	Lake Park Steel Arch Bridge		101		(101)	-
WP525	Parks Pos System		-	**	869	178
WP529	Olt Bender Racine Connector		-	***	6	26
WP530	Storage Sheds		37	**	-	16
WP531	Garden Homes Playground Pip Re		120	**	-	1
WP532	Holler Park Playground Improve		275	**	-	1
WP548	Kletzsch Dam Repairs and Imrpv		-	**	1,342	121
WP560	South Shore Water/Beach Improv		-	**	350	97
WP601	Brown Deer Clubhouse Maint.		-	*	-	466
WP602	Humboldt Park Pavilion Maint.		-	*	-	67
WP603	Smith Pavilion Wall Imp/Maint.		-	*	(116)	55
WP604	South Shore Pavilion Maint		-	*	-	289
WP605	Greenfield Pavilion Bldg Rep		-	*	-	49
WP606	Systemwide- Hard Surface Asset		-	*	-	51
WP607	Systemwide- Painting		-	*	-	102
WP608	Systemwide- Demolitions		-	*	-	3
WP610	Wahl Park Basketball Court		-	*	-	4
WP616	Pulaski Park Pavilion Improvem		-	*	(210)	164
WP618	Boiler, Ramp, Dehumidifiers		-	*	-	755
WP620	Wahl Park Pavilion Improvement		-	***	26	43
WP628	Brown Deer Park Roadway		785	**	1,034	726
WP629	Boerner Comfort Station Renova		356	**	1	291
WP630	Pulaski Park Futsal Court		-	*	-	12
WP631	Baseball Field Improvements		-	*	-	33
WP632	Washington Park Multi-Use Field		-	**	300	80
WP683	Greenfield CH HVAC Renov		-	**	204	22
WP684	Mitchell Domes Materials Test		-		240	-
WP685	Lyons Bridge Replacements		-	**	266	39
WP686	Domes Annex HVAC		-		200	-
<u>Human Services (WS)</u>						
WS034	Washington Pk Sr Ctr - Roof Repl		-	***	3	18
WS040	McGovern Senior Ctr Improvements		-	***	1	59
WS044	Washington Sc Restroom Renovo		-	*	-	25
WS049	Senior Centers Windows Renov		-	*	-	7
<u>Transit (WT)</u>						
WT026	New Flyer Buses		7,500	**	(279)	7,205
WT055	Fdl Garage Concrete Yard Repl		-	*	-	9
WT075	On-Bus Video System		-	***	4	3,549
WT076	KK Garage Maint Bldg HVAC		2,000	**	1	943
WT077	FDL Bus Storage Garage Roof		2,700	**	1	108

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

Project Number	Project Description	2017 Appropriations	2017 Transfers	2017 Expenditures & Encumbrances
<u>Transit (WT) (cont'd)</u>				
WT082	Brt Planning and Design	\$ - *	\$ -	\$ 1,805
WT083	Bus Rapid Transit	21,225 **	-	-
WT087	Rebuild KK Maintenance Pits	- ***	802	809
WT117	MCTS Phone and Voicemail	- **	196	196
<u>Environmental (WV)</u>				
WV009	Countywide Sanitary Sewer Rep	150 ***	-	359
WV022	Landfill Infrastructure	- ***	6	350
WV024	College Ave Storm Water Pond	- *	-	9
WV027	Warnimont Park Remediation	- *	-	54
<u>Zoo (WZ)</u>				
WZ041	Aviary Fire & Smoke Detection	- ***	-	2
WZ045	AHC Electrical Serv Extension	- ***	1	15
WZ057	Zoo Aviary Roof Replacement	- ***	7	238
WZ063	Winter Quarters Main Roof Repl	- ***	2	51
WZ089	Zoo South End Hay Barn Roof	- ***	1	21
WZ101	Apes Bldg Boiler Replacement	- *	-	3
WZ107	Bear Service Area Improvements	- ***	3	178
WZ112	Pachyderm Building Tunnel Rein	- ***	-	18
WZ114	Zoo Life Support Emergency Gen	298 ***	21	46
WZ115	Great Apes Mech Room Roof Repl	- ***	1	20
WZ119	African Plains Exhibit	8,600 ***	5,433	15,622
WZ128	Peck Roof Replacement	- ***	1	27
WZ132	Zoo-Wide Deck Walkway Replac	- ***	-	109
WZ133	Flamingo Building AC Replaceme	- ***	1	28
WZ150	Entry Area Exhibit	- ***	1,375	4,239
WZ151	Aviary Boiler Replacement	- ***	5	5
WZ161	ARC Ozone Sys/Exch&Chil Valves	- ***	3	3
WZ163	ARC Heating	- ***	2	2
WZ173	CTC Otter Exhibit	- **	2,250	2,089
	Totals	<u>\$ 103,481</u>	<u>\$ 21,488</u>	<u>\$ 130,512</u>

- * Project has funding appropriation carryovers from 2016.
- ** Project has additional funding appropriations in 2017.
- *** Project has both funding carryovers from 2016 and additional funding in 2017.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont'd)

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.

2017 Funding Total

Encumbrances and Carryovers from 2016	\$ 121,681
2017 Appropriations	103,481
2017 Transfers	21,488
Total	<u>\$ 246,650</u>

2017 Appropriations - Funding Source

Bonds	\$ 41,148
PFC Revenue / Airport Reserve	8,345
Private Contributions	6,300
Property Tax Levy	1,475
Reimbursement Revenue	37,401
Sales Tax Revenue	6,844
Vehicle Registration Fees	1,968
Total	<u>\$ 103,481</u>

2017 Transfers - Funding Source

Appropriation for Contingency	\$ 574
Bonds	2,659
Contribution from Reserves	2,272
Land Sale Proceeds	3,725
Miscellaneous Revenue	907
Parking Fees	869
PFC Revenue / Airport Reserve	(229)
Private Contributions	2,406
Reimbursement Revenue	8,305
Total	<u>\$ 21,488</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 6 - Interfund Transfers

The composition of interfund transfers as of December 31, 2017 is as follows:

Transfers In:	Transfers Out:	Purpose	Total
General Fund	Capital Projects Fund	Capital Projects	\$ (2,432)
General Fund	Special Revenue Fund - Admin Services	Operating Transfer	(500)
General Fund	Internal Service Fund - Info Mgmt Svcs	Operating Transfer	(1,418)
General Fund	Internal Service Fund - Public Works Service	Operating Transfer	(452)
Debt Service Fund	General Fund	Debt Service	59,801
Capital Projects Fund	General Fund	Capital Projects	5,163
Airports	General Fund	Operating Transfer	754
Transit	General Fund	Operating Transfer	12,190
Internal Service Fund - Info Mgmt Svcs	General Fund	Operating Transfer	4,839
Internal Service Fund - Public Works Service	General Fund	Operating Transfer	1,646
Internal Service Fund - Risk Management	General Fund	Operating Transfer	5,083
Subtotal - Fund Financial Statements			\$ 84,674
Less: Fund eliminations			(71,730)
Total Transfers - Government-wide Statement of Activities			\$ 12,944

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

No fund may have a reserve except for the Debt Service, Nonmajor and Airports funds. 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.

Note 7 - Leases

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 to promote environmental sustainability. The County 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 to promote environmental sustainability. The County expended \$6,385 of these funds. In December 2015, the unspent balance of \$1,130 was returned to the Banc of America and the principal balance was reduced. The repayment schedule was modified to reflect the reduced principal balance.

All equipment acquired through the Capital 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 \$11,227 and is presented in the governmental activities statement - capital assets.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 7 - Leases (cont'd)

In current and prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. The gross amount of these assets under capital leases is \$3,165 and is presented in the business-type statement - capital assets.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Machinery & Equipment	\$ 11,227	\$ -
Vehicles and Related Equipment	-	3,165
Less: Accumulated Depreciation	(9,228)	(2,539)
Total	\$ 1,999	\$ 626

The future minimum lease payments and the net present value of these capital leases as of December 31, 2017, are as follows:

Year Ending December 31	Governmental Activities	Business-type Activities
2018	\$ 769	\$ 318
2019	680	223
2020	679	116
Subtotals	2,128	657
Less: Amount representing interest	(129)	(31)
Present Value of Future minimum Lease Payments	\$ 1,999	\$ 626

Operating Leases - Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases are \$1,711 for the year ended December 31, 2017.

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

Year Ending December 31	Amount
2018	\$ 1,563
2019	1,576
2020	1,233
2021	1,126
2022	1,133
2023 and beyond	2,413
Total	\$ 9,044

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities

Changes in Long-Term Liabilities

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, \$49,715 of the internal service funds long-term liabilities is included in the following tables. 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.

Governmental Long-Term Liability activity for the year ended December 31, 2017 is as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bonds Payable:					
General Obligation Bonds	\$ 610,751	\$ 44,970	\$ (83,945)	\$ 571,776	\$ 60,105
Add (Subtract) Deferred Amounts for:					
Premium	5,179	1,206	(1,330)	5,055	-
Discount	(14)	-	4	(10)	-
Subtotal Bonds Payable	<u>615,916</u>	<u>46,176</u>	<u>(85,271)</u>	<u>576,821</u>	<u>60,105</u>
Other Liabilities:					
Unfunded Claims and Judgments	5,500	7,800	(800)	12,500	2,500
Landfill Post-Closure Costs	3,120	-	(1,885)	1,235	110
Pollution Remediation Costs	13,724	11,572	(641)	24,655	770
Compensated Absences	30,706	19,652	(21,896)	28,462	19,048
Risk Claims	18,678	11,445	(6,733)	23,390	9,190
Net Pension Liability	528,449	86,074	(48,421)	566,102	-
Other Post Employment Benefits	343,069	61,568	(46,151)	358,486	-
Capital Leases	3,151	-	(1,152)	1,999	701
Subtotal Other Liabilities	<u>946,397</u>	<u>198,111</u>	<u>(127,679)</u>	<u>1,016,829</u>	<u>32,319</u>
Total Governmental Activities	<u>\$ 1,562,313</u>	<u>\$ 244,287</u>	<u>\$ (212,950)</u>	<u>\$ 1,593,650</u>	<u>\$ 92,424</u>

Governmental Compensated Absences consist of the following:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Retirement sick pay payout	\$ 10,514	\$ -	\$ (1,704)	\$ 8,810	\$ 1,103
Vacation time earned	15,173	15,391	(15,173)	15,391	14,032
Overtime earned	2,154	1,717	(2,154)	1,717	1,567
Holiday pay	2,865	2,544	(2,865)	2,544	2,346
Total Compensated Absences	<u>\$ 30,706</u>	<u>\$ 19,652</u>	<u>\$ (21,896)</u>	<u>\$ 28,462</u>	<u>\$ 19,048</u>

Unfunded claims and judgments include estimated costs for outstanding environmental, medical, and other claims. As of December 31, 2017, the outstanding amount of claims and judgments due within one year is \$2,500 and the long-term liability is \$10,000.

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 for closed landfill sites. As of December 31, 2017, the estimated liability for costs due within one year is \$110 and the long-term liability is \$1,125. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

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, 2017, the estimated liability for costs due within one year is \$770 and the long-term liability is \$23,885. 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, 2017, the outstanding amount of risk claims due within one year is \$14,859 and the long-term liability is \$17,057.

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 OPEB and pension trusts. 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. All Funds contribute toward their specific share and plan related to pension liabilities. 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.

Business-type Long-Term Liability activity for the year ended December 31, 2017 is as follows:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Bonds Payable:					
General Obligation Bonds	\$ 37,327	\$ 1,655	\$ (3,970)	\$ 35,012	\$ 3,911
Revenue Bonds	182,360	-	(10,460)	171,900	10,845
Add (Subtract) Deferred Amounts for:					
Premium	13,922	34	(1,715)	12,241	-
Discount	(1,350)	-	3	(1,347)	-
Subtotal Bonds Payable	<u>232,259</u>	<u>1,689</u>	<u>(16,142)</u>	<u>217,806</u>	<u>14,756</u>
Other Liabilities:					
Compensated Absences	12,826	5,221	(4,900)	13,147	2,885
Risk Claims	7,833	5,697	(5,004)	8,526	5,669
Net Pension Liability - Airports	20,968	3,657	(3,010)	21,615	-
Net Pension Liability - Transit	94,704	11,255	(27,185)	78,774	-
Other Post Employment Benefits - Airports	16,317	4,275	(2,934)	17,658	-
Other Post Employment Benefits (Asset) - Transit	269	11,799	(14,344)	(2,276)	-
Capital Leases	935	-	(309)	626	299
Subtotal Other Liabilities	<u>153,852</u>	<u>41,904</u>	<u>(57,686)</u>	<u>138,070</u>	<u>8,853</u>
Total Business-type Activities	<u>\$ 386,111</u>	<u>\$ 43,593</u>	<u>\$ (73,828)</u>	<u>\$ 355,876</u>	<u>\$ 23,609</u>

Business-type Compensated Absences consist of the following:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Retirement sick pay payout	\$ 8,076	\$ 349	\$ (150)	\$ 8,275	\$ 1,770
Vacation time earned	4,440	4,676	(4,440)	4,676	938
Overtime earned	186	89	(186)	89	80
Holiday pay	124	107	(124)	107	97
Total Compensated Absences	<u>\$ 12,826</u>	<u>\$ 5,221</u>	<u>\$ (4,900)</u>	<u>\$ 13,147</u>	<u>\$ 2,885</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

Additional information is provided in the following Notes for: Landfill Post-Closure Costs and Pollution Remediation Costs - Note 13 , Risk Claims - Note 10, Pension Liability - Note 15, OPEB - Note 14 and Capital Leases - Note 7.

Governmental Activities

Proceeds from general obligation bonds issued are budgeted for and recorded within the Debt Service, Capital Projects, 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.

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property is approximately 5.08% including 0.99% related to direct County indebtedness at December 31, 2017.

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, 2017 under Wisconsin Statutes, the County could borrow an additional \$2,463,877.

At December 31, 2017, the Governmental Activities weighted average interest rate of general obligation bonds and notes outstanding is 4.30%.

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>
2018	\$ 60,105	\$ 22,557	\$ 82,662
2019	58,448	20,898	79,346
2020	57,190	19,065	76,255
2021	52,863	17,232	70,095
2022	49,589	15,325	64,914
2023-2027	191,647	49,685	241,332
2028-2031	101,934	8,072	110,006
Total Debt Service	<u>\$ 571,776</u>	<u>\$ 152,834</u>	<u>\$ 724,610</u>

On November 8, 2017, the County issued \$20,755 of General Obligation Corporate Purpose Bonds, Series 2017A. Total proceeds of \$21,079 (par amount of bonds issue of \$20,755, plus net premium and underwriter's discount of \$324) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used for the purpose of paying the cost of financing the construction, improvement and maintenance of highways and bridges; providing a memorial for soldiers, sailors and marines by financing renovations and improvements at the War Memorial Center; and financing the acquisition, improvement, construction, extension and equipping of general capital projects in the County. The 2017 bonds of \$20,755 are recorded in Governmental Activities and Business-type Activities on the Statement of Net Position.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

The 2017A bonds have semi-annual interest payments on March 1 and September 1 through 2027. The interest rate is 2.0% for 2018 through 2024, 2.25% for 2025, and 2.5% for 2026 through 2027.

On November 8, 2017, the County issued \$15,075 of General Obligation Refunding Bonds, Series 2017B to current refund \$16,200 of outstanding General Obligation Corporate Purpose Bonds, Series 2008A which were callable as of December 1, 2017. Net proceeds of \$15,667 (par amount of bonds issue of \$15,075, plus net premium and underwriter's discount of \$592) along with \$661 of cash on hand were used to prepay the General Obligation Bonds, Series 2008A on December 1, 2017. The 2017 bonds of \$15,075 are recorded in Governmental Activities and Business-type Activities on the Statement of Net Position.

The 2017B bonds have semi-annual interest payments on June 1 and December 1 through 2023. The interest rate is 3.0% for 2018, 4.0% for 2019, 2.0% for 2020, 4.0% for 2021, and 2.0% for 2022 through 2023.

The cash flow requirements on the refunded bonds prior to the current refunding was \$18,525 from 2018 to 2023. The cash flow requirements on the refunding bonds are \$16,475, a savings of \$2,050. 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 \$1,293.

On November 8, 2017, the County issued \$6,615 of General Obligation Promissory Notes, Series 2017C. Total proceeds of \$6,737 (par amount of bonds issue of \$6,615, plus net premium and underwriter's discount of \$122) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used for the purpose of paying the cost of financing the acquisition of vehicles and equipment. The 2017 bonds of \$6,615 are recorded in Governmental Activities on the Statement of Net Position.

The 2017C bonds have semi-annual interest payments on March 1 and September 1 through 2021. The interest rate is 2.0% for 2018 through 2020 and 2.25% for 2021.

On November 8, 2017, the County issued \$4,180 of General Obligation Promissory Notes, Series 2017D. Total proceeds of \$4,263 (par amount of bonds issue of \$4,180, plus net premium and underwriter's discount of \$83) 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 2017 Adopted Capital Improvement Budget. The 2017 bonds of \$4,180 are recorded in Governmental Activities on the Statement of Net Position.

The 2017D bonds have semi-annual interest payments on March 1 and September 1 through 2020. The interest rate is 2.0% for 2018, 3.0% for 2019, and 2.0% for 2020.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

<u>Bond Issue</u>	<u>Date of Bond</u>	<u>Final Maturity Date</u>	<u>Average Interest Rate</u>	<u>Original Indebtedness</u>	<u>Principal Outstanding 12/31/2017</u>	<u>Interest to Maturity</u>
Taxable Pension Obligation Bonds, Series 2009A	04/02/09	12/01/28	6.36 %	\$ 265,000	\$ 120,803	\$ 63,869
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04 %	24,139	21,518	4,653
Taxable General Obligation Corporate Purpose Bonds Series 2009E	11/15/09	08/01/24	4.87 %	24,051	19,132	4,281
General Obligation Promissory Notes, Series 2009F	11/15/09	08/01/19	2.55 %	15,610	2,000	103
Taxable General Obligation Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60 %	19,979	15,082	3,315
General Obligation Promissory Notes, Series 2010B	05/01/10	10/01/18	2.37 %	12,325	1,715	51
General Obligation Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.90 %	27,207	21,312	6,286
General Obligation Promissory Notes, Series 2010D	12/21/10	10/01/20	2.82 %	9,770	4,320	371
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04 %	28,737	1,457	73
General Obligation Refunding Bonds, Series 2012A	12/20/12	12/01/20	1.00 %	21,804	9,574	682
Taxable Pension Oblig Replacement Bonds, Series 2013A	02/12/13	12/01/30	3.28 %	138,730	118,525	38,005
Taxable Pension Oblig Tender Refund Bonds, Series 2013B	06/27/13	12/01/23	2.76 %	99,300	62,115	7,072
General Obligation Corporate Purpose Bonds, Series 2013A	08/14/13	09/01/23	2.43 %	26,935	16,725	1,755
General Obligation Corporate Purpose Bonds, Series 2014A	11/06/14	12/01/29	2.60 %	39,209	31,354	6,140
General Obligation Corporate Purpose Bonds, Series 2015A	11/12/15	10/01/30	2.73 %	31,415	28,671	5,872
General Obligation Refunding Bonds, Series 2015B	11/12/15	10/01/21	2.70 %	14,252	9,257	665
General Obligation Corporate Purpose Bonds, Series 2015C	11/12/15	10/01/19	1.85 %	3,600	1,800	54
General Obligation Corporate Purpose QECB Bonds, Series 2015D	11/12/15	10/01/25	2.30 %	100	80	9
General Obligation Corporate Purpose Bonds, Series 2016A	11/10/16	09/01/31	2.55 %	20,471	20,471	3,945
Taxable General Obligation Mass Transit QECB Bonds, Series 2016B	11/10/16	10/01/26	1.99 %	152	137	14
General Obligation Corporate Purpose Notes Series 2016C	11/10/16	09/01/21	2.00 %	3,055	2,440	122
General Obligation Corporate Purpose Notes Series 2016D	11/10/16	09/01/20	2.00 %	6,576	4,929	197

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

<u>Bond Issue</u>	<u>Date of Bond</u>	<u>Final Maturity Date</u>	<u>Average Interest Rate</u>	<u>Original Indebtedness</u>	<u>Principal Outstanding 12/31/2017</u>	<u>Interest to Maturity</u>
General Obligation Corporate Purpose Refunding Bonds, Series 2016E	11/10/16	12/01/22	2.78 %	\$ 16,516	\$ 13,390	\$ 1,154
General Obligation Corporate Purpose Bonds, Series 2017A	11/08/17	09/01/27	2.21 %	19,202	19,202	2,257
General Obligation Corporate Purpose Refunding Bonds, Series 2017B	11/08/17	12/01/23	2.63 %	14,972	14,972	1,390
General Obligation Corporate Purpose Notes Series 2017C	11/08/17	09/01/21	2.10 %	6,615	6,615	322
General Obligation Corporate Purpose Notes Series 2017D	11/08/17	09/01/20	2.33 %	4,180	<u>4,180</u>	<u>177</u>
Total Governmental Activities - General Obligation Debt					\$ 571,776	<u>\$152,834</u>
Premium					5,055	
Discount					<u>(10)</u>	
Total Governmental Activities - General Obligation Debt, Net					<u>\$ 576,821</u>	
Bonds and Notes Payable - General Obligation (Current Liabilities)					\$ 60,105	
Bonds and Notes Payable - General Obligation (Non-current Liabilities)					<u>516,716</u>	
Total General Obligation Debt per Statement of Net Position - Governmental Activities					<u>\$ 576,821</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

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 \$171,900 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, 2038. 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 are \$19,549 and \$29,280 respectively, resulting in net revenues plus Coverage Fund assets of 150% of annual debt service for 2017. The principal and interest payment of \$19,549 represents 22% of operating revenues. The total principal and interest remaining to be paid on the revenue bonds is \$247,760.

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>
2018	\$ 14,756	\$ 9,666	\$ 24,422
2019	14,604	9,037	23,641
2020	15,028	8,396	23,424
2021	15,675	7,727	23,402
2022	16,015	7,052	23,067
2023-2027	63,783	25,204	88,987
2028-2032	44,956	11,689	56,645
2033-2037	18,790	3,522	22,312
2038	3,305	173	3,478
Total Debt Service	\$ 206,912	\$ 82,466	\$ 289,378

An Airport capital project funded with General Airport Revenue Bonds, Series 2009A, of the 2032 maturity was partially refunded for \$1,020. The partially refunded amount is callable on December 1, 2019 and will be held in escrow until that time.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

<u>Bond Issue</u>	<u>Date of Bond</u>	<u>Final Maturity Date</u>	<u>Average Interest Rate</u>	<u>Original Indebtedness</u>	<u>Principal Outstanding 12/31/2017</u>	<u>Interest to Maturity</u>
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04 %	\$ 636	\$ 567	\$ 123
Taxable General Obligation Corporate Purpose Bonds Series 2009E	11/15/09	08/01/24	4.87 %	6,314	5,023	1,124
General Airport Revenue Bonds, Series 2009A	12/21/09	12/01/32	4.90 %	12,690	10,155	4,098
Taxable General Obligation Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60 %	2,746	2,073	456
General Obligation Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.90 %	10,958	8,583	2,532
General Airport Revenue Refunding Bonds, Series 2010B	10/14/10	12/01/23	3.75 %	51,590	23,430	3,917
General Airport Revenue Bonds, Series 2010A	10/14/10	12/01/34	4.30 %	31,570	28,420	13,369
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04 %	3,020	153	8
General Obligation Refunding Bonds, Series 2012A	12/20/12	12/01/20	1.00 %	1,301	571	41
General Airport Revenue Bonds, Series 2013A	08/14/13	12/01/38	4.88 %	47,095	43,805	29,251
General Airport Revenue Refunding Bonds, Series 2013B	08/14/13	12/01/22	2.81 %	3,330	1,780	166
General Airport Revenue Refunding Bonds, Series 2014A	11/06/14	12/01/29	3.10 %	23,655	20,250	7,165
Taxable General Obligation Corporate Purpose Bonds, Series 2014A	11/06/14	12/01/29	2.60 %	31	26	6
General Obligation Corporate Purpose Bonds, Series 2015A	11/12/15	10/01/30	2.73 %	240	219	45
General Obligation Refunding Bonds, Series 2015B	11/12/15	10/01/21	2.70 %	428	278	20
Taxable General Obligation Mass Transit QECB Bonds, Series 2015D	11/12/15	10/01/25	2.30 %	4,760	3,800	420
General Airport Revenue Refunding Bonds, Series 2016A	11/10/16	12/01/32	5.00 %	46,165	44,060	17,892
General Obligation Corporate Purpose Bonds, Series 2016A	11/10/16	09/01/31	2.55 %	5,034	5,034	970
Taxable General Obligation Mass Transit QECB Bonds, Series 2016B	11/10/16	10/01/26	1.99 %	6,968	6,268	637
General Obligation Corporate Purpose Notes Series 2016D	11/10/16	09/01/20	2.00 %	889	666	26
General Obligation Corporate Purpose Refunding Bonds, Series 2016E	11/10/16	12/01/22	2.78 %	114	95	8

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont'd)

<u>Bond Issue</u>	<u>Date of Bond</u>	<u>Final Maturity Date</u>	<u>Average Interest Rate</u>	<u>Original Indebtedness</u>	<u>Principal Outstanding 12/31/2017</u>	<u>Interest to Maturity</u>
General Obligation Corporate Purpose Bonds, Series 2017A	11/08/17	09/01/27	2.21 %	\$ 1,553	\$ 1,553	\$ 182
General Obligation Corporate Purpose Refunding Bonds, Series 2017B	11/08/17	12/01/23	2.63 %	103	<u>103</u>	<u>10</u>
Total Business-type - General Obligation and Revenue Bond Debt					\$ 206,912	<u>\$82,466</u>
Premium					12,241	
Discount					<u>(1,347)</u>	
Total Business-type - General Obligation and Revenue Bond Debt					<u>\$ 217,806</u>	
Bonds and Notes Payable - General Obligation (Current Liabilities)					\$ 3,911	
Bonds and Notes Payable - Revenue (Current Liabilities)					10,845	
Bonds and Notes Payable - General Obligation (Non-current Liabilities)					31,320	
Bonds and Notes Payable - Revenue (Non-current Liabilities)					<u>171,730</u>	
Total General Obligation and Revenue Bond Debt per Statement of Net Position - Business-type Activities					<u>\$ 217,806</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 9 - Net Position

The various components of the County's Restricted Net Position reported in the governmental and proprietary funds as of December 31, 2017 are as follows:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2019 Appropriations	\$ 4,798	\$ -
2018 Appropriations	5,000	-
Administrative Services	5,186	-
Airports - PFC and Debt	38,237	-
Behavioral Health Division	37,249	-
Capital Asset Needs	-	21,024
Capital Project Commitments	43,253	-
Commitments - Expendable	17,615	3,211
Debt Service	40,739	16,910
Delinquent Property Tax	9,922	-
Fleet and Facilities Divisions	9,630	-
Housing	456	-
Parks	1,289	-
Persons with Disabilities	104	-
Zoo	1,853	-
Total Net Position - Restricted	\$ 215,331	\$ 41,145

Discretely Presented Component Units

The Restricted Net Position of the **Milwaukee Public Museum, Inc.** as of December 31, 2017 consists of the following:

<u>Temporarily Restricted:</u>	<u>2017</u>
Capital Campaign - Debt	\$ 2,063
Educational programs	707
Endowment Fund:	
Internship Programs	83
Purchase and Maintenance of Collections	367
Exhibits and Museum Renovations	44
Purchase and maintenance of Collections	553
Restricted for Time	256
Subtotal Temporarily Restricted Net Position	\$ 4,073
 <u>Permanently Restricted:</u>	
Operations	\$ 2,563
Special Exhibits	1,137
Starr Adventure and Internship	79
Subtotal Permanently Restricted Net Position	3,779
Total Net Position - Restricted	\$ 7,852

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 9 - Net Position (cont'd)

The Restricted Net Position of the **Milwaukee County War Memorial, Inc.** as of December 31, 2017 consists of the following:

<u>Temporarily Restricted:</u>	<u>2017</u>
9/11 Memorial Fund	\$ 4
Congressional Medal of Honor Fund	1
Education Program	16
Memorial Day Parade Fund	2
MIA/POW programs	5
Operation Renew Project Fund	1,091
Other	1
Purple Heart Memorial Fund	5
Vet Fest Fund	3
Vietnam Veterans Memorial	14
Total Temporarily Restricted Net Position	\$ 1,142

The Restricted Net Position of the **Marcus Center for the Performing Arts** as of December 31, 2017 consists of the following:

<u>Temporarily Restricted:</u>	<u>2017</u>
Programming Events	\$ 36

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(s) 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 and \$250 per claim 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 settlement trends including frequency and amount of payouts and other economic and social factors.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 10 - Risk Management (cont'd)

The County has recognized \$23,390 of claims liabilities in the Risk Management Fund. The short-term portion is \$9,190 and is classified as a current liability.

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

	Year Ended 12/31/2017	Year Ended 12/31/2016
Beginning of Year Liability	\$ 18,678	\$ 18,978
Current Year Claims and Changes in Estimates	11,444	7,001
Claims Payments	(6,732)	(7,301)
End of Year Liability	\$ 23,390	\$ 18,678

The Transit System has recognized \$8,526 of claims liabilities in the Transit System Fund. The short-term portion is \$5,669 and is classified as a current liability.

Changes in the Transit System balances of claims liabilities during the past two years are as follows:

	Year Ended 12/31/2017	Year Ended 12/31/2016
Beginning of Year Liability	\$ 7,833	\$ 9,069
Current Year Claims and Changes in Estimates	5,698	3,228
Claims Payments	(5,005)	(4,464)
End of Year Liability	\$ 8,526	\$ 7,833

Note 11 - Related Party Transactions

Milwaukee Public Museum, Inc.

Milwaukee County has legal title to the Milwaukee Public Museum, Inc. ("MPM") building, exhibits and artifacts, including any building additions and improvements and additions funded by the County or MPM. All such assets are leased to MPM under a long-term lease. MPM has not recorded the building and exhibits under the long-term lease in its consolidated financial statements, as the value cannot be determined. MPM capitalizes building additions, improvements and exhibit costs when MPM 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 were to vacate the facility. MPM amortizes these costs over their anticipated useful lives.

On August 15, 2013, Milwaukee County and MPM entered into a new Lease and Management Agreement ("New Agreement") to replace and supersede the original agreement and all subsequent amendments. The New Agreement provided for a \$3,000 County contribution to the MPM Pension Plan for former County employees that was paid in August 2013, extends annual MPM funding support of \$3,500 to 2022, and provides additional capital spending up to \$4,000 on the facility through December 2017. MPM is required to raise additional funds to eliminate its existing outstanding term debt and raise \$5,000 by December 2017 to support additional capital needs for the facility. As of August 31, 2017, the Milwaukee Public Museum Endowment Fund

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 11 - Related Party Transactions (cont'd)

and MPM have raised \$3,323 towards the \$5,000 capital funding requirement. The New Agreement is renewable every five years through December 31, 2042.

During 2017, MPM and the County began negotiations to amend the current agreement, including the capital funding requirement. The County funding is expected to remain as is for 2018 with no planned reduction.

MPM received \$3,500 in annual support from the County, based upon MPM's fiscal year ending August 31, 2017.

Milwaukee County War Memorial, Inc.

Through December 17, 2017, Milwaukee County had a lease agreement with the Milwaukee County War Memorial, Inc. ("War Memorial") for the spaces occupied in County owned buildings located at the War Memorial Center Facility. The War Memorial was responsible for all operational functions of their occupied space and received \$486 in support annually from the County which would continue through 2023. There was no rent payable to the County under the terms of the lease agreement.

Under the terms of the agreements, the County retained ownership of the War Memorial Center Facility and existing improvements. Ownership of any additional leasehold improvements located upon or within the premises was determined by mutual agreement of the County and the War Memorial at the time the War Memorial sought County approval for construction. All expenditures for repairs, maintenance, improvements and betterments that materially prolonged the useful lives of assets, which were not specifically identified by the County as to be owned by the War Memorial, were expensed as incurred.

In addition, there was a development agreement which addressed structural repairs and improvements to the War Memorial Center Facility. The County did not appropriate any funds in 2017 for repairs and improvements to existing space previously owned by the County.

On December 18, 2017, Milwaukee County, the War Memorial and the Milwaukee Art Museum, Inc. established Lakefront Cultural Center Condominium Association (the "Association"), with each party sharing an equal controlling interest. Under the terms of the Condominium Agreement, the County approved a transfer of ownership to the War Memorial of the portions of the War Memorial Center Facility occupied by the War Memorial at that time. The value of the property received by the War Memorial was appraised at \$11,400. The War Memorial is prohibited from conveying or mortgaging title to the transferred property without consent of the other members of the Association. Subject to annual approval, the County will continue to support the War Memorial at \$486 per year through 2023 and then at a diminishing level through 2033. Additionally, in 2017, the County agreed to reimburse the War Memorial for \$125 for legal expenses incurred related to establishing the Condominium Agreement.

The War Memorial, in cooperation with the County, applied for and received grants from the National Fish and Wildlife Foundation, the Fund for Lake Michigan, and the Milwaukee Metropolitan Sewerage District for current and future projects focusing on renovating parking lots while incorporating pedestrian friendly pathways, bioretention, and native plants to manage stormwater along Milwaukee's shoreline. The total project is budgeted at \$1,546 with the County responsible for overseeing construction and renovations. The County has also allocated

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 11 - Related Party Transactions (cont'd)

\$580 of unspent 2017 appropriations for repairs to the War Memorial Center Facility parking lot. The War Memorial is responsible for reporting on project progress and outcomes and funding future plant replacement as needed at an estimated cost of \$5 annually. The project is expected to begin in 2018.

Marcus Center for the Performing Arts

Milwaukee County has legal title to the Marcus Center for the Performing Arts' ("Marcus Center") building. The Marcus Center capitalizes building improvements when the Marcus Center is obligated to pay for those capital items. These costs are amortized over their anticipated useful lives.

The County provided \$450 for the operation of the Marcus Center for the year ended June 30, 2017.

Note 12 - Subsequent Events

Milwaukee County has tentatively agreed to sale of leased lands

Froedtert Hospital, Children's Hospital of Wisconsin, the Medical College of Wisconsin and the BloodCenter of Wisconsin Blood Research Institute have tentatively agreed to buy the land they now lease from Milwaukee County. Currently, the County receives approximately \$250 annually for lease payments and the County is responsible for environmental costs as well as one-fifth of the cost of infrastructure improvements. Under the tentative agreement, Milwaukee County will receive \$800 to \$1,600 annually in payments until 2073.

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 are open at the end of 2017 but may be resolved in early 2018, a current liability 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 2017, the commitment is \$514.

The County has various environmental commitments that will require future capital and operating commitments that are not specifically court mandated. The 2017 commitments include: Landfills: \$110 and underground storage tank management: \$256.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 13 - Commitments and Contingencies (cont'd)

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, 2017.

Note 14 - Other Post-Employment Benefits

COUNTYWIDE PROGRAMS (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. The retiree healthcare and life insurance plans do not issue separate financial reports. The retiree healthcare benefits are authorized by County Ordinance 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 benefits who retired prior to January 1, 2012 (or January 1, 2013 for nurses) also receive reimbursement of the Medicare Part B premium for themselves and their covered spouses. Employees eligible for non-contributory health insurance benefits who retire after December 31, 2011 (or December 31, 2012 for nurses) are not eligible for Medicare Part B reimbursement.

Retirees with less than 15 years of service and/or hired after January 2, 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 these retirees, any unused eligible sick leave at retirement is converted to health credits for the purchase of retiree health insurance. The health credit is capped to the unused sick leave balance as of June 23, 2012 less any subsequent usage. See Note 1, section D and item 1 for additional information regarding the County's accrued sick leave liability as of December 31, 2017.

Retiree life insurance benefits are authorized by County Ordinance 62.02. A retiree is eligible if covered by life insurance at the time of the retirement and if retirement takes place at age: 60 or older, 55 or older with thirty or more years of service, or 57 or older in the case of deputy sheriffs. 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 \$0.40 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

Funding Policy

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 ("ARC") of the employer, 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 not to exceed twenty three years.

The following schedules provide the components of the County's 2017, 2016, and 2015 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ended December 31

	2017	2016	2015
Normal Cost	\$ 917	\$ 917	\$ 782
Amortization of Unfunded Actuarial Accrued Liability	75,182	75,182	69,856
Annual Required Contribution ("ARC")	76,099	76,099	70,638
Interest on Net OPEB Obligation	14,375	13,674	16,282
Adjustment to the ARC	(24,631)	(23,430)	(22,993)
Annual OPEB Cost	\$ 65,843	\$ 66,343	\$ 63,927

Schedule of Employer Contributions For the Year Ended December 31

	2017	2016	2015
Premiums Paid on Behalf of Retirees	\$ 41,786	\$ 42,133	\$ 41,523
Medicare Reimbursement	7,926	7,313	7,150
Less: Retiree Contributions	(627)	(633)	(961)
Net Employer Contribution	\$ 49,085	\$ 48,813	\$ 47,712

Percent of Annual OPEB Cost Contributed by Employer	74.5 %	73.6 %	74.6 %
---	--------	--------	--------

Schedule of Net OPEB Obligation For the Year Ended December 31

	2017	2016	2015
Net OPEB Obligation - January 1,	\$ 359,386	\$ 341,856	\$ 325,641
Annual OPEB Cost	65,843	66,343	63,927
Less: Net Employer Contributions	(49,085)	(48,813)	(47,712)
Net OPEB Obligation (Asset) - December 31	\$ 376,144	\$ 359,386	\$ 341,856

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the County's OPEB plan is not funded. The actuarial accrued liability for benefits is \$1,082,279, and there is no actuarial value of assets, resulting in an unfunded actuarial accrued liability ("UAAL") of \$1,082,279. The annual payroll of active employees covered by the plan is \$50,562, and the ratio of UAAL to covered payroll is 21.4 to 1.

The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 - such as assumptions about future employment, mortality, and the healthcare cost trend. Amounts 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 new estimates are made about the future. 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 is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 2017 ARC was determined as part of the January 1, 2016 actuarial valuation using the Unit Credit Actuarial Cost Method with unfunded Actuarial Accrued liability amortized as a level dollar amount over 21 years on a closed basis. Significant actuarial assumptions used in the valuation include:

Investment rate of return	4.0%
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-2014 Mortality Fully Generational Projected using Projection Scale MP-2015
Disability rate	Current age
Retirement age	Current age and employment category
Withdrawal	Current age, years of service, and employment category
Inflation rate	3.0%

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

Changes in Plan Provisions or Actuarial Assumption since Prior Year:

- None

Contributions Required and Contributions Made

As of December 31, 2017, the County has 6,680 retirees enrolled in a health plan. The 2017 expenditures for retiree healthcare costs are \$39,896. The County's 2017 expenditures also includes reimbursement of Medicare Part B premiums for eligible health plan retirees of \$7,926. The total health plan expenditures are offset by \$425 in contributions from retirees who are responsible for the partial or full health benefit premium cost.

As of December 31, 2017, the County has 5,353 retirees enrolled in the group life insurance plan. The 2017 expenditures for the group life insurance plan are \$1,890. The total life insurance expenditures are offset by \$202 in contributions from retirees who are 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 12% 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 ($\frac{1}{2}$) of the health insurance 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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

for employees who retired before April 1, 2001 range from \$500 (five hundred) to \$16,500 (sixteen thousand five hundred), who retired between April 1, 2001 and March 31, 2007 is \$8,500 (eight thousand five hundred), and retired after April 1, 2007 is \$9,000 (nine thousand).

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 ("ARC") of the employer, 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.

The following schedules provide the components of the Company's 2017, 2016, and 2015 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ended December 31

	2017	2016	2015
Normal Cost	\$ 4,784	\$ 3,119	\$ 3,020
Amortization of Unfunded Actuarial Accrued Liability	7,015	10,292	8,871
Annual Required Contribution (ARC)	11,799	13,411	11,891
Interest on Net OPEB Obligation	-	(4)	(4)
Adjustment to the ARC	-	4	3
Annual OPEB Cost	\$ 11,799	\$ 13,411	\$ 11,890

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

Schedule of Employer Contributions For the Year Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Premiums Paid on Behalf of Retirees	\$ 10,274	\$ 13,135	\$ 10,229
Contribution to OPEB Trust	6,035	4,525	1,008
Less: Retiree and Survivor Contribution	(1,965)	(1,939)	(1,982)
Net Employer Contribution	<u>\$ 14,344</u>	<u>\$ 15,721</u>	<u>\$ 9,255</u>
Percent of Annual OPEB Cost Contributed by Employer	121.6 %	117.2 %	77.8 %

Schedule of Net OPEB Obligation For the Year Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net OPEB Obligation (Asset) - January 1,	\$ 269	\$ 2,579	\$ (56)
Annual OPEB Cost	11,799	13,411	11,890
Less: Net Employer Contributions	(14,344)	(15,721)	(9,255)
Net OPEB Obligation (Asset) - December 31	<u>\$ (2,276)</u>	<u>\$ 269</u>	<u>\$ 2,579</u>

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the Company's OPEB plan is partially funded. The actuarial accrued liability for benefits is \$230,146, and the actuarial value of assets is \$65,829, resulting in an unfunded actuarial accrued liability (UAAL) of \$164,317. The annual payroll of active employees covered by the plan is \$29,180, and the ratio of UAAL to the covered payroll is 5.63 to 1.

The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. Amounts 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 new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont'd)

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 2017 ARC was determined as part of the January 1, 2016 actuarial valuation using the Unit Credit Actuarial Cost Method with unfunded Actuarial Accrued liability amortized as a level percent over 30 years on an open basis. Significant actuarial assumptions used in the valuation include:

Investment rate of return	7.25%
Projected salary increases	3.0%
Healthcare cost trend	8.0% decreasing by 0.5% annually to 5.0%
Mortality	RP-2014 Mortality for Blue Collar Workers Fully Generational using Projection Scale AA
Retirement age	Estimates vary based upon historical experience
Withdrawal	Graduated rates based upon current age
Inflation rate	3.0%

Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- None.

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, 2017, the Company has 1,055 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2017 expenditures for the HMO and PPO healthcare plans are \$10,014, plus a contribution to the OPEB plan trust of \$6,035. The total HMO and PPO expenditures are offset by \$1,965 in retiree contributions from retirees and survivors who are responsible for the partial or full health benefit premium cost.

As of December 31, 2017, the Company has 1,055 retirees enrolled in the life insurance plan. The 2017 expenditures for the life insurance plan are \$260. There are no retiree contributions towards the life insurance plan.

Note 15 - Employee Retirement System and Pension Plans

COUNTYWIDE PROGRAM (EXCLUDING TRANSIT SYSTEM)

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 Retirement System and is provided for financial reporting purposes only. Actuarial data presented here differs from the Annual Report of the Retirement System due to a one year lag

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

for County financial reporting purposes. Additional narrative has been added to the plan descriptions and provisions section. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information. 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 Pension Board. The Pension 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.

The Pension Board created two (2) committees to assist in the administration of the Pension Board's duties. The Investment Committee reviews the investment portfolio on a periodic basis, endorses strategies and submits investment recommendations to the full Pension Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Pension Board regarding the annual audit and the Annual Report of the Pension Board. The Pension Board, with the assistance of its actuarial professionals, determines and recommends how much the County should contribute to ERS based on what the Pension Board believes is necessary to properly fund the current and future payment of benefits. The Pension Board oversees the tax qualifications of ERS and oversees the administration of ERS in accordance with adopted County Ordinances (the "Ordinances"), any amendments to the Ordinances, and ERS Rules. The Pension Board oversees the benefit payment process from ERS to determine whether these payments are made in accordance with the Ordinances and ERS Rules.

Contributions

The Retirement System had been substantially non-contributory. However, starting in 2011, selected members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions starting in 2012. In 2017, the employee contribution percentages range from 6.5% to 8.1% of compensation. In 2018, the employee contribution percentages will range from 6.5% to 8.3% 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 and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% annum. Effective December 19, 2013, employees who terminate employment with the County must request a refund of accumulated contributions within one hundred eighty (180) days of terminating County employment. Prior to December 19, 2013, terminated employees

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

had sixty (60) days to request a refund of their contributions. The Retirement System will send an employee who terminates a written notice of the refund option. Any employee receiving this refund will forfeit his or her service credit and will no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of actuarially determined amounts sufficient to fund the annual service cost and interest on and amortization of the net pension liability less the expected contributions from the participants.

In 2012, the County started receiving contributions from the State of Wisconsin ("the State") for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System are able to continue to accrue pension benefits with the ERS, while they are employed with the State. Once the member is vested, they are transferred to the State retirement plan unless they remain in the same position and opt to remain in the Milwaukee County ERS plan. The State employees are required to contribute 6.5% of their wages to ERS in 2017 and 6.5% in 2016; the State contributes the same percentages to the County.

The County makes contributions to the Retirement System based upon Actuarially Determined Contributions and legal requirements, at the discretion of the County Board. Data used in the determination of the contribution 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 Actuarially Determined Contribution as a result of changes in plan provisions implemented subsequent to establishment of the Actuarially Determined Contribution and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System is \$192 greater than and \$298 less than, the Actuarially Determined Contribution in 2017 and 2016, respectively.

The Actuarially Determined Contribution is calculated by the Retirement System's actuary, hired by the Pension Board, using census data, following plan guidelines, and compared to current net assets. The objective is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Employee's Retirement System ("ERS")

ERS Pension Plan membership, which is open to new members, consists of the following:

	<u>2017</u>	<u>2016</u>
Retiree and beneficiaries currently receiving benefits	8,063	7,991
Vested and terminated employees not yet receiving benefits	1,394	1,387
Current employees	3,488	3,619
Total participants	<u>12,945</u>	<u>12,997</u>

Membership data above is as of January 1, 2017 and 2016, respectively, the date of the actuary report used to determine the total pension liability for each year and reasonably approximates membership data through December 31, 2017 and 2016, respectively.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

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: Applicable Multiplier(s) 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. A few 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. The applicable multiplier percentages are 1.5%, 1.6%, 2.0% and 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 agreements. 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 post retirement 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 post-retirement increase based on the backdrop date once the member terminates employment.

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If a member chooses a backdrop date after April 1, 2013, the monthly backdrop 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, Skilled Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental 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 (75% for a represented deputy sheriff). The ordinary disability pension benefit will not be less than 25% of the member's final average salary. 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

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% option) in the event of their death while in active service. Previously there had been a 50% option for PSO's; however, on December 17, 2015, the County Board amended Ordinance 201.24(7.1) and removed that option. 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 six 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.

OBRA 1990 Retirement System of the County of Milwaukee ("OBRA")

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 plan are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay the benefits of either the ERS or OBRA plans and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

OBRA Pension Plan membership, which is open to new members, consists of the following:

	<u>2017</u>	<u>2016</u>
Retiree and beneficiaries currently receiving benefits	55	48
Vested and terminated employees not yet receiving benefits	5,961	5,073
Current employees	354	386
Total participants	<u>6,370</u>	<u>5,507</u>

Membership data above is as of January 1, 2017 and 2016, respectively, the date of the actuary report used to determine the total pension liability for each year and reasonably approximates membership data through December 31, 2017 and 2016, respectively.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Net position identified for OBRA benefits as of December 31, 2017 is as follows:

<u>Statement of Fiduciary Net Position</u>	<u>2017</u>
Assets:	
Cash	\$ 70
Assets held for Retirement System	2,148
Total Assets	<u>2,218</u>
Liabilities:	
Taxes Payable	13
Net Position restricted for Pension Benefits	<u>\$ 2,205</u>

Changes in plan net position available for benefits for OBRA for the year ended December 31, 2017 are as follows:

<u>Statement of Changes in Fiduciary Net Position</u>	<u>2017</u>
Contributions from the County	\$ 833
Investment Income	242
Investment and administrative expenses	(204)
Benefits Paid	(179)
Net decrease in net position restricted for pension benefits	<u>\$ 692</u>

Summary of Significant Accounting Policies

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. Dividends and interest are recorded as earned. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

Investment securities, in general, are exposed to various risks, such as interest, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statements of Fiduciary Net Position.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

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 in the accompanying Statement of Changes in Fiduciary Net Position.

Expenses - Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses total \$1,677 in 2017 and \$1,555 in 2016.

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 contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management received a response from the Internal Revenue Service regarding what actions were required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status and completed the corrections required by December 31, 2016 at a cost of \$14,151. The majority of the cost resulted from a correction to the mortality tables used to calculate joint and survivor benefits for members who retired between 2001 and 2008. Management has submitted a supplemental report to the IRS in 2014 that details any new compliance issues and the review is still in process.

Deposit and Investment Risk Disclosure

Securities 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 2017 and 2016, the net investment income realized from security lending is \$78 and \$123, respectively.

ERS also invests in several commingled funds managed by Mellon Capital Management that participates 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Securities loaned and the collateral held as of December 31, 2017 are as follows:

	Securities Lent	Collateral
Securities Lent for Cash Collateral	\$ 23,956	\$ 24,491
Securities Lent for Securities Collateral	5,393	5,594
Grand Total	<u>\$ 29,349</u>	<u>\$ 30,085</u>
Percent Collateral to Securities Loaned		102.51 %

The collateral received from securities 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 \$24,491 and U.S. Treasury securities, domestic stocks and REIT's of \$5,594 for the year ended December 31, 2017. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of \$5,594 is controlled by the custodian and, correspondingly, not reflected in the Statement of Fiduciary Net Position.

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, 2017.

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 U.S. equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

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.

The futures contracts held by the Retirement System as of December 31, 2017 are as follows:

	US Equity Investment Managers	Cash Used to Pay Benefits and Expenses	Total
Cash Held	\$ 30,962	\$ 29,361	\$ 60,323
Futures Purchased:			
Barclays AGG (Fixed Income)	-	13,245	13,245
MSCI EAFE (International Equity)	-	6,852	6,852
S&P 500 (US Equity)	13,915	16,324	30,239
Total Futures Purchased	13,915	36,421	50,336
Futures Above/(Below) Cash	\$ (17,047)	\$ 7,060	\$ (9,987)
Market Value	\$ 359	\$ -	\$ 359

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 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 totaling \$53,661 and \$50,626 are recorded in 2017 and 2016, respectively. The 2017 and 2016 contributions are \$192 and \$(298) above/(below) the Funding Contribution amount, respectively. The County contributions do not include contributions made by the members. Member contributions are \$12,330 and \$12,144 for the years ended December 31, 2017 and 2016, respectively. The change in member contribution is due to the increase in the employee contribution percentages of pensionable compensation to 6.5% - 8.1% in 2017 from 6.5% - 7.9% in 2016. 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 \$833 and \$819 are recorded in 2017 and 2016, respectively. The 2017 and 2016 contributions are \$29 and \$8 above/(below) the Funding

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Contribution amount, respectively. There are no member contributions for OBRA.

The 2017 contributions reflected in the Retirement System's financial statements are actuarially determined as of January 1, 2017. These amounts are included in the County's 2017 budget. The Retirement System's financial statements as of December 31, 2017 reflects the balance of unpaid 2017 contributions as a contribution receivable.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% (includes 3.0% inflation), compounded annually, (b) projected payroll growth increases per year, averaging 3.5% for ERS and 4.5% for OBRA compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases, per year, of 2.0% for ERS and 3.0% for OBRA.

Mortality rates for healthy pensioners are based on the sex-distinct UP-1994 Mortality Table with Projection scale AA to 2012 and then fully generational thereafter using scale AA. Active member's mortality rates are 70% of the rates applicable to healthy pensioners.

The actuarial assumptions used for ERS are based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2016. The actual assumptions used for OBRA are based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2016.

The long-term expected rate of return on pension plan investments is determined by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Policy</u>	<u>Expected Real Rate of Return</u>
Cash and cash equivalents	0.0 %	0.0 %
Domestic common and preferred stocks	25.0 %	5.1 %
Fixed Income	18.0 %	0.8 %
Infrastructure	8.5 %	5.3 %
International common and preferred stocks	20.0 %	5.3 %
Long/Short hedge funds	8.5 %	3.1 %
Private Equity	10.0 %	8.9 %
Real Estate and REIT's	10.0 %	5.5 %
Estimated by ERS financial advisors	<u>100.0 %</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that the Retirement System’s contributions will continue to follow the current funding policy. Based on those assumptions, the Retirement System’s fiduciary net position is projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Pension Plan:			
ERS:			
Balances as of 12/31/2016	\$ 2,262,851	\$ 1,716,152	\$ 546,699
Charges for the year:			
Service Cost	16,094	-	16,094
Interest	173,973	-	173,973
Differences between expected and actual experience	16,052	-	16,052
Contributions:			
Employer	-	50,626	(50,626)
Employee	-	12,144	(12,144)
Projected earnings on Pension Investments	-	110,336	(110,336)
Benefit payments, including refunds of employee contributions	(212,662)	(212,662)	-
Administrative expense	-	(4,914)	4,914
Net changes	<u>(6,543)</u>	<u>(44,470)</u>	<u>37,927</u>
Balances as of 12/31/2017	<u>\$ 2,256,308</u>	<u>\$ 1,671,682</u>	<u>\$ 584,626</u>
OBRA:			
Balances as of 12/31/2016	\$ 4,028	\$ 1,310	\$ 2,718
Charges for the year:			
Service Cost	96	-	96
Interest	320	-	320
Differences between expected and actual experience	406	-	406
Contributions:			
Employer	-	819	(819)
Employee	-	88	(88)
Benefit payments, including refunds of employee contributions	(244)	(244)	-
Administrative expense	-	(458)	458
Net changes	<u>578</u>	<u>205</u>	<u>373</u>
Balances as of 12/31/2017	<u>\$ 4,606</u>	<u>\$ 1,515</u>	<u>\$ 3,091</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability of the ERS and OBRA pension plans, calculated using the discount rate of 8.00%, as well as what the ERS and OBRA's net pension liability would be if it were calculated using a discount rate that is a 1-percentage point decrease (7.00%) or a 1-percentage point increase (9.00%) than the current rate:

	1% Decrease (7.0%)	Current Discount (8.0 %)	1% Increase (9.0%)
ERS' net pension liability	\$ 804,877	\$ 584,626	\$ 397,330
OBRA's net pension liability	\$ 4,072	\$ 3,091	\$ 2,361

Pension Plan Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the County recognizes pension expense of \$103,617 for ERS pension plan and \$1,205 for OBRA pension plan. At December 31, 2017, the County is reporting deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS:		
Differences between expected and actual experience	\$ 20,676	\$ -
Net Difference between projected and actual earnings on pension plan investments	94,379	-
Total	\$ 115,055	\$ -
 OBRA:		
Net Difference between projected and actual earnings on pension plan investments	\$ 70	\$ -
Total	\$ 70	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	ERS	OBRA	Total
2018	\$ 50,251	\$ 24	\$ 50,275
2019	36,984	24	37,008
2020	23,868	19	23,887
2021	3,952	3	3,955

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Payable to the Pension Plan

At December 31, 2017, the County has no outstanding payments due to the ERS or OBRA pension plans. The County has paid its pension contribution for the subsequent year and, therefore, has a deferred outflow of resources for pension contributions as of December 31, 2017 of \$53,661 for ERS and \$833 for OBRA. The current deferred outflow related to pension contributions will be recognized in the net pension liability for the year ended December 31, 2017.

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 Transport Employees' Pension Plan (the "Plan") is a single employer contributory defined benefit plan sponsored by Milwaukee Transit 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, as it is a governmental plan exempted under Section 4(b)(1) of Title I of the Act.

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 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
- prior to January 1, 2014, the first day of the month following completion of twenty-five years of credited service, or
- after January 1, 2014 and prior to January 1, 2015, the first day of the month following completion of twenty-six years of credited service, or
- January 1, 2015 and thereafter, the first day of the month following completion of twenty-seven years of credited service.

Continuous service 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. Credited service, not to exceed thirty-five years, is equal to total years and completed months of unbroken service with the Company. 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.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

The amount of annual benefit to be paid in monthly installments for life is equal to the sum of:

- \$90 (ninety dollars) times year of credited service before April 1, 1966, plus
- 2.0% of the retiree's highest average salary times years of credited service after March 31, 1966 and prior to January 1, 2014, plus
- 1.8% of the retiree's highest average salary times years of credited service after December 31, 2013.

An employee's highest average salary is the greater of the annual average of the highest three calendar year earnings or the twelve month average of the last thirty-six months of earnings. 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.

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 a monthly benefit for life equal to the accrued benefit or begin collecting at the early retirement date and receive the 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 totally and permanently disabled before normal retirement date may retire and receive a disability retirement benefit calculated as their accrued benefit on the date of disability, payable immediately. The minimum annual disability benefit is \$3,000 (three thousand dollars).

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.

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.

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.

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 a retired employee who has not elected an optional benefit, the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

employee's beneficiary recovers a lump sum equivalent of the employee's contribution with 2% simple interest to the end of the calendar year in which retirement occurred less the pension payments the retiree received up to the date of death. In lieu of the normal form of benefit and the death benefit based on employee contributions, a retiree may elect one of three optional forms of payments.

On January 1 of each year, the retirement benefit of each retiree (excluding beneficiaries and surviving spouses) is increased by 2%.

Transit Pension Plan membership, which is open to new members, consists of the following:

	2017	2016
Retiree and beneficiaries currently receiving benefits	1,390	1,370
Vested and terminated employees not yet receiving benefits	59	59
Current employees	937	950
Total participants	<u>2,386</u>	<u>2,379</u>

Membership data above is as of January 1, 2017, the date of the actuary report used to determine the total pension liability for each year, and reasonably approximates membership data through December 31, 2017.

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.

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 and 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

Prior to 2012, employees covered under the plan contributed, in total, an amount equal to 15% of the actuarially determined contribution necessary to fund the plan. The Company contributed the remaining 85% of the actuarial determined contribution necessary to fund the plan. In 2012, employees contributed 25% of the actuarially determined contribution and the Company contributed the remaining 75%. Beginning in 2013, and continuing through present, employees contribute 30% of the actuarially determined contribution and the Company contributes the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

remaining 70%.

In 2017, the Company contributed \$15,483 which includes contributions made by the members. Member contributions are \$4,650 for the year ended December 31, 2017. See the Schedule of Employer and Other Contributions presented as Required Supplementary Information (RSI) immediately following the notes to the financial statements.

Net Pension Liability

The Transit System's net pension liability is measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of January 1, 2017.

The total pension liability in the January 1, 2017 actuarial valuation is determined using the following actuarial assumptions, applied to all periods included in the measurement. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.25%, net of assumed pension plan expenses of 0.35% and includes an inflation rate of 3.0%, compounded annually, (b) projected payroll growth increases averaging 3.75% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year.

Mortality rates for healthy pensioners are based on the RP-2014 employees and healthy annuitants mortality table with blue collar adjustment (adjusted to remove effects of Scale MP-2014). Mortality rates for disabled pensioners are based on the RP-2014 Disabled Retiree Mortality Table (adjusted to remove effects of Scale MP-2014).

The actuarial assumptions used are based on the results of an actuarial experience study from January 1, 2006 through December 31, 2010.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Policy</u>	<u>Expected Real Rate of Return</u>
Bank Loans	5.0 %	2.0 %
Corporate Fixed Income (Market Duration)	15.0 %	1.7 %
Domestic Equity (Large Cap)	24.0 %	4.2 %
Domestic Equity (Small Cap)	16.0 %	4.7 %
Emerging Markets Equity	2.0 %	5.5 %
Global Equity	5.0 %	5.0 %
Hedge Funds	5.0 %	4.3 %
International Equity	13.0 %	4.8 %
Private Equity	5.0 %	6.3 %
Private Real Estate	10.0 %	3.1 %
Estimated by Transit System financial advisors	<u>100.0 %</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that the Retirement System’s contributions will continue to follow the current funding policy. Based on those assumptions, the Transit Retirement System’s fiduciary net position is projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Transit System			
Balances as of 12/31/2016	\$ 531,095	\$ 436,391	\$ 94,704
Charges for the year:			
Service Cost	7,788	-	7,788
Interest	37,817	-	37,817
Differences between expected and actual experience	(5,224)	-	(5,224)
Changes of assumptions	(6,619)	-	(6,619)
Contributions:			
Employer	-	10,833	(10,833)
Employee	-	4,650	(4,650)
Projected earnings on Pension Investments	-	30,904	(30,904)
Differences between expected and actual experience	-	4,510	(4,510)
Benefit payments, incl refunds of employee contributions	(34,550)	(34,550)	-
Administrative expense	-	(1,205)	1,205
Net changes	(788)	15,142	(15,930)
Balances as of 12/31/2017	\$ 530,307	\$ 451,533	\$ 78,774

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability of the Transit System Retirement Plan, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is a 1-percentage point decrease (6.25%) or a 1-percentage point increase (8.25%) than the current rate:

	1% Decrease (6.25 %)	Current Discount (7.25 %)	1% Increase (8.25 %)
Transit System's net pension liability	\$ 139,352	\$ 78,774	\$ 28,048

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont'd)

Transit System Pension Plan Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Transit System recognizes pension expense of \$8,455. At December 31, 2017, the Transit System reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Transit System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248	\$ 4,984
Assumption Changes	-	7,549
Net difference between projected and actual earnings on pension plan investments	10,414	-
Total	\$ 10,662	\$ 12,533

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows

Year Ended December 31	Transit System
2018	\$ (3,436)
2019	(1,298)
2020	3,764
2021	(901)

Payable to the Pension Plan

At December 31, 2017, the Transit System has no outstanding payments to the pension plan. The Transit System has paid its pension contribution for the subsequent year and therefore has a deferred outflow of resources for pension contributions as of December 31, 2017 of \$10,610. The current deferred outflow related to pension contributions will be recognized in the net pension liability for the year ended December 31, 2017

Note 16 - Pending Governmental Accounting Standards

The County has not yet implemented the following GASB's into the CAFR presentation:

- **GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**, will be effective for the County for the year beginning January 1, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 16 - Pending Governmental Accounting Standards (cont'd)

- **GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73***, will be effective for the County for the year beginning January 1, 2018. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements.
- **GASB Statement No. 83, *Certain Asset Retirement Obligations***, will be effective for the County for the year beginning January 1, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.
- **GASB Statement No. 84, *Fiduciary Activities***, will be effective for the County for the year beginning January 1, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- **GASB Statement No. 85, *Omnibus 2017***, will be effective for the County for the year beginning January 1, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).
- **GASB Statement No. 86, *Certain Debt Extinguishment Issues***, will be effective for the County for the year beginning January 1, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2017 (Amounts expressed in thousands, unless otherwise noted)

Note 16 - Pending Governmental Accounting Standards (cont'd)

- **GASB Statement No. 87, *Leases***, will be effective for the County for the year beginning January 1, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflows of resources based on the payment provisions of the contracts. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.
- **GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements***, will be effective for the County for the year beginning January 1, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.
- **GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction Period***, will be effective for the County for the year beginning January 1, 2020. The objectives of this Statement are (1) to enhance the relevance and compatibility of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

REQUIRED SUPPLEMENTARY INFORMATION

- 1 - Notes to Required Supplementary Information
- 2 - Retirement Systems (Pension)
- 3 - Other Post-Employment Benefits (OPEB)

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Notes to Required Supplementary Information

Retirement Systems (Pension)

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.

The pension information is determined based on an actuarial valuation as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

OBRA - All seasonal and certain temporary employees who are not enrolled in ERS are participants in the OBRA 1990 Retirement System of the County of Milwaukee (OBRA), which is a single-employer non-contributory defined benefit pension plan.

The pension information is determined based on an actuarial valuation as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

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

The pension information is determined based on an actuarial valuation as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Other Post-Employment Benefits (OPEB)

Countywide Program - The County administers single-employer defined benefit healthcare and life insurance plans for retired employees and eligible spouses. 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.

The OPEB information is determined based on an actuarial valuation as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

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., 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.

The OPEB information is determined based on an actuarial valuation as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

See independent auditors' reports.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - ERS Last Ten Fiscal Years * (In Thousands)

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 16,094	\$ 15,740	\$ 15,299
Interest	173,973	171,661	172,040
Differences Between Expected and Actual Experience	16,052	41,649	(17,331)
Benefit Payments, including Refunds of Employee Contributions	(212,662)	(188,819)	(177,366)
Net Change in Total Pension Liability	(6,543)	40,231	(7,358)
Total Pension Liability - Beginning	2,262,851	2,222,620	2,229,978
Total Pension Liability - Ending	\$ 2,256,308	\$ 2,262,851	\$ 2,222,620
Plan Fiduciary Net Pension			
Contributions - Employer	\$ 50,626	\$ 39,081	\$ 19,005
Contributions - Employee	12,144	9,325	10,052
Net Investment Income	110,336	39,451	96,721
Benefit Payments, including Refunds of Employee Contributions	(212,662)	(188,819)	(177,366)
Administrative Expense	(4,914)	(5,465)	(5,067)
Net Change in Plan Fiduciary Net Position	(44,470)	(106,427)	(56,655)
Plan Fiduciary Net Position - Beginning	1,716,152	1,822,579	1,879,234
Plan Fiduciary Net Position - Ending	\$ 1,671,682	\$ 1,716,152	\$ 1,822,579
Net Pension Liability - Ending	\$ 584,626	\$ 546,699	\$ 400,041
Plan Fiduciary Net Position as a percentage of the total pension liability	74.09 %	75.84 %	82.00 %
Covered Employee Payroll	\$ 186,214	\$ 191,433	\$ 188,605
Net Pension Liability as a percentage of covered employee payroll	313.95 %	285.58 %	212.11 %

See independent auditors' report and accompanying notes to required supplementary information.
Measurement date is as of January 1 of current year.

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - OBRA Last Ten Fiscal Years * (In Thousands)

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 96	\$ 111	\$ 97
Interest	320	298	298
Differences Between Expected and Actual Experience	406	104	(233)
Benefit Payments, including Refunds of Employee Contributions	(244)	(206)	(127)
Net Change in Total Pension Liability	578	307	35
Total Pension Liability - Beginning	4,028	3,721	3,686
Total Pension Liability - Ending	\$ 4,606	\$ 4,028	\$ 3,721
Plan Fiduciary Net Pension			
Contributions - Employer	819	440	440
Net Investment Income	88	37	99
Benefit Payments, including Refunds of Employee Contributions	(244)	(206)	(127)
Administrative Expense	(458)	(521)	(455)
Net Change in Plan Fiduciary Net Position	205	(250)	(43)
Plan Fiduciary Net Position - Beginning	1,310	1,560	1,603
Plan Fiduciary Net Position - Ending	\$ 1,515	\$ 1,310	\$ 1,560
Net Pension Liability - Ending	\$ 3,091	\$ 2,718	\$ 2,161
Plan Fiduciary Net Position as a percentage of the total pension liability	32.89 %	32.52 %	41.92 %
Covered Employee Payroll	\$ 3,926	\$ 3,925	\$ 3,478
Net Pension Liability as a percentage of covered employee payroll	78.73 %	69.25 %	62.13 %

See independent auditors' report and accompanying notes to required supplementary information.
Measurement date is as of January 1 of current year.

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Transit System Last Ten Fiscal Years * (In Thousands)

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 7,788	\$ 7,657	\$ 6,885
Interest	37,817	37,764	36,673
Differences Between Expected and Actual Experience	(5,224)	(3,489)	2,899
Changes in Assumptions	(6,619)	(7,566)	-
Benefit Payments, including Refunds of Employee Contributions	(34,550)	(33,000)	(31,353)
Net Change in Total Pension Liability	(788)	1,366	15,104
Total Pension Liability - Beginning	531,095	529,729	514,625
Total Pension Liability - Ending	\$ 530,307	\$ 531,095	\$ 529,729
Plan Fiduciary Net Pension			
Contributions - Employer	\$ 10,833	\$ 10,863	\$ 11,087
Contributions - Employee	4,650	4,626	4,721
Net Investment Income	35,414	4,146	37,409
Benefit Payments, including Refunds of Employee Contributions	(34,550)	(33,000)	(31,353)
Administrative Expense	(1,205)	(1,657)	(1,544)
Net Change in Plan Fiduciary Net Position	15,142	(15,022)	20,320
Plan Fiduciary Net Position - Beginning	436,391	451,413	431,093
Plan Fiduciary Net Position - Ending	\$ 451,533	\$ 436,391	\$ 451,413
Net Pension Liability - Ending	\$ 78,774	\$ 94,704	\$ 78,316
Plan Fiduciary Net Position as a percentage of the total pension liability	85.15 %	82.17 %	85.00 %
Covered Employee Payroll	\$ 61,311	\$ 61,311	\$ 60,347
Net Pension Liability as a percentage of covered employee payroll	128.48 %	154.46 %	129.00 %

See independent auditors' report and accompanying notes to required supplementary information.
Measurement date is as of January 1 of current year.

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Employer Contributions - Single Employer Plans Last Ten Fiscal Years (In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>ERS Pension Plan:</u>										
Actuarially Determined Contribution	\$ 65,799	\$ 63,067	\$ 57,854	\$ 29,565	\$ 32,137	\$ 28,406	\$ 29,621	\$ 29,529	\$ 30,355	\$ 53,064
Contributions in Relation to the Actuarially Determined Contribution	<u>65,991</u>	<u>62,769</u>	<u>48,405</u>	<u>29,057</u>	<u>30,953</u>	<u>27,408</u>	<u>31,494</u>	<u>31,291</u>	<u>457,789</u>	<u>34,841</u>
Contribution Deficiency (Excess)	<u>\$ (192)</u>	<u>\$ 298</u>	<u>\$ 9,449</u>	<u>\$ 508</u>	<u>\$ 1,184</u>	<u>\$ 998</u>	<u>\$ (1,873)</u>	<u>\$ (1,762)</u>	<u>\$ (427,434)</u>	<u>\$ 18,223</u>
Covered Employee Payroll	\$ 186,214	\$ 194,872	\$ 191,433	\$ 188,605	\$ 189,132	\$ 190,748	\$ 221,647	\$ 237,040	\$ 233,820	\$ 227,364
Contributions as a % of Covered Payroll	35.44 %	32.21 %	25.29 %	15.41 %	16.37 %	14.37 %	14.21 %	13.20 %	195.79 %	15.32 %
<u>OBRA Pension Plan:</u>										
Actuarially Determined Contribution	\$ 804	\$ 827	\$ 770	\$ 374	\$ 389	\$ 446	\$ 807	\$ 716	\$ 661	\$ 558
Contributions in Relation to the Actuarially Determined Contribution	<u>833</u>	<u>819</u>	<u>440</u>	<u>440</u>	<u>360</u>	<u>880</u>	<u>2,022</u>	<u>786</u>	<u>661</u>	<u>522</u>
Contribution Deficiency (Excess)	<u>\$ (29)</u>	<u>\$ 8</u>	<u>\$ 330</u>	<u>\$ (66)</u>	<u>\$ 29</u>	<u>\$ (434)</u>	<u>\$ (1,215)</u>	<u>\$ (70)</u>	<u>\$ -</u>	<u>\$ 36</u>
Covered Employee Payroll	\$ 3,926	\$ 3,926	\$ 3,925	\$ 3,478	\$ 7,736	\$ 8,939	\$ 8,936	\$ 6,901	\$ 8,498	\$ 8,284
Contributions as a % of Covered Payroll	21.22 %	20.86 %	11.21 %	12.65 %	4.65 %	9.84 %	22.63 %	11.39 %	7.78 %	6.30 %
<u>Transit System Pension Plan:</u>										
Actuarially Determined Contribution	\$ 10,143	\$ 15,483	\$ 15,838	\$ 15,809	\$ 11,018	\$ 10,253	\$ 9,867	\$ 9,939	\$ 9,190	\$ 7,243
Contributions in Relation to the Actuarially Determined Contribution	<u>10,610</u>	<u>15,483</u>	<u>15,838</u>	<u>15,809</u>	<u>11,018</u>	<u>10,253</u>	<u>9,867</u>	<u>9,939</u>	<u>9,190</u>	<u>7,243</u>
Contribution Deficiency (Excess)	<u>\$ (467)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 61,311	\$ 61,311	\$ 60,347	\$ 57,300	\$ 57,750	\$ 56,200	\$ 57,300	\$ 60,000	\$ 61,000	\$ 62,000
Contributions as a % of Covered Payroll	17.31 %	25.25 %	26.24 %	27.59 %	19.08 %	18.24 %	17.22 %	16.57 %	15.07 %	11.68 %

In 2009, actual contributions for ERS and OBRA include \$397.8 million from pension obligation bonds and \$29.0 million from a lawsuit settlement.

See independent auditors' report and accompanying notes to required supplementary information.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Funding Progress - OPEB

(Unaudited - in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a
			Accrued Liability (AAL)				Percentage of Covered Payroll
		(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
County-wide Program	1/1/2016	\$ -	\$ 1,082,279	\$ 1,082,279	0.0 %	\$ 50,562	2,140.5 %
	1/1/2014	-	973,014	973,014	0.0 %	47,291	2,057.5 %
	1/1/2012	-	1,134,995	1,134,995	0.0 %	87,908	1,291.1 %
	1/1/2010	-	1,465,159	1,465,159	0.0 %	97,620	1,500.9 %
	1/1/2008	-	1,546,458	1,546,458	0.0 %	118,977	1,299.8 %
Transit System Program	1/1/2016	\$ 65,829	\$ 230,146	\$ 164,317	28.6 %	\$ 30,072	546.4 %
	1/1/2015	72,640	214,272	141,632	33.9 %	31,586	448.4 %
	1/1/2014	54,606	244,148	189,542	22.4 %	34,926	542.7 %
	1/1/2013	47,024	241,115	194,091	19.5 %	41,624	466.3 %
	1/1/2012	34,603	245,991	211,388	14.1 %	46,695	452.7 %

Schedule of Employer Contributions - OPEB

For the Year Ended December 31

(Unaudited - in Thousands)

	Fiscal Year	Annual Required Contribution	Net Employer Contribution	Employer
				Percentage Contributed
County-Wide Program	2017	\$ 76,099	\$ 49,085	64.5 %
	2016	76,099	48,813	64.1 %
	2015	70,638	47,712	67.5 %
	2014	70,639	48,647	68.9 %
	2013	87,908	58,614	66.7 %
Transit System Program	2017	\$ 11,799	\$ 14,344	121.6 %
	2016	13,411	15,721	117.2 %
	2015	11,891	9,255	77.8 %
	2014	15,511	13,612	87.8 %
	2013	15,482	15,164	97.9 %

See independent auditors' report and accompanying notes to required supplementary information.

COUNTY OF MILWAUKEE, WISCONSIN

SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

- 1 - Budgetary Comparison Schedules
- 2 - Nonmajor Governmental Funds
- 3 - Internal Service Funds
- 4 - Fiduciary Funds

COUNTY OF MILWAUKEE, WISCONSIN

Budgetary Comparison Schedules

Budgetary Comparison Schedules

Budgetary comparison schedules present the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on a Non-GAAP Budgetary Basis. Information is provided for the original adopted budget, the final budget including appropriation transfers, actual revenue and expenditures, and variance with final budget.

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2017
(In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 242,808	\$ 248,908	\$ 229,523	\$ (19,385)
Property Taxes	294,578	294,578	291,370	(3,208)
Sales Tax	67,625	67,625	67,759	134
Charges for Services	207,014	206,689	176,360	(30,329)
Fines and Forfeits	2,109	2,109	2,199	90
Licenses and Permits	829	829	1,017	188
Investment Income	1,430	1,458	2,404	946
Other	14,949	22,390	25,446	3,056
Total Revenues	831,342	844,586	796,078	(48,508)
Expenditures:				
Current:				
County Board	1,437	1,802	1,771	31
Veterans Service	323	323	307	16
County Executive Government Affairs	349	350	320	30
Office on African American Affairs	267	712	552	160
Community Development Business Partners	1,364	1,558	1,491	67
Procurement	992	953	862	91
Office for Persons with Disabilities	826	850	837	13
County Executive	1,048	1,048	1,169	(121)
Civil Service Commission	30	52	38	14
Personnel Review Board	395	437	374	63
Corporation Counsel	2,077	2,152	2,054	98
Department of Human Resources	7,172	7,393	7,280	113
Department of Administrative Services	12,433	13,581	12,636	945
Economic & Community Development	3,936	6,277	5,407	870
Other Executive and Staff	2,058	3,703	3,518	185
Legislative, Executive and Staff	34,707	41,191	38,616	2,575
County-funded State Court Services	35,546	35,836	35,846	(10)
Child Support Enforcement	17,987	18,485	17,125	1,360
Alternatives to Incarceration	5,022	6,056	5,055	1,001
Courts and Judiciary	58,555	60,377	58,026	2,351
Election Commission	542	745	562	183
County Treasurer	1,288	1,239	891	348
County Clerk	1,306	1,306	1,245	61
Register of Deeds	2,713	2,719	2,551	168
Office of the Comptroller	6,583	6,513	6,453	60
Other General Government	290	495	565	(70)
General Governmental Services	12,722	13,017	12,267	750
Sheriff	61,260	67,849	73,501	(5,652)
House of Correction	60,136	61,811	60,616	1,195
District Attorney	16,821	17,481	16,933	548
Medical Examiner	4,723	4,705	4,662	43
Emergency Management	10,697	11,143	10,574	569
Other Public Safety	512	512	508	4
Public Safety	154,149	163,501	166,794	(3,293)

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended December 31, 2017
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Highway Maintenance	\$ 15,596	\$ 15,641	\$ 14,676	\$ 965
Fleet / Facilities Services	52,944	54,041	53,100	941
Administration	63	2,671	2,767	(96)
Public Works and Highways	<u>68,603</u>	<u>72,353</u>	<u>70,543</u>	<u>1,810</u>
Department on Aging	17,268	17,580	17,154	426
DHHS - Behavioral Health Division	209,809	212,230	193,681	18,549
Department of Human Services	112,417	115,504	100,483	15,021
Human Services	<u>339,494</u>	<u>345,314</u>	<u>311,318</u>	<u>33,996</u>
Department of Parks	41,651	45,849	45,152	697
Zoological Department	24,881	25,806	21,782	4,024
UW Extension Service	342	342	325	17
Other Cultural Organizations	679	679	732	(53)
Parks, Recreation and Culture	<u>67,553</u>	<u>72,676</u>	<u>67,991</u>	<u>4,685</u>
Total Expenditures	<u>735,783</u>	<u>768,429</u>	<u>725,555</u>	<u>42,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>95,559</u>	<u>76,157</u>	<u>70,523</u>	<u>(5,634)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,400	1,400	440	(960)
Transfers In	11,333	10,798	4,803	(5,995)
Transfers Out	(95,563)	(97,768)	(89,476)	8,292
Transfers To Component Units	(6,211)	(6,211)	(6,211)	-
Total Other Financing Sources (Uses)	<u>(89,041)</u>	<u>(91,781)</u>	<u>(90,444)</u>	<u>1,337</u>
Net Change in Fund Balance	6,518	(15,624)	(19,921)	(4,297)
Fund Balances - Beginning	<u>66,643</u>	<u>66,643</u>	<u>66,643</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 73,161</u>	<u>\$ 51,019</u>	<u>\$ 46,722</u>	<u>\$ (4,297)</u>

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2017
(In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 1,931	\$ 1,931	\$ 1,841	\$ (90)
Investment Income	-	2	-	(2)
Other	9,107	9,107	10,476	1,369
Total Revenues	11,038	11,040	12,317	1,277
Expenditures:				
Debt Service:				
Principal Retired	58,655	65,632	65,596	36
Interest and Other Charges	19,848	18,629	18,976	(347)
Principal Retired on Current Refunding	-	16,200	15,338	862
Total Expenditures	78,503	100,461	99,910	551
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (67,465)	 (89,421)	 (87,593)	 1,828
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	2,632	2,104	(528)
Refunding Bonds Issued	-	15,667	14,248	(1,419)
Premium on Debt Issued	-	-	1,176	1,176
Proceeds from Sale of Capital Assets	-	6,513	6,522	9
Transfers In	60,715	59,287	59,801	514
Total Other Financing Sources (Uses)	60,715	84,099	83,851	(248)
 Net Change in Fund Balance	 (6,750)	 (5,322)	 (3,742)	 1,580
 Fund Balances - Beginning	 44,481	 44,481	 44,481	 -
Fund Balances - Ending	\$ 37,731	\$ 39,159	\$ 40,739	\$ 1,580

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 Capital Project Fund
 For the Year Ended December 31, 2017
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 2,882	\$ 21,086	\$ 18,585	\$ (2,501)
Sales Tax	6,844	6,844	6,844	-
Charges for Services	-	869	869	-
Investment Income	-	169	168	(1)
Other	6,300	1,082	1,529	447
Total Revenues	<u>16,026</u>	<u>30,050</u>	<u>27,995</u>	<u>(2,055)</u>
Expenditures:				
Capital Outlay	<u>54,752</u>	<u>105,442</u>	<u>63,058</u>	<u>42,384</u>
Total Expenditures	<u>54,752</u>	<u>105,442</u>	<u>63,058</u>	<u>42,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,726)</u>	<u>(75,392)</u>	<u>(35,063)</u>	<u>40,329</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	37,251	32,413	27,894	(4,519)
Proceeds from Sale of Capital Assets	-	3,725	4,050	325
Transfers In	-	-	5,163	5,163
Transfers Out	-	-	(2,432)	(2,432)
Total Other Financing Sources (Uses)	<u>37,251</u>	<u>36,138</u>	<u>34,675</u>	<u>(1,463)</u>
Net Change in Fund Balance	(1,475)	(39,254)	(388)	38,866
Fund Balances - Beginning	<u>43,641</u>	<u>43,641</u>	<u>43,641</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 42,166</u>	<u>\$ 4,387</u>	<u>\$ 43,253</u>	<u>\$ 38,866</u>

COUNTY OF MILWAUKEE, WISCONSIN

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, 2017
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues:				
Charges for Services	\$ 78,101	\$ 80,794	\$ 76,161	\$ (4,633)
Admissions and Concessions	16,747	16,747	19,082	2,335
Total Charges for Services	<u>94,848</u>	<u>97,541</u>	<u>95,243</u>	<u>(2,298)</u>
Other Revenues	30	30	81	51
Total Operating Revenues	<u>94,878</u>	<u>97,571</u>	<u>95,324</u>	<u>(2,247)</u>
Operating Expenses:				
Personnel Services	28,263	28,189	28,225	(36)
Contractual Services	20,952	22,773	22,213	560
Intra-County Services	10,914	10,914	10,426	488
Commodities	4,410	4,666	4,584	82
Depreciation and Amortization	26,324	26,324	32,470	(6,146)
Maintenance	430	1,046	1,513	(467)
Other	6	6	126	(120)
Total Operating Expenses	<u>91,299</u>	<u>93,918</u>	<u>99,557</u>	<u>(5,639)</u>
Operating Income (Loss)	<u>3,579</u>	<u>3,653</u>	<u>(4,233)</u>	<u>(7,886)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	195	195	244	49
Investment Income	250	250	362	112
Interest Expense	(9,683)	(9,683)	(7,188)	2,495
Gain/(Loss) on Sale of Capital Assets	10	10	225	215
Total Nonoperating Revenues (Expenses)	<u>(9,228)</u>	<u>(9,228)</u>	<u>(6,357)</u>	<u>2,871</u>
Income (Loss) Before Transfers	(5,649)	(5,575)	(10,590)	(5,015)
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	10,465	11,065	7,087	(3,978)
Transfers In	(4,816)	(5,417)	754	6,171
Change in Net Position	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ (2,749)</u>	<u>\$ (2,822)</u>

COUNTY OF MILWAUKEE, WISCONSIN

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, 2017
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues:				
Charges for Services	\$ 9	\$ 9	\$ -	\$ (9)
Transit Fares	37,409	37,409	35,869	(1,540)
Total Charges for Services	37,418	37,418	35,869	(1,549)
Other Revenues	3,405	3,405	3,835	430
Total Operating Revenues	40,823	40,823	39,704	(1,119)
Operating Expenses:				
Personnel Services	115,902	115,902	107,728	8,174
Contractual Services	22,173	22,197	21,339	858
Intra-County Services	1,843	1,843	1,547	296
Commodities	13,868	13,868	13,878	(10)
Depreciation and Amortization	15,687	15,687	15,431	256
Maintenance	150	437	789	(352)
Other	1,914	1,914	1,998	(84)
Total Operating Expenses	171,537	171,848	162,710	9,138
Operating Income (Loss)	(130,714)	(131,025)	(123,006)	8,019
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	94,220	94,220	89,484	(4,736)
Vehicle Registration Fee	11,498	11,498	12,229	731
Gain/(Loss) on Sale of Capital Assets	-	-	(232)	(232)
Interest Expense	(1,464)	(1,464)	(1,206)	258
Total Nonoperating Revenues (Expenses)	104,254	104,254	100,275	(3,979)
Income (Loss) Before Transfers	(26,460)	(26,771)	(22,731)	4,040
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces				
Contributed Capital From Capital Grants	12,500	8,643	10,794	2,151
Transfers In	13,960	18,128	12,190	(5,938)
Change in Net Position	\$ -	\$ -	\$ 253	\$ 253

COUNTY OF MILWAUKEE, WISCONSIN

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures of their designated operations. The specific purpose of each Special Revenue Fund is as follows:

Zoo - The Zoo Specimen Fund is used for the purchase of animals, the Zoo Railroad Fund is used for the repair and maintenance of the miniature passenger railroad and the Zoomobile, Zoo Library, and employee travel, and the Zoo Conservation Fund is used for various conservation projects.

Parks - Repair, restoration and enhancement of the various parks throughout Milwaukee County

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, funding for youth and young adults with severe mental health needs and compensated absence payouts for retirees from the Behavioral Health Division.

Airports - Airport Passenger Facility Charge is used for the collection of Federal Aviation Administration approved passenger facility charges, which are to be used for capital projects at the Airports. In addition, a separate trust is maintained to secure a pledge by the County for repayment of certain debt of local airlines.

Administrative Services - Administered by Risk management for employee health and safety issues. Also includes a pension stabilization reserve per state statute.

Public Works - Compensated absence payouts and other post-employment benefit costs for retirees from the Fleet Maintenance and Facilities Management divisions.

COUNTY OF MILWAUKEE, WISCONSIN

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2017
 (In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airports	Administrative Services	Public Works	
ASSETS								
Cash and Investments	\$ 2,089	\$ 1,302	\$ 104	\$ 10,326	\$ -	\$ 5,186	\$ 9,630	\$ 28,637
Cash and Investments - Restricted	-	-	-	-	38,237	-	-	38,237
Receivables - Other	1	-	-	-	-	-	-	1
Total Assets	<u>\$ 2,090</u>	<u>\$ 1,302</u>	<u>\$ 104</u>	<u>\$ 10,326</u>	<u>\$ 38,237</u>	<u>\$ 5,186</u>	<u>\$ 9,630</u>	<u>\$ 66,875</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 237	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250
Fund Balances:								
Restricted	<u>1,853</u>	<u>1,289</u>	<u>104</u>	<u>10,326</u>	<u>38,237</u>	<u>5,186</u>	<u>9,630</u>	<u>66,625</u>
Total Liabilities and Fund Balances	<u>\$ 2,090</u>	<u>\$ 1,302</u>	<u>\$ 104</u>	<u>\$ 10,326</u>	<u>\$ 38,237</u>	<u>\$ 5,186</u>	<u>\$ 9,630</u>	<u>\$ 66,875</u>

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2017 (In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airports	Administrative Services	Public Works	
Revenues:								
Charges for Services	\$ 836	\$ 95	\$ -	\$ 1,428	\$ 13,411	\$ -	\$ -	\$ 15,770
Investment Income and Rents	25	1	1	-	272	-	-	299
Other	116	103	4	-	-	39	-	262
Total Revenues	977	199	5	1,428	13,683	39	-	16,331
Expenditures:								
Public Works and Highways	-	-	-	-	8,772	-	62	8,834
Human Services	-	-	1	409	-	-	-	410
Parks, Recreation and Culture	850	450	-	-	-	-	-	1,300
Total Expenditures	850	450	1	409	8,772	-	62	10,544
Excess (Deficiency) of Revenues Over (Under) Expenditures								
	127	(251)	4	1,019	4,911	39	(62)	5,787
Other Financing Sources (Uses):								
Proceeds from Sale of Capital Assets	-	-	-	-	4,547	-	-	4,547
Transfers Out	-	-	-	-	-	(500)	-	(500)
Total Other Financing Sources (Uses)	-	-	-	-	4,547	(500)	-	4,047
Net Changes in Fund Balance								
	127	(251)	4	1,019	9,458	(461)	(62)	9,834
Fund Balances -- Beginning								
	1,726	1,540	100	9,307	28,779	5,647	9,692	56,791
Fund Balances -- Ending								
	\$ 1,853	\$ 1,289	\$ 104	\$ 10,326	\$ 38,237	\$ 5,186	\$ 9,630	\$ 66,625

COUNTY OF MILWAUKEE, WISCONSIN

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 Work 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, WISCONSIN

Combining Balance Sheet Internal Service Funds As of December 31, 2017 (In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<u>Assets</u>				
Current Assets:				
Cash and Investments	\$ 9,142	\$ 592	\$ 23,369	\$ 33,103
Accounts (Net of Allowance for Doubtful Accounts)	2	1,234	8	1,244
Due From Other Governments	-	1	1,264	1,265
Total Current Assets	9,144	1,827	24,641	35,612
Capital Assets:				
Construction in Progress	3,538	898	-	4,436
Land Improvements	-	3,502	-	3,502
Building and Improvements	1,523	5,740	-	7,263
Machinery, Vehicles and Equipment	25,233	1,764	3	27,000
Total Capital Assets (Net)	30,294	11,904	3	42,201
Less: Accumulated Depreciation	(21,398)	(6,562)	(1)	(27,961)
Net Capital Assets	8,896	5,342	2	14,240
Total Assets	18,040	7,169	24,643	49,852
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding of Debt	39	-	-	39
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	905	-	102	1,007
Deferred Outflow Difference Between Expected and Actual Experience	279	-	26	305
Deferred Outflow Net Difference Between Expected and Actual Earnings on Pension Plan Investments	1,290	-	64	1,354
Total Deferred Outflows of Resources	2,513	-	192	2,705
Total Assets and Deferred Outflows of Resources	\$ 20,553	\$ 7,169	\$ 24,835	\$ 52,557
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 1,735	\$ 35	\$ 306	\$ 2,076
Accrued Liabilities	301	-	32	333
Accrued Interest Payable	64	56	-	120
Due to Other Governments	-	79	-	79
Bonds and Notes Payable - General Obligation	1,691	411	-	2,102
Compensated Absences	361	-	27	388
Risk Claims	-	-	9,190	9,190
Total Current Liabilities	4,152	581	9,555	14,288
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	5,175	3,135	-	8,310
Compensated Absences	272	-	3	275
Risk Claims	-	-	14,200	14,200
Net Pension Liability	8,083	-	671	8,754
Other Postemployment Benefits	5,619	-	877	6,496
Total Long-Term Liabilities	19,149	3,135	15,751	38,035
Total Liabilities	23,301	3,716	25,306	52,323
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	2,069	1,796	2	3,867
Restricted for:				
Commitments	792	645	6	1,443
Unrestricted (Deficit)	(5,609)	1,012	(479)	(5,076)
Total Net Position (Deficit)	(2,748)	3,453	(471)	234
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 20,553	\$ 7,169	\$ 24,835	\$ 52,557

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2017
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Operating Revenues:				
Charges for Services	\$ 12,346	\$ 3,229	\$ 8,472	\$ 24,047
Other	5	-	-	5
Total Operating Revenues	12,351	3,229	8,472	24,052
Operating Expenses:				
Personnel Services	4,957	4	760	5,721
Contractual Services	8,798	1,306	381	10,485
Intra-County Services	388	444	28	860
Commodities	169	6	1	176
Depreciation and Amortization	1,410	458	-	1,868
Maintenance	-	21	-	21
Insurance and Claims	-	-	12,428	12,428
Other	-	1,523	-	1,523
Total Operating Expenses	15,722	3,762	13,598	33,082
Operating Income (Loss)	(3,371)	(533)	(5,126)	(9,030)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	369	-	-	369
Gain (Loss) on Sale of Capital Assets	(1)	-	-	(1)
Other Income	1,646	-	-	1,646
Interest Expense	(260)	(166)	-	(426)
Total Nonoperating Revenues (Expenses)	1,754	(166)	-	1,588
Income (Loss) Before Contributions and Transfers	(1,617)	(699)	(5,126)	(7,442)
Capital Contributions	-	11	-	11
Transfers In	4,839	1,646	5,083	11,568
Transfers Out	(1,418)	(452)	-	(1,870)
Change in Net Position	1,804	506	(43)	2,267
Net Position (Deficit) -- Beginning	(4,552)	2,947	(428)	(2,033)
Net Position (Deficit) -- Ending	\$ (2,748)	\$ 3,453	\$ (471)	\$ 234

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 14,010	\$ 3,108	\$ 8,111	\$ 25,229
Payments to Suppliers	(7,690)	(2,895)	(8,716)	(19,301)
Payments to Employees including Benefits	(4,957)	-	(760)	(5,717)
Payments for Interfund Services Used	(619)	(444)	(28)	(1,091)
Net Cash Flows Provided (Used) by Operating Activities	<u>744</u>	<u>(231)</u>	<u>(1,393)</u>	<u>(880)</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	369	-	-	369
Transfers From Other Funds	3,421	1,194	5,083	9,698
Net Cash Flows Provided (Used) by Noncapital Financing Activities:	<u>3,790</u>	<u>1,194</u>	<u>5,083</u>	<u>10,067</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Capital Contributions	-	11	-	11
Proceeds on Bonds	248	-	-	248
Principal Payment on Long-Term Debt	(2,200)	(364)	-	(2,564)
Interest Paid on Long-Term Debt	(258)	(169)	-	(427)
Acquisition of Capital Assets	(1,646)	(937)	-	(2,583)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(3,856)</u>	<u>(1,459)</u>	<u>-</u>	<u>(5,315)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	678	(496)	3,690	3,872
Cash and Cash Equivalents at Beginning of Year	8,464	1,088	19,679	29,231
Cash and Cash Equivalents at End of Year	<u>\$ 9,142</u>	<u>\$ 592</u>	<u>\$ 23,369</u>	<u>\$ 33,103</u>

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (3,371)	\$ (533)	\$ (5,126)	\$ (9,030)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,410	458	-	1,868
Nonoperating Revenues	1,646	-	-	1,646
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	(1)	(121)	903	781
Due From Other Governments	14	-	(1,264)	(1,250)
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	(118)	-	(69)	(187)
Deferred Outflow Difference Between Expected and Actual Experience	77	-	12	89
Deferred Outflow Net Difference Between Expected and Actual Earnings on Pension Plan Investments	185	-	17	202
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	77	(35)	(740)	(698)
Accrued Liabilities	156	-	-	156
Risk Claims	-	-	4,722	4,722
Other Post Retirements Benefits	368	-	70	438
Compensated Absences	(68)	-	(3)	(71)
Net Pension Liability	435	-	88	523
Deferred Inflow Difference Between Actual and Expected Experience	(66)	-	(3)	(69)
Total Adjustments	4,115	302	3,733	8,150
Net Cash Flows Provided (Used) by Operating Activities	\$ 744	\$ (231)	\$ (1,393)	\$ (880)

COUNTY OF MILWAUKEE, WISCONSIN

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, WISCONSIN

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017
(In Thousands)

	January 1, 2017	Additions	Deductions	December 31, 2017
<u>AGENCY FUND:</u>				
<u>CIVIL COURT ORDERED FOR FAMILY</u>				
<u>SUPPORT/PAYMENTS</u>				
Cash and Investments	\$ 7,885	\$ 50,465	\$ 50,123	\$ 8,227
Other Receivables	-	66,155	66,155	-
Total Assets	\$ 7,885	\$ 116,620	\$ 116,278	\$ 8,227
Accounts Payable	\$ (692)	\$ 966	\$ 40	\$ 234
Agency Deposits	8,577	53,018	53,602	7,993
Total Liabilities	\$ 7,885	\$ 53,984	\$ 53,642	\$ 8,227
<u>OTHER AGENCY FUNDS</u>				
Cash and Investments	\$ 8,076	\$ 136,668	\$ 135,603	\$ 9,141
Other Receivables	944	38	944	38
Total Assets	\$ 9,020	\$ 136,706	\$ 136,547	\$ 9,179
Accounts Payable	\$ 1,780	\$ 7,728	\$ 8,230	\$ 1,278
Agency Deposits	7,240	40,339	39,678	7,901
Total Liabilities	\$ 9,020	\$ 48,067	\$ 47,908	\$ 9,179
<u>SUMMARY</u>				
Cash and Investments	\$ 15,961	\$ 187,133	\$ 185,726	\$ 17,368
Other Receivables	944	66,193	67,099	38
Total Assets	\$ 16,905	\$ 253,326	\$ 252,825	\$ 17,406
Accounts Payable	\$ 1,088	\$ 8,694	\$ 8,270	\$ 1,512
Agency Deposits	15,817	93,357	93,280	15,894
Total Liabilities	\$ 16,905	\$ 102,051	\$ 101,550	\$ 17,406

COUNTY OF MILWAUKEE, WISCONSIN

Other Supplementary Information

Other Supplementary Information

The financial statement schedules provided in this section are required for outside parties. These are standalone schedules for the agency whose information is presented within the governmental activities financial statements. These schedules are presented on the full accrual basis, as requested.

Milwaukee County Behavioral Health Division Fund:

Balance Sheet

Schedule of Revenues, Expenses and Changes in Net Position

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet
Behavioral Health Division Fund
As of December 31, 2017
(In Thousands)

Assets

Current Assets:	
Cash	\$ 41,560
Patient Receivables	29,151
Allowance for Uncollectible Accounts	(20,290)
Accounts Receivable - Other	100
Due from Other Governments	4,013
Total Current Assets	54,534
Noncurrent Assets:	
Capital Assets:	
Land Improvements	1,625
Construction in Progress	49
Buildings and Improvements	36,458
Machinery, Vehicles and Equipment	3,091
Total Capital Assets	41,223
Less: Accumulated Depreciation	(34,569)
Total Capital Assets (Net)	6,654
Total Assets	61,188

Deferred Outflows of Resources

Deferred Loss on Refunding of Debt	16
Total Assets and Deferred Outflows of Resources	\$ 61,204

Liabilities

Current Liabilities:	
Accounts Payable	\$ 12,107
Accrued Payroll	2,031
Due to Other Governments	1,767
Bonds and Notes Payable - General Obligation	571
Compensated Absences Payable	2,507
Other Current Liabilities	1,381
Total Current Liabilities	20,364
Long-Term Liabilities:	
Bonds and Notes Payable - General Obligation	2,627
Compensated Absences Payable	1,317
Total Long-Term Liabilities	3,944
Total Liabilities	24,308

Net Position

Net Investments in Capital Assets	3,471
Restricted for:	
Commitments	1,221
Operational Reserve	21,285
Capital Reserve	4,720
Title XIX Capitation	8,288
Compensated Absences	1,735
Unrestricted (Deficit)	(3,824)
Total Net Position	36,896
Total Liabilities and Net Position	\$ 61,204

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenses and Changes in Net Position
Behavioral Health Division Fund
For the Year Ended December 31, 2017
(In Thousands)

Operating Revenues:	
Charges for Services	\$ 96,298
Other Revenues	<u>1,493</u>
Total Operating Revenues	<u>97,791</u>
Operating Expenses:	
Personnel Services	60,154
Client Service Costs	47,177
Contractual Services	11,845
Intra-County Services	5,188
Commodities	3,253
Depreciation and Amortization	1,363
Maintenance	(149)
Provider Network Services	<u>65,072</u>
Total Operating Expenses	<u>(193,903)</u>
Operating Income (Loss)	(96,112)
Nonoperating Revenues (Expenses):	
Intergovernmental Revenues	<u>41,355</u>
Income (Loss) Before Transfers	(54,757)
Transfers In	<u>58,032</u>
Changes in Net Position	3,275
Net Position -- Beginning	<u>33,621</u>
Net Position -- Ending	<u>\$ 36,896</u>

COUNTY OF MILWAUKEE, WISCONSIN

STATISTICAL SECTION (UNAUDITED)

- **Financial Trends**
- **Revenue Capacity**
- **Debt Capacity**
- **Demographic and Economic Information**
- **Operating Information**

COUNTY OF MILWAUKEE, WISCONSIN

Statistical Section

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 annual 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 source, the property tax.

Debt Capacity

These schedules contain 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.

COUNTY OF MILWAUKEE, WISCONSIN

Net Position by Component Last Ten Years Ended December 31 (In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	
		(a)	(b)		(c)	(d)			(e)		
<u>Governmental Activities:</u>											
Net Investment in Capital Assets	\$	406,664	\$ 398,593	\$ 408,914	\$ 396,649	\$ 372,792	\$ 322,247	\$ 293,406	\$ 269,272	\$ 198,007	\$ 222,474
Restricted for:											
Airport - PFC and Debt		38,237	28,779	28,737	27,398	26,352	29,369	27,199	26,921	22,179	34,082
Behavioral Health Division (BHD) (c)		37,249	33,890	23,968	17,855	9,082	9,986	7,169	8,360	8,978	9,344
Commitments		60,868	56,717	65,338	68,029	54,731	41,742	19,068	-	-	-
Debt		40,739	44,481	47,176	40,238	34,964	27,063	11,577	7,332	6,220	10,757
Delinquent Property Tax		9,922	11,053	12,204	14,072	14,797	15,275	14,826	-	-	-
Department of Family Care (a)		-	-	31,691	35,358	35,357	27,754	25,092	12,182	10,012	6,142
Fleet and Facilities Divisions (d & e)		9,630	9,692	9,782	9,851	10,192	10,270	5,781	6,183	6,499	-
Other		18,686	19,807	20,458	19,950	24,034	21,247	10,918	1,898	1,909	2,021
Unrestricted (b)		(1,129,482)	(1,049,925)	(1,042,553)	(316,659)	(321,623)	(316,075)	(241,327)	(193,380)	(122,177)	(151,947)
Subtotal Governmental Activities											
Net Position		(507,487)	(446,913)	(394,285)	312,741	260,678	188,878	173,709	138,768	131,627	132,873
<u>Business-type Activities:</u>											
Net Investment in Capital Assets		347,249	347,465	364,899	345,437	299,463	270,351	242,984	206,417	178,590	177,253
Restricted For:											
Capital Asset Needs		21,024	21,713	19,291	16,357	14,004	10,450	8,039	5,057	5,113	5,115
Commitments		3,211	3,259	3,812	4,432	2,769	3,619	-	-	-	-
Debt		16,910	16,758	17,597	19,044	17,680	15,288	15,161	14,836	14,253	14,000
Unrestricted (b)		(83,541)	(85,056)	(85,032)	433	492	876	5,104	9,924	5,256	2,777
Subtotal Business-type Activities											
Net Position	\$	304,853	\$ 304,139	\$ 320,567	\$ 385,703	\$ 334,408	\$ 300,584	\$ 271,288	\$ 236,234	\$ 203,212	\$ 199,145

COUNTY OF MILWAUKEE, WISCONSIN

Net Position by Component Last Ten Years Ended December 31 (In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	
		(a)	(b)		(c)	(d)			(e)		
Primary Government:											
Net Investment in Capital Assets	\$	753,913	\$ 746,058	\$ 773,813	\$ 742,086	\$ 672,255	\$ 592,598	\$ 536,390	\$ 475,689	\$ 376,597	\$ 399,727
Restricted For:											
Airport - PFC and Debt		38,237	28,779	28,737	27,398	26,352	29,369	27,199	26,921	22,179	34,082
Behavioral Health Division (BHD) (c)		37,249	33,890	23,968	17,855	9,082	9,986	7,169	8,360	8,978	9,344
Capital Asset Needs		21,024	21,713	19,291	16,357	14,004	10,450	8,039	5,057	5,113	5,115
Commitments		64,079	59,976	69,150	72,461	57,500	45,361	19,068	-	-	-
Debt		57,649	61,239	64,773	59,282	52,644	42,351	26,738	22,168	20,473	24,757
Delinquent Property Tax		9,922	11,053	12,204	14,072	14,797	15,275	14,826	-	-	-
Department of Family Care (a)		-	-	31,691	35,358	35,357	27,754	25,092	12,182	10,012	6,142
Fleet and Facilities Divisions (d & e)		9,630	9,692	9,782	9,851	10,192	10,270	5,781	6,183	6,499	-
Other		18,686	19,807	20,458	19,950	24,034	21,247	10,918	1,898	1,909	2,021
Unrestricted (b)		<u>(1,213,023)</u>	<u>(1,134,981)</u>	<u>(1,127,585)</u>	<u>(316,226)</u>	<u>(321,131)</u>	<u>(315,199)</u>	<u>(236,223)</u>	<u>(183,456)</u>	<u>(116,921)</u>	<u>(149,170)</u>
Total Primary Government											
Activities Net Position	\$	<u>(202,634)</u>	\$ <u>(142,774)</u>	\$ <u>(73,718)</u>	\$ <u>698,444</u>	\$ <u>595,086</u>	\$ <u>489,462</u>	\$ <u>444,997</u>	\$ <u>375,002</u>	\$ <u>334,839</u>	\$ <u>332,018</u>

Notes:

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 is 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.

- (a) In 2016, Wisconsin Act 55 required Family Care to become organized as a non-governmental entity (IHA). Family Care separated from Milwaukee County in September 2016.
- (b) In 2015, a restatement occurred due to the implementation of GASB 68.
- (c) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.
- (d) In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.
- (e) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Net Position Last Ten Years Ended December 31 (Accrual Basis of Accounting) (In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(a)	(b)			(c)	(d)			(e)	
Expenses (by Function):										
Governmental Activities:										
Legislative, Executive and Staff	\$ 63,439	\$ 56,063	\$ 51,469	\$ 46,266	\$ 49,832	\$ 56,232	\$ 51,886	\$ 51,340	\$ 52,144	\$ 54,395
Courts and Judiciary	59,827	60,318	54,296	51,904	50,502	56,516	53,132	57,121	63,839	67,435
General Governmental Services	13,089	13,374	13,989	12,980	12,165	10,969	6,668	4,077	7,991	8,912
Public Safety	194,000	178,807	154,830	143,774	147,637	156,162	162,316	164,447	148,192	180,186
Public Works and Highways (d & e)	119,825	91,630	82,848	104,079	79,849	90,974	89,559	66,641	93,756	81,522
Human Services (b & c)	319,930	494,362	572,031	551,239	556,149	563,378	597,078	616,717	648,296	675,169
Parks, Recreation and Culture	113,016	86,233	87,639	76,644	76,960	80,553	79,709	77,221	83,520	85,321
Interest and Other Charges	19,783	21,180	22,439	23,294	34,545	35,503	29,448	39,472	35,361	16,351
Total Governmental Activities Expenses	902,909	1,001,967	1,039,541	1,010,180	1,007,639	1,050,287	1,069,796	1,077,036	1,133,099	1,169,291
Business-type Activities:										
Airports	103,736	99,394	94,951	98,006	89,720	87,901	90,183	82,692	74,305	77,432
Transit	163,714	173,506	161,761	166,953	163,844	169,061	175,880	174,960	178,208	174,725
Total Business-type Activities Expenses	267,450	272,900	256,712	264,959	253,564	256,962	266,063	257,652	252,513	252,157
Total Primary Government Expenses	1,170,359	1,274,867	1,296,253	1,275,139	1,261,203	1,307,249	1,335,859	1,334,688	1,385,612	1,421,448
Program Revenues (by Function):										
Governmental Activities:										
Charges for Services:										
Legislative, Executive and Staff	14,776	4,841	4,479	3,750	3,270	4,048	198	1,786	5,811	4,806
Courts and Judiciary	3,824	3,814	3,695	3,666	3,923	3,994	4,431	4,622	4,758	6,209
General Governmental Services	5,039	5,038	4,650	4,791	5,377	5,407	4,571	4,243	4,782	5,181
Public Safety	12,320	12,213	12,002	9,598	11,698	10,153	9,986	9,992	10,500	11,337
Public Works and Highways (d & e)	41,469	29,218	23,819	30,261	27,931	25,216	30,260	29,537	27,746	27,321
Human Services (b & c)	97,363	292,544	368,906	354,424	359,331	343,742	347,018	328,101	286,763	319,912
Parks, Recreation and Culture	31,133	35,764	36,584	32,619	33,007	32,304	29,491	31,381	31,726	33,104
Operating Grants and Contributions:										
Legislative, Executive and Staff	622	413	641	1,183	921	1,394	3,635	1,530	355	4,839
Courts and Judiciary	25,632	25,826	25,802	24,889	23,398	24,084	23,212	26,626	22,063	21,595
General Governmental Services	74	55	52	88	70	53	50	43	79	247
Public Safety	12,587	13,321	14,283	14,056	14,325	15,941	18,543	18,015	17,967	21,766
Public Works and Highways (d & e)	20,954	19,631	19,505	19,141	18,346	18,859	37,853	17,526	16,913	17,280
Human Services (b & c)	122,673	119,991	139,378	133,066	133,770	131,452	169,911	202,219	261,271	259,845
Parks, Recreation and Culture	433	279	398	248	218	316	2,105	1,382	680	4,001

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Net Position
Last Ten Years Ended December 31
(Accrual Basis of Accounting)
(In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(a)	(b)			(c)	(d)			(e)	
Program Revenues (by Function) (cont'd)										
Governmental Activities (cont):										
Capital Grants and Contributions:										
Legislative, Executive and Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,164
Public Works and Highways (d & e)	16,633	73	6,287	2,085	2,157	-	71	160	30,638	5,231
Human Services (b & c)	-	1,094	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,952	1,615	3,402	505	1,822	-	-	-	2,074	-
Total Governmental Activities - Program Revenues	407,484	565,730	663,883	634,370	639,564	616,963	681,335	677,163	724,126	743,838
Business-type Activities:										
Charges for Services:										
Airports	95,323	91,293	89,989	86,560	85,520	83,306	87,254	79,644	70,997	74,221
Transit	39,704	39,292	43,132	47,790	48,867	50,521	56,606	57,624	55,424	56,501
Operating Grants and Contributions:										
Airports	244	253	183	193	235	579	159	309	179	-
Transit	89,484	94,168	87,851	91,587	88,107	91,776	89,670	89,186	89,931	88,522
Capital Grants and Contributions:										
Airports	7,087	8,158	26,545	59,317	15,171	23,037	35,767	25,284	23,119	10,354
Transit	10,794	3,927	12,125	11,797	22,191	24,450	15,816	24,205	(5,536)	569
Total Business-type Activities - Program Revenues	242,636	237,091	259,825	297,244	260,091	273,669	285,272	276,252	234,114	230,167
Total Primary Government - Program Revenues	650,120	802,821	923,708	931,614	899,655	890,632	966,607	953,415	958,240	974,005
Net (Expense)/Revenue:										
Governmental Activities	(495,425)	(436,237)	(375,658)	(375,810)	(368,075)	(433,324)	(388,461)	(399,873)	(408,973)	(425,453)
Business-type Activities	(24,814)	(35,809)	3,113	32,285	6,527	16,707	19,209	18,600	(18,399)	(21,990)
Total Primary Net (Expense)/Revenue	(520,239)	(472,046)	(372,545)	(343,525)	(361,548)	(416,617)	(369,252)	(381,273)	(427,372)	(447,443)

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Net Position Last Ten Years Ended December 31 (Accrual Basis of Accounting) (In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(a)	(b)			(c)	(d)			(e)	
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Gain on Sale of Capital Assets	\$ 8,597	\$ 1,874	\$ -	\$ 12,696	\$ 36,315	\$ -	\$ -	\$ -	\$ -	\$ 146
Intergovernmental Revenues Not Related to Specific Programs	34,082	33,559	37,271	36,797	34,443	44,402	45,238	44,952	46,056	39,734
Investment Income	2,870	2,531	2,246	777	478	6,186	3,554	4,476	7,120	13,516
Other Revenue	36,273	26,768	40,212	43,597	46,362	66,356	52,497	43,339	27,090	17,037
Proceeds from Settlement of Lawsuit	-	-	-	-	-	-	-	-	29,000	-
Taxes:										
Property Taxes	291,370	289,631	285,494	284,461	283,631	279,179	273,297	266,973	260,724	251,495
Sales Taxes	74,603	73,009	70,838	67,826	65,488	64,740	64,348	61,534	59,258	67,112
Special Item - Separation of Family Care (b)	-	(24,722)	-	-	-	-	-	-	-	-
Transfers	(12,944)	(19,041)	(17,040)	(18,281)	(26,842)	(12,370)	(15,532)	(14,260)	(21,521)	(16,103)
Total Governmental Activities	434,851	383,609	419,021	427,873	439,875	448,493	423,402	407,014	407,727	372,937
Business-type Activities:										
Gain (Loss) on Sale of Capital Assets	(7)	-	(86)	-	123	-	-	-	-	18
Investment Income	362	340	300	729	332	219	313	162	945	1,417
Other Revenue	-	-	6	-	-	-	-	-	-	-
Transfers	12,944	19,041	17,040	18,281	26,842	12,370	15,532	14,260	21,521	16,103
Vehicle Registration Fee (a)	12,229	-	-	-	-	-	-	-	-	-
Total Business-type Activities	25,528	19,381	17,260	19,010	27,297	12,589	15,845	14,422	22,466	17,538
Total Primary Government	460,379	402,990	436,281	446,883	467,172	461,082	439,247	421,436	430,193	390,475
Change in Net Position:										
Governmental Activities	(60,574)	(52,628)	43,363	52,063	71,800	15,169	34,941	7,141	(1,246)	(52,516)
Business-type Activities	714	(16,428)	20,373	51,295	33,824	29,296	35,054	33,022	4,067	(4,452)
Total Primary Government	\$ (59,860)	\$ (69,056)	\$ 63,736	\$ 103,358	\$ 105,624	\$ 44,465	\$ 69,995	\$ 40,163	\$ 2,821	\$ (56,968)

Notes:

- (a) In 2017, Milwaukee County enacted a Vehicle Registration Fee for all vehicles titled in Milwaukee County.
- (b) In 2016, Wisconsin Act 55 required Family Care to become organized as a non-governmental entity (IHA). Family Care separated from Milwaukee County in September 2016.
- (c) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.
- (d) In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.
- (e) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

COUNTY OF MILWAUKEE, WISCONSIN

Fund Balances of Governmental Funds Last Ten Years Ended December 31 (in Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(a & b)				(c)	(d)			(e)	
<u>General Fund (Per GASB 54): ^</u>										
Non-spendable:										
Deposits (a)	\$ -	\$ 3,173	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	1,849	2,205	2,364	2,722	2,696	2,815	2,085			
Prepays (a)	868	1,071	-	-	-	-	-			
Restricted:										
2019 Appropriations	4,798	-	-	-	-	-	-			
2018 Appropriations	5,000	5,000	-	-	-	-	-			
2017 Appropriations	-	5,000	5,000	-	-	-	-			
2016 Appropriations	-	-	5,000	5,000	-	-	-			
2015 Appropriations	-	-	-	5,000	5,000	-	-			
2014 Appropriations	-	-	-	-	5,000	5,000	-			
2013 Appropriations	-	-	-	-	-	5,539	5,539			
2012 Appropriations	-	-	-	-	-	-	8			
Behavioral Health Division (BHD) (c)	26,923	24,583	14,899	8,483	-	-	-			
Commitments	16,172	11,325	14,081	7,734	10,181	9,284	9,021			
Delinquent Property Tax	9,922	11,053	12,204	14,072	14,797	15,275	14,826			
Department of Family Care - Excess Reserves (b)	-	-	19,460	23,138	23,149	16,322	12,910			
Department of Family Care - State Restricted (b)	-	-	12,231	12,220	12,208	11,432	12,182			
Housing	456	794	-	185	835	627	1,369			
Investment Fair Value in Excess of Book Value	-	-	-	-	-	999	1,850			
Committed:										
Economic Development	639	2,439	2,939	2,739	1,196	1,196	196			
Workforce Development	-	-	-	-	-	722	-			
	66,627	66,643	88,178	81,293	75,062	69,211	59,986			
<u>General Fund (Prior to GASB 54): ^</u>										
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
Reserved for Delinquent Property Tax								14,826	13,558	10,487
Reserved for Encumbrances								5,092	6,205	9,349
Reserved for Inventories								2,070	1,837	1,012
Reserved for Milwaukee County Family Care								12,182	10,012	6,142
Unreserved:										
Designated for Aging CMO								-	437	4,115
Designated for Economic Development								196	196	201
Designated for Family Care								3,233	-	-
Designated for Housing								948	813	2,193
Designated for Investments								2,476	2,561	3,480
Subtotal General Fund								45,175	43,907	49,070

COUNTY OF MILWAUKEE, WISCONSIN

Fund Balances of Governmental Funds Last Ten Years Ended December 31 (in Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(a & b)				(c)	(d)			(e)	
<u>All Other Governmental Funds (Per GASB 54): ^</u>										
Restricted:										
Administrative Services	\$ 5,186	\$ 5,647	\$ 7,016	\$ 7,016	\$ 7,016	\$ 6,984	\$ 136			
Airports - Passenger Facilities Charges and Debt	38,237	28,779	28,737	27,398	26,352	29,369	27,199			
Behavioral Health Division (c)	10,326	9,307	9,068	9,372	9,082	9,986	7,169			
Commitments	43,253	43,641	50,512	59,387	48,276	31,737	67,872			
Debt Service	40,739	44,481	47,176	40,238	34,964	27,063	11,577			
Fleet and Facilities Divisions (d)	9,630	9,692	9,782	9,851	10,192	10,270	5,781			
Parks	1,289	1,540	1,593	1,532	1,240	1,074	1,027			
Persons with Disabilities	104	100	97	99	101	110	115			
Zoo	1,853	1,726	1,751	1,118	950	914	874			
Subtotal All Other Governmental Funds	150,617	144,913	155,732	156,011	138,173	117,507	121,750			
 Total Governmental Funds Balance	 \$ 217,244	 \$ 211,556	 \$ 243,910	 \$ 237,304	 \$ 213,235	 186,718	 181,736			
<u>All Other Governmental Funds (Prior to GASB 54): ^</u>										
Reserved For:										
Reserved for Administrative Services						\$ 136	\$ 136	\$ 136		
Reserved for Airports - PFC and Debt						26,921	22,179	34,082		
Reserved for Behavioral Health Division						8,360	8,978	9,344		
Reserved for Debt Service						7,332	6,220	10,757		
Reserved for Encumbrances						98,216	64,468	11,595		
Reserved for Fleet and Facilities Divisions (e)						6,183	6,499	-		
Reserved for Parks						930	998	1,072		
Reserved for Persons with Disabilities						121	123	128		
Reserved for Zoo						711	652	685		
Subtotal All Other Governmental Funds						148,910	110,253	67,799		
Total Governmental Funds Balance						\$ 194,085	\$ 154,160	\$ 116,869		

Notes:

^ Under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, fund balances are classified as Nonspendable, Restricted, Committed or Unassigned. Prior to 2011 and the implementation of GASB No. 54, fund balances were classified as Reserved or Unreserved.

(a) In 2016, deposits and prepaid items are reported as nonspendable fund balances. Prior to 2016, these balances were not reported as nonspendable fund balances.

(b) In 2016, Wisconsin Act 55 required Family Care to become organized as a non-governmental entity (IHA). Family Care separated from Milwaukee County in September 2016.

(c) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.

(d) In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.

(e) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Fund Balances - Governmental Funds Last Ten Years Ended December 31 (In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(a)		(b)		(c)	(d)	(e)			
Revenues:										
Intergovernmental	\$ 249,949	\$ 234,486	\$ 244,760	\$ 230,904	\$ 233,696	\$ 254,672	\$ 318,776	\$ 335,573	\$ 380,540	\$ 365,495
Property Taxes	291,370	289,631	285,494	284,462	283,632	279,179	273,297	266,973	260,724	251,495
Sales Taxes	74,603	73,009	70,838	67,826	65,488	64,740	64,348	61,534	59,258	67,112
Charges for Services (a & b)	192,999	377,451	443,611	429,945	420,623	414,039	405,138	388,274	344,591	379,907
Fines and Forfeits	2,199	2,089	1,734	1,680	2,172	2,621	2,932	3,284	3,245	3,375
Licenses and Permits	1,017	968	885	932	642	577	453	640	453	978
Investment Income (b)	2,871	2,530	2,245	777	10,260	9,069	10,730	11,540	11,352	17,679
Other	37,713	29,602	39,031	39,716	41,846	63,690	53,147	46,903	40,142	36,208
Total Revenues	852,721	1,009,766	1,088,598	1,056,242	1,058,359	1,088,587	1,128,821	1,114,721	1,100,305	1,122,249
Expenditures:										
Legislative, Executive and Staff	32,180	28,233	25,093	17,995	20,053	23,382	21,433	21,309	22,191	26,688
Courts and Judiciary	56,624	58,324	54,749	51,435	50,229	53,383	52,699	55,384	59,984	69,274
General Governmental Services	11,982	13,247	12,996	13,261	11,070	9,939	6,746	6,747	7,395	7,628
Public Safety	164,875	163,549	152,835	144,219	146,410	145,119	159,708	154,196	146,994	166,832
Public Works and Highways (d & e)	77,018	66,313	59,537	66,768	63,591	54,629	57,549	50,676	64,062	28,482
Human Services (a & c)	306,630	496,863	567,749	554,581	553,866	554,697	591,802	611,136	628,574	657,004
Parks, Recreation and Culture	73,096	69,995	70,964	64,258	64,231	65,212	65,271	64,062	66,806	66,799
Other	-	-	-	-	-	-	-	-	-	10,905
Capital Outlay	63,058	48,696	75,123	58,199	66,908	68,446	72,549	80,584	56,994	49,938
Debt Service:										
Interest	18,976	20,236	21,663	22,704	50,700	36,993	36,894	38,036	32,215	15,476
Principal Retired	65,596	59,514	57,700	69,942	56,761	63,913	61,626	60,202	48,164	38,677
Principal Retired on Refunding	15,338	16,055	14,738	-	227,004	-	-	-	-	-
Subtotal Debt Service	99,910	95,805	94,101	92,646	334,465	100,906	98,520	98,238	80,379	54,153
Total Expenditures	885,373	1,041,025	1,113,147	1,063,362	1,310,823	1,075,713	1,126,277	1,142,332	1,133,379	1,137,703
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	(32,652)	(31,259)	(24,549)	(7,120)	(252,464)	12,874	2,544	(27,611)	(33,074)	(15,454)

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Fund Balances - Governmental Funds Last Ten Years Ended December 31 (In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<u>Other Financing Sources (Uses)</u>										
General Obligation Bonds Issued	\$ 29,998	\$ 37,799	\$ 49,367	\$ 39,209	\$ 259,248	\$ 20,301	\$ 31,757	\$ 82,985	\$ 90,000	\$ 30,860
Refunding Bonds Issued	14,248	15,490	-	-	-	-	-	-	-	3,252
Premium/(Discount) on Debt Issued	1,176	1,574	1,570	1,106	839	3,053	4,176	-	(80)	31
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(23,145)	(35,756)	-	-	-
Principal Payment - Current Refunding	-	-	-	-	-	-	-	-	(9,214)	-
Contribution to Employee Retirement System	-	-	-	-	-	-	-	-	(426,692)	-
Pension Liability Bonds Issued	-	-	-	-	-	-	-	-	400,000	-
Insurance Recoveries	-	-	-	2,046	13,000	-	-	-	-	-
Payments on Capital Leases	-	-	93	324	1,383	-	-	-	-	-
Proceeds from Legal Settlement	-	-	-	-	-	-	-	-	29,000	-
Proceeds from Sale of Capital Assets	15,559	2,141	-	12,696	36,315	-	-	-	-	-
Transfers In	69,767	168,511	140,941	111,970	113,594	128,310	104,061	212,816	89,852	54,950
Transfers Out	(92,408)	(190,478)	(160,816)	(136,162)	(145,398)	(136,411)	(119,131)	(228,265)	(102,501)	(73,048)
Total Other Financing Sources (Uses)	<u>38,340</u>	<u>35,037</u>	<u>31,155</u>	<u>31,189</u>	<u>278,981</u>	<u>(7,892)</u>	<u>(14,893)</u>	<u>67,536</u>	<u>70,365</u>	<u>16,045</u>
<u>Special Items</u>										
Payment on Guaranteed Loan	-	(11,410)	-	-	-	-	-	-	-	-
Separation of Family Care (a)	-	(24,722)	-	-	-	-	-	-	-	-
Total Special Items	<u>-</u>	<u>(36,132)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 5,688</u>	<u>\$ (32,354)</u>	<u>\$ 6,606</u>	<u>\$ 24,069</u>	<u>\$ 26,517</u>	<u>\$ 4,982</u>	<u>\$ (12,349)</u>	<u>\$ 39,925</u>	<u>\$ 37,291</u>	<u>\$ 591</u>
Debt Services as a Percentage of Noncapital Expenditures	<u>12.15 %</u>	<u>9.65 %</u>	<u>9.07 %</u>	<u>9.22 %</u>	<u>26.89 %</u>	<u>10.02 %</u>	<u>9.35 %</u>	<u>9.25 %</u>	<u>7.47 %</u>	<u>4.98 %</u>

Notes:

- (a) In 2016, Wisconsin Act 55 required Family Care to become organized as a non-governmental entity (IHA). Family Care separated from Milwaukee County in September 2016.
- (b) In 2014, the County separated Investment Income and Rents to report Investment Income separately and Rents with Charges for Services. Prior to 2014, Investment Income and Rents were reported together.
- (c) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.
- (d) In 2012, the County began reporting the activities of its Public Works - Professional Services Divisions as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.
- (e) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

COUNTY OF MILWAUKEE, WISCONSIN

Property Tax Levies and Collections
 Last Ten Years Ended December 31
 (In Thousands)

Tax Levy Year	Tax Budget Year	Total Property Tax Levy	Collections in Budget Year	Percent of Tax Collections in Budget Year	Collections in Subsequent Years	Total Collections to Date	Percent of Tax Collections to Date	Total Delinquent Taxes
2017	2018	\$ 293,626	Information not available at print time					
2016	2017	291,878	\$ 286,938	98.31 %	\$ -	\$ 286,938	98.31 %	\$ 4,940
2015	2016	287,795	279,265	97.04 %	5,705	284,970	99.02 %	2,825
2014	2015	283,799	274,868	96.85 %	7,575	282,443	99.52 %	1,356
2013	2014	280,130	270,472	96.55 %	8,928	279,400	99.74 %	730
2012	2013	280,134	267,487	95.49 %	12,372	279,859	99.90 %	275
2011	2012	276,194	261,959	94.85 %	13,911	275,870	99.88 %	324
2010	2011	270,386	256,180	94.75 %	14,071	270,251	99.95 %	135
2009	2010	264,102	248,351	94.04 %	15,675	264,026	99.97 %	76
2008	2009	258,479	243,129	94.06 %	15,297	258,426	99.98 %	53

Note:

In November, the Certification of Apportionment of State and County Property Taxes and Charges is filed with the Wisconsin Department of Revenue. This certification provides the State's and County's levies for each of the municipalities. In accordance with State Statute 74.30, each municipality will pay the County its proportionate share, along with the State's share, of the property taxes collected by the 15th of the month following their installment schedule. During the settlement month of August, State Statute 74.29(2) requires all municipalities to pay each taxing jurisdiction their remaining uncollected portions. State Statute 74.29(1) has the County paying all real property and special taxes that remain uncollected along with special assessments and special charges as adopted by the County Board to all municipalities located in the County except the City of Milwaukee which is responsible for collecting property taxes within the boundaries of the City.

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	Equalized Value	Less: Tax Incremental District	Taxable Equalized Value	Direct Tax Rate	Aggregate Assessed Value
		Residential	Commercial	Manufacturing	Other						
		(a)	(a)	(a)	(a)	(a)	(a,b)	(b)	(c)	(c)	
2017	2018	\$37,879,640	\$20,245,941	\$ 1,517,746	\$ 33,229	\$ 1,736,741	\$ 61,413,297	\$ (3,295,500)	\$ 58,117,797	\$ 5.05	\$ 60,309,505
2016	2017	36,885,566	20,136,822	1,519,121	32,044	1,719,007	60,292,560	(3,018,194)	57,274,366	5.10	58,636,179
2015	2015	36,320,315	19,071,770	1,483,307	31,800	1,645,987	58,553,179	(2,491,590)	56,061,589	5.14	57,193,142
2014	2014	36,173,659	18,648,195	1,460,158	31,809	1,940,102	58,253,923	(2,600,473)	55,653,450	5.10	57,051,144
2013	2013	35,671,139	18,154,823	1,478,209	32,814	1,790,540	57,127,525	(2,518,176)	54,609,349	5.13	57,209,236
2012	2012	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	2011	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	2010	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	2009	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	2008	44,933,692	19,653,568	1,551,601	31,031	2,054,176	68,224,068	(2,952,150)	65,271,918	3.96	64,224,181

Note:

Equalized value is the State of Wisconsin's estimated value of property in a defined jurisdiction and is used to apportion County property tax levies among municipalities. Each municipality assesses their own property values which are sent to the State of Wisconsin on the Statement of Assessment form.

Sources:

- (a) Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value.
- (b) Wisconsin Department of Revenue - Reports - Equalized Value - Report Used for Apportionment of County Levy.
- (c) Wisconsin Department of Revenue - Reports - Assessments - Statement of Assessments.

COUNTY OF MILWAUKEE, WISCONSIN

Property Tax Rates per \$1,000 of Equalized Value
Last Ten Years Ended December 31
(In Thousands)

Tax Levy Year	Tax Budget Year	Equalized Value	Less: Tax Incremental District	Taxable Equalized Value	Property Taxes Operating Levy	Property Taxes Debt Levy	Property Taxes Total Levy	Property Taxes Operating Rate	Property Taxes Debt Rate	Property Taxes Total Direct Rate
		(a)	(b)	(b)	(c)	(c)	(c)	(c)	(c)	(c)
2017	2018	\$ 61,413,297	\$ (3,295,500)	\$ 58,117,797	\$ 262,954	\$ 30,672	\$ 293,626	\$ 4.52	\$ 0.53	\$ 5.05
2016	2017	60,292,560	(3,018,194)	57,274,366	258,262	33,616	291,878	4.51	0.59	5.10
2015	2016	58,553,179	(2,491,590)	56,061,589	258,346	29,450	287,795	4.61	0.53	5.14
2014	2015	58,253,923	(2,600,473)	55,653,450	249,844	33,957	283,799	4.49	0.61	5.10
2013	2014	57,127,525	(2,518,176)	54,609,349	237,940	42,190	280,130	4.36	0.77	5.13
2012	2013	57,782,302	(2,252,219)	55,530,083	228,571	51,563	280,134	4.12	0.93	5.05
2011	2012	61,099,029	(2,547,465)	58,551,564	219,641	56,553	276,194	3.75	0.97	4.72
2010	2011	63,403,510	(2,673,043)	60,730,467	217,126	53,260	270,386	3.58	0.88	4.46
2009	2010	66,836,154	(3,156,683)	63,679,471	203,821	60,281	264,102	3.20	0.95	4.15
2008	2009	68,224,068	(2,952,150)	65,271,918	198,712	59,767	258,479	3.04	0.92	3.96

Note:

In November, the Certification of Apportionment of State and County Property Taxes and Charges is filed with the Wisconsin Department of Revenue. This certification provides the State's and County's levies for each of the municipalities. The Property Taxes Total Levy includes State Charitable and Penal Charges as well as Southeastern Wisconsin Regional Planning Commission (SEWPC) charges. The property tax rates are based on the Taxable Equalized Value. The property tax rates do not include State Forestry charges which are based on the Equalized Value. The Property Taxes Total Levy amount may vary slightly from the actual tax levy amount billed in December of the tax levy year.

Sources:

- (a) Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value.
- (b) Wisconsin Department of Revenue - Reports - Equalized Value - Report Used for Apportionment of County Levy.
- (c) Wisconsin Department of Revenue - Reports - Property Tax - Rates - County Property Tax Rates.

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	Taxable Equalized Value %	Gross Rates									
	(a)	(a)	(b)									
	2017 2018	2017 2018	2017 2018	2016 2017	2015 2016	2014 2015	2013 2014	2012 2013	2011 2012	2010 2011	2009 2010	2008 2009
Milwaukee County	\$ 58,117,797	100.00 %	\$ 27.69	\$ 26.13	\$ 28.64	\$ 28.53	\$ 29.64	\$ 29.15	\$ 27.31	\$ 26.20	\$ 24.76	\$ 23.50
<u>Villages</u>												
Bayside (1)	627,677	1.08 %	27.12	25.56	28.27	28.40	29.59	28.89	26.84	26.31	25.07	24.07
Brown Deer	885,392	1.52 %	31.26	29.81	33.35	31.70	33.00	31.86	29.67	28.23	26.91	25.69
Fox Point (1)	1,129,370	1.94 %	26.65	25.05	27.87	27.74	29.16	28.46	26.64	26.22	24.72	23.51
Greendale	1,307,649	2.25 %	26.49	25.18	27.51	27.77	29.64	28.45	28.15	27.17	25.48	24.35
Hales Corners	658,887	1.13 %	26.19	24.48	26.33	27.04	27.23	27.00	25.30	25.67	23.91	22.58
River Hills (1)	479,737	0.83 %	26.68	24.34	26.98	27.31	28.21	27.21	25.03	24.49	23.42	22.20
Shorewood	1,499,974	2.58 %	29.52	27.74	29.97	30.07	31.02	32.08	29.13	28.40	26.24	25.72
West Milwaukee	280,597	0.48 %	33.70	30.65	32.32	31.07	32.22	32.15	31.80	30.57	28.59	27.34
Whitefish Bay	2,201,898	3.79 %	23.41	21.99	24.24	24.34	25.80	25.56	24.51	24.14	22.32	21.47
Total Villages	\$ 9,071,181	15.61 %	\$ 27.07	\$ 25.45	\$ 27.92	\$ 27.88	\$ 29.15	\$ 28.74	\$ 27.15	\$ 26.52	\$ 24.86	\$ 23.85
<u>Cities</u>												
Cudahy	944,346	1.62 %	29.00	28.21	30.33	27.44	28.99	27.66	26.77	27.09	25.40	25.17
Franklin (2)	3,778,072	6.50 %	24.53	23.31	25.86	25.77	27.38	26.44	24.89	25.45	23.58	22.45
Glendale (1)	1,766,645	3.04 %	27.38	25.94	27.89	27.87	28.43	28.65	26.14	24.12	23.28	22.78
Greenfield (1)	2,771,775	4.77 %	27.76	25.95	27.97	27.76	28.52	28.80	26.41	26.33	24.72	22.82
Milwaukee	25,378,588	43.67 %	29.53	27.57	30.71	30.59	31.27	30.59	28.67	26.96	25.64	24.15
Oak Creek	3,175,445	5.46 %	23.07	22.24	24.84	24.08	25.14	25.12	23.32	23.07	21.99	20.86
St. Francis	579,565	1.00 %	30.62	30.10	29.42	30.47	31.26	29.39	27.82	26.99	24.52	23.86
South Milwaukee	1,148,038	1.98 %	27.61	25.28	28.65	28.12	30.31	29.32	27.32	26.03	24.14	23.55
Wauwatosa	5,873,147	10.11 %	23.07	22.98	23.98	24.34	26.67	26.44	24.18	23.43	22.20	21.31
West Allis	3,630,895	6.25 %	30.36	27.42	28.88	28.89	30.10	30.12	28.96	27.50	25.62	24.05
Total Cities	\$ 49,046,516	84.39 %	\$ 27.81	\$ 26.25	\$ 28.77	\$ 28.64	\$ 29.72	\$ 29.22	\$ 27.33	\$ 26.14	\$ 24.75	\$ 23.44

Notes:

- (1) Municipalities have multiple property tax rates depending upon which school district the property is located within.
- (2) Municipality has multiple property tax rates depending upon which school district the property is located within and/or if sewer is included.

Sources:

- (a) Wisconsin Department of Revenue - Governments - County Officials - Report Used for Apportionment of County Levy
- (b) Wisconsin Department of Revenue - Reports - Property Tax - Rates - Town, Village and City Taxes

COUNTY OF MILWAUKEE, WISCONSIN

Weighted Average of Property Taxes to Taxable Equalized Value
For the Year Ended December 31, 2017
(In Thousands)

	<u>2017 Taxable Equalized Value</u>	<u>2017 Property Tax after State Credit</u>	<u>2017 Weighted Average</u>
<u>Villages:</u>			
Bayside (1)	\$ 627,677	\$ 15,596,094	\$ 0.26835315
Brown Deer	885,392	26,414,169	0.45449364
Fox Point (1)	1,129,370	27,392,658	0.47132994
Greendale	1,307,649	34,569,425	0.59481651
Hales Corners	658,887	16,079,842	0.27667673
River Hills (1)	479,737	11,691,708	0.20117259
Shorewood	1,499,974	44,448,940	0.76480772
West Milwaukee	280,597	11,636,508	0.20022280
Whitefish Bay	2,201,898	48,241,467	0.83006359
Total Villages	9,071,181	236,070,811	4.06193667
<u>Cities:</u>			
Cudahy	944,346	30,771,577	0.52946909
Franklin (2)	3,778,072	87,403,587	1.50390399
Glendale (1)	1,766,645	55,965,353	0.96296412
Greenfield (1)	2,771,775	72,740,076	1.25159727
Milwaukee	25,378,588	735,167,997	12.64961913
Oak Creek	3,175,445	71,274,593	1.22638153
St. Francis	579,565	16,976,876	0.29211149
South Milwaukee	1,148,038	30,598,643	0.52649351
Wauwatosa	5,873,147	133,226,563	2.29235398
West Allis	3,630,895	106,094,519	1.82550827
Total Cities	49,046,516	1,340,219,784	2.30604024
Milwaukee County	<u>\$ 58,117,697</u>	<u>\$ 1,576,290,595</u>	<u>\$ 27.12233905</u>

Notes:

(1) Municipalities have multiple property tax rates depending upon which school district the property is located within.
(2) Municipality has multiple property tax rates depending upon which school district the property is located within and/or if sewer is included.

Source:

Wisconsin Department of Revenue - Reports - Property Tax - Rates - Town, Village and City Taxes

COUNTY OF MILWAUKEE, WISCONSIN

Top Fifteen Principal Property Tax Payers
Current Year and Nine Years Ago
(In Thousands)

Company	Type of Business	2017			2008		
		Rank	Full Market Value	Percent of Total Equalized Value	Rank	Full Market Value	Percent of Total Equalized Value
Northwestern Mutual Life Insurance Co	Insurance	1	\$ 495,111	0.81 %	2	\$ 337,277	0.49 %
Mayfair Mall LLC	Shopping Mall	2	488,652	0.80 %	3	298,066	0.44 %
Bayshore Town Center LLC	Shopping Mall	3	335,552	0.55 %	1	346,670	0.51 %
US Bank Corp	Banking	4	241,581	0.39 %	4	279,039	0.41 %
Mandel Group	Real Estate	5	212,811	0.35 %			
Southridge Mall & Plaza	Shopping Mall	6	148,778	0.24 %	7	137,336	0.20 %
Wal-Mart / Sam's Club	Retailer	7	147,914	0.24 %			
Metropolitan Associates	Real Estate	8	136,070	0.22 %	6	139,373	0.20 %
Juneau Village / Prospect Tower / Katz	Real Estate	9	124,102	0.20 %			
Aurora Health	Health Care	10	110,457	0.18 %			
Marcus Corp / Milw. City Center / Pfister	Theaters, Convention Ctr, Hotels	11	109,730	0.18 %	5	144,471	0.21 %
Forest County Potawatomi Community	Hotel, Parking Structure	12	107,283	0.17 %			
Jackson Street Holdings	Hotels, Theaters, Convention Ctr	13	103,299	0.17 %			
411 East Wisconsin LLC	Real Estate	14	92,188	0.15 %	11	99,611	0.15 %
Wheaton Franciscan Healthcare	Health Care	15	88,450	0.14 %	9	113,716	0.17 %
Harley-Davidson	Mfgr, motorcycles				8	115,623	0.17 %
Marshall & Ilsley Bank	Banking				10	108,126	0.16 %
Towne Realty	Real Estate				12	99,214	0.15 %
Crichton-Hauck / Shoreline / Juneau Village	Real Estate				13	97,324	0.14 %
Centerpoint Properties	Real Estate				14	90,318	0.13 %
GE Medical System	Health Care				15	79,866	0.12 %
Total Milwaukee County Equalized Value			\$ 61,413,297	100.00 %		\$68,224,068	100.00 %

Sources:

Wisconsin Department of Revenue

COUNTY OF MILWAUKEE, WISCONSIN

Outstanding Debt by Type
Last Ten Years Ended December 31
(In Thousands)

Year	Governmental Activities		Business-type Activities			Total Primary Government	Total Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases					
2017	\$ 576,821	\$ 1,999	\$ 35,231	\$ 182,575	\$ 626	\$ 797,252	Info not available at print time		945	\$ 0.84
2016	615,916	3,151	37,580	194,679	935	852,261	\$ 41,268,719	2.07 %	949	0.90
2015	639,952	4,262	27,488	207,986	694	880,382	41,201,661	2.14 %	950	0.93
2014	665,313	5,282	25,001	221,036	436	917,068	39,697,233	2.31 %	950	0.97
2013*	699,153	6,053	28,558	230,481	245	964,490	39,213,035	2.46 %	950	1.02
2012	720,066	5,856	29,213	190,887	385	946,407	38,808,170	2.44 %	948	1.00
2011	786,394	5,593	32,315	199,884	534	1,024,720	37,496,095	2.73 %	948	1.08
2010	849,805	4,774	35,374	208,588	390	1,098,931	36,453,170	3.01 %	948	1.16
2009	836,667	4,077	29,880	183,630	381	1,054,635	36,219,621	2.91 %	932	1.13
2008	410,818	4,503	26,443	176,815	245	618,824	35,605,736	1.74 %	938	0.66

Note:

* GASB 65 was implemented in 2013 which removed the unamortized loss on refunding out of liabilities. Prior to 2013, losses were netted against outstanding obligations.

Sources:

(a) U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Income Division, Local Area Personal Income and Employment, CA04 - Personal Income and Employment Summary Report.

(b) State of Wisconsin - Department of Administration - Intergovernmental Relations - per Milwaukee County final population preliminary estimates.

COUNTY OF MILWAUKEE, WISCONSIN

Ratio of Net General Obligation Bonded Debt to Equalized Value
and Net General Obligation Bonded Debt per Capita
Last Ten Years Ended December 31
(In Thousands)

Year	Population (a)	Equalized Value (b)	Governmental General Obligation Bonded Debt	Business-type General Obligation Bonded Debt	Total General Obligation Bonded Debt	Less: Restricted for Debt Service	Net General Obligation ("Net GO") Bonded Debt	Percent of Net GO Bonded Debt to Equalized Value	Net GO Bonded Debt Per Capita
2017	945	\$ 61,413,297	\$ 576,821	\$ 35,231	\$ 612,052	\$ (40,739)	\$ 571,313	0.93%	\$ 0.60
2016	949	60,292,560	615,916	37,580	653,496	(44,481)	609,015	1.01%	0.64
2015	950	58,553,179	639,952	27,488	667,440	(47,176)	620,264	1.06%	0.65
2014	950	58,253,923	665,313	25,001	690,314	(40,238)	650,076	1.12%	0.68
2013	950	57,127,525	699,153	28,558	727,711	(34,964)	692,747	1.21%	0.73
2012	948	57,782,302	720,066	29,213	749,279	(27,063)	722,216	1.25%	0.76
2011	948	61,099,029	786,394	32,315	818,709	(11,577)	807,132	1.32%	0.85
2010	948	63,403,510	849,805	35,374	885,179	(7,332)	877,847	1.38%	0.93
2009	932	66,836,154	836,667	29,880	866,547	(6,220)	860,327	1.29%	0.92
2008	938	68,224,068	410,818	26,443	437,261	(10,757)	426,504	0.63%	0.45

Sources:

(a) State of Wisconsin - Department of Administration - Intergovernmental Relations - per Milwaukee County final population preliminary estimates.

(b) Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value.

COUNTY OF MILWAUKEE, WISCONSIN

Computation of Legal Debt Margin
For the Years Ended December 31
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Equalized Value of Taxable Property (1)	\$ 61,413,297	\$ 60,292,560	\$ 58,553,179	\$ 58,253,923	\$ 57,127,525
Debt Limit Rate - (statutory limitation) (2)	5 %	5 %	5 %	5 %	5 %
Statutory Debt Limit	<u>3,070,665</u>	<u>3,014,628</u>	<u>2,927,659</u>	<u>2,912,696</u>	<u>2,856,376</u>
Bonds and Notes Outstanding:					
General Obligation Bonds and Notes	612,052	653,496	667,440	690,314	727,711
Less: Amount Available in Debt Service Fund	<u>(40,739)</u>	<u>(44,481)</u>	<u>(47,176)</u>	<u>(40,238)</u>	<u>(34,964)</u>
Total Net Debt Applied to Debt Limit	<u>571,313</u>	<u>609,015</u>	<u>620,264</u>	<u>650,076</u>	<u>692,747</u>
Legal Debt Margin Remaining at 12/31	<u>\$ 2,499,352</u>	<u>\$ 2,405,613</u>	<u>\$ 2,307,395</u>	<u>\$ 2,262,620</u>	<u>\$ 2,163,629</u>
Total Net Debt Applied to Debt Limit as a percentage of the Statutory Debt Limit	<u>18.6 %</u>	<u>20.2 %</u>	<u>21.2 %</u>	<u>22.3 %</u>	<u>24.3 %</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equalized Value of Taxable Property (1)	\$ 57,782,302	\$ 61,099,029	\$ 63,403,510	\$ 66,836,154	\$ 68,224,068
Debt Limit Rate - (statutory limitation) (2)	5 %	5 %	5 %	5 %	5 %
Statutory Debt Limit	<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>

Sources:

(1) Wisconsin Department of Revenue, Reports, Municipal Debt Limit.

(2) Wisconsin State Statute 67.03

COUNTY OF MILWAUKEE, WISCONSIN

Direct and Overlapping Bonded Debt & Capital Leases
For the Year Ended December 31, 2017
(In Thousands)

	<u>Net Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable to</u> <u>County</u>	<u>Amount</u> <u>Applicable to</u> <u>County</u>		<u>Net Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>within County</u>	<u>Amount</u> <u>Applicable</u> <u>within County</u>
Direct:				Overlapping:			
Milwaukee County - Net Debt Outstanding	\$ 576,821	100.00 %	\$ 576,821	School Districts:			
Milwaukee County - Net Capital Leases	1,999	100.00 %	1,999	Brown Deer	\$ 23,720	100.00 %	\$ 23,720
Total Direct Debt - Milwaukee County	\$ 578,820	100.00 %	\$ 578,820	Cudahy	26,203	100.00 %	26,203
(Governmental-activities only)				Fox Point / Bayside	3,415	97.86 %	3,342
				Franklin	69,155	100.00 %	69,155
				Glendale / River Hills	2,565	100.00 %	2,565
				Greendale	16,945	100.00 %	16,945
				Greenfield	59,678	100.00 %	59,678
				Maple Dale / Indian Hill	2,697	100.00 %	2,697
				Milwaukee Area Technical College	105,455	80.50 %	84,895
				Milwaukee Public	79,312	100.00 %	79,309
				Nicolet High School	5,850	99.40 %	5,815
				Oak Creek / Franklin	108,915	100.00 %	108,915
				St. Francis	10,470	100.00 %	10,470
				Shorewood	18,085	100.00 %	18,085
				South Milwaukee	29,465	100.00 %	29,465
				Wauwatosa	-	0.00 %	-
				West Allis / West Milwaukee	56,390	92.98 %	52,431
				Whitefish Bay	11,990	100.00 %	11,990
				Whitnall	115	100.00 %	115
				Metropolitan Sewerage District	900,208	99.93 %	899,590
				Subtotal Overlapping	1,530,633		1,505,385
				Total Overlapping Debt	3,119,469	99.18 %	3,093,810
				Total Debt	\$ 3,698,289	99.31 %	\$ 3,672,630
Subtotal Direct Debt							
Total Debt							

Source:

Milwaukee County Comptrollers Office - Capital Section

COUNTY OF MILWAUKEE, WISCONSIN

Demographic and Economic Statistics
For the Year Ended December 31

Year	Population (a)	Total Personal Income (in thousands) (b)	Per Capita Personal Income (b)	Public School Enrollment (c)	Private School Enrollment (c)	Unemployment Rate			Total County Labor Force (d)	Total Unemployed Workers in County (d)
						County (d)	Wisconsin (d)	United States (d)		
2017	945,416	info not available at print time		136,672	41,145	4.0%	3.3%	4.4%	478,333	19,351
2016	948,930	\$ 41,268,719	\$ 43,375	138,460	41,017	5.1%	4.1%	4.9%	479,090	24,615
2015	949,795	41,201,661	43,020	139,914	41,045	5.8%	4.6%	5.3%	477,696	27,915
2014	949,741	39,697,233	41,507	140,739	38,818	6.9%	5.4%	6.2%	479,375	33,042
2013	950,410	39,213,035	41,017	139,533	40,415	8.4%	6.7%	7.4%	479,770	40,338
2012	948,322	38,808,170	40,628	139,393	39,894	8.6%	7.0%	8.1%	476,646	41,195
2011	948,369	37,496,095	39,390	140,704	39,408	9.3%	7.8%	8.9%	477,600	44,336
2010	947,735	36,453,170	38,437	140,241	39,996	10.0%	8.7%	9.6%	476,449	47,615
2009	931,830	36,219,621	38,422	141,942	39,795	9.4%	8.6%	9.3%	467,652	44,154
2008	938,490	35,605,736	38,091	143,566	39,801	5.7%	4.9%	5.8%	469,227	26,582

Sources:

(a) 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.

(b) The U.S. Dept of Commerce, Bureau of Economic Analysis, Regional Income Division, Local Area Personal Income and Employment, CA04 - Personal Income and Employment Summary Report.

(c) The Wisconsin Dept. of Public Instruction - Data - Demographics / Enrollment Reports. Enrollment is a headcount of students who are physically attending schools or receiving homebound instructions as of the third Friday in September.

(d) 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

Principal Private Sector Employers Current Year and Nine Years Ago

	2017			2008			
		(a)			(b)		
Private Sector Employers	Type of Business or Service	Rank	Number of Employees	% of Total County Employment	Rank	Number of Employees	% of Total County Employment
Aurora Health Care, Inc.	Health Care System	1	26,462	5.53 %	1	25,937	5.53 %
Ascension Wisconsin	Health Care System	2	12,000	2.51 %			
Froedtert & Community Health	Health Care System	3	10,913	2.28 %			
GE Healthcare	Health Care Technologies	4	6,000	1.25 %	6	6,462	1.38 %
The Medical College of Wisconsin	Private Medical School	5	5,573	1.17 %			
Children's Hospital	Health Care System	6	5,004	1.05 %			
Northwestern Mutual	Insurance & Investment Products	7	5,000	1.05 %	8	5,100	1.09 %
Goodwill Industries	Training Programs, Retail & Food	8	4,210	0.88 %			
US Bank NA	Banking Services	9	3,700	0.77 %			
The Marcus Corporation	Theaters & Hotel Properties	10	3,180	0.66 %			
Wheaton Franciscan Health Care	Health Care System				2	9,020	1.92 %
Roundy's Supermarkets Inc.	Retail Supermarkets				3	8,480	1.81 %
Quad Graphics	Printing				4	7,000	1.49 %
Kohl's Corporation	Retailer				5	6,900	1.47 %
Wal-Mart Stores Inc.	Retailer				7	6,229	1.33 %
Pro-Health Care Inc.	Health Care System				9	4,936	1.05 %
Wisconsin Energy Corporation	Utilities				10	4,700	1.00 %
Total Employment within County of Milwaukee (c)			478,333	100.00 %		469,227	100.0 %

Sources:

(a) Milwaukee Business Journal, as of July 21, 2017

(b) The Business Journal's Book of Lists 2009, December 26, 2008

(c) WORKnet - Wisconsin- Data Analyst - Data Table - Local Area Unemployment Statistics (LAUS) Results.

COUNTY OF MILWAUKEE, WISCONSIN

County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	<u>1, 32-35</u>	<u>1 & 31</u>	<u>1, 25-30</u>	<u>1, 20-24</u>	<u>1 & 19</u>	<u>1, 14-18</u>	<u>1 & 13</u>	<u>1, 8-12</u>	<u>1, 4-7</u>	<u>1-3</u>
Actual Number of Employees:										
Legislative, Executive and Staff	339	350	324	350	374	371	251	254	296	311
Courts and Judiciary	405	410	425	414	431	411	408	427	423	423
General Governmental Services	113	114	110	109	102	87	50	63	56	60
Public Safety	1,233	1,241	1,259	1,175	1,253	1,265	1,409	1,430	1,507	1,554
Public Works and Highways	423	426	434	427	442	427	561	546	578	585
Health and Human Services	920	877	977	1,127	1,239	1,296	1,487	1,647	1,771	1,825
Parks, Recreation and Culture	563	628	599	574	551	533	563	643	587	658
Total Actual Number of Employees	3,996	4,046	4,128	4,176	4,392	4,390	4,729	5,010	5,218	5,416
% Increase (Decrease) from Previous Year	(1.24)%	(1.99)%	(1.15)%	(4.92)%	0.05 %	(7.17)%	(5.61)%	(3.99)%	(3.66)%	(0.11)%
Budgeted Number of Employees:										
Legislative, Executive and Staff:										
County Board - Audit Department (15)	-	-	-	-	-	-	16.0	18.0	19.0	18.9
County Board (20)	29.0	31.2	30.0	31.0	56.4	56.9	58.5	60.2	60.2	59.2
County Executive - General Office	9.0	9.3	9.0	9.0	9.5	9.5	9.0	10.0	10.6	10.2
County Executive - Intergovernmental Relations (20)	2.0	2.0	2.0	3.0	-	-	-	-	-	-
County Executive - Veterans Service	5.0	5.1	5.0	5.5	5.5	6.0	6.0	5.0	6.0	5.7
Corporation Counsel	19.9	20.4	20.0	19.0	19.0	18.8	19.7	20.0	22.1	21.8
DAS - Economic Development (2,4,16,25)	-	-	-	8.0	8.0	9.0	-	-	-	6.2
DAS - Facilities Management (18,25)	-	-	-	176.7	163.9	154.5	-	-	-	-
DAS - Fiscal Affairs (15,25,26)	-	-	-	11.5	13.2	19.7	42.7	46.4	46.1	47.0
DAS - General Fund (25,32)	195.6	183.2	169.6	-	-	-	-	-	-	-
DAS - Information Mgmt Services (8,28)	46.0	44.6	44.9	52.9	58.9	58.0	61.3	62.6	81.3	86.9
DAS - Office for Persons with Disabilities (25)	-	-	-	4.1	4.1	4.1	4.1	4.1	4.1	4.1
DAS - Procurement (25)	-	-	-	6.7	7.5	7.5	5.5	5.8	6.7	7.8
DAS - Risk Management	7.0	5.5	5.0	5.0	7.0	5.0	5.1	5.0	5.0	5.3
Dept. of Human Resources (17,21)	54.9	57.0	55.2	54.3	55.8	50.6	-	-	-	-
Dept. of Labor Relations (21)	-	-	-	-	3.0	3.5	2.8	3.4	4.4	4.0
Employee Benefits (17)	-	-	-	-	-	-	23.0	21.9	19.6	18.8
Human Resources (9,17)	-	-	-	-	-	-	14.2	13.5	30.6	31.0
Civil Service Commission (27)	-	-	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Ethics Board (10,33)	-	0.8	0.8	0.8	0.8	0.8	0.8	0.6	-	-
Personnel Review Board (10,27,33)	13.0	12.4	12.2	7.2	7.3	7.3	7.3	6.9	7.4	7.5
Office of Community Business Development Partners (25)	-	-	-	8.0	7.7	6.0	6.0	6.0	6.0	6.0
Office on African American Affairs (34)	4.0	-	-	-	-	-	-	-	-	-
Total Legislative, Executive and Staff	385.4	371.5	353.7	407.7	432.6	422.2	287.0	294.4	334.1	345.4

COUNTY OF MILWAUKEE, WISCONSIN

County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	<u>1, 32-35</u>	<u>1 & 31</u>	<u>1, 25-30</u>	<u>1, 20-24</u>	<u>1 & 19</u>	<u>1, 14-18</u>	<u>1 & 13</u>	<u>1, 8-12</u>	<u>1, 4-7</u>	<u>1-3</u>
<u>Budgeted Number of Employees:</u>										
Courts and Judiciary:										
Combined Court Related Operations (14)	284.1	306.7	289.2	288.8	284.2	285.8	284.9	280.6	277.4	277.5
Department of Child Support	147.0	148.1	148.8	150.5	140.7	137.8	150.5	133.3	130.5	138.6
Courts - Pre-Trial Services (14)	2.0	2.0	1.0	1.0	1.0	1.0	-	-	-	-
Total Courts and Judiciary	433.1	456.8	439.0	440.3	425.9	424.6	435.4	413.9	407.9	416.1
General Governmental Services:										
Election Commission (35)	-	8.6	8.1	6.5	6.7	7.4	6.5	8.0	6.6	7.7
County Treasurer	8.5	7.6	7.5	7.5	7.5	8.5	8.5	9.5	8.5	8.0
County Clerk (20,35)	21.5	12.2	12.0	12.0	7.0	7.0	7.1	7.1	6.6	7.6
Register of Deeds	31.0	30.8	30.0	31.9	32.9	34.9	35.7	35.8	42.6	47.6
Office of the Comptroller (15,20,22)	55.9	58.2	58.7	57.0	43.0	40.4	-	-	-	-
Total General Governmental Services	116.9	117.4	116.3	114.9	97.1	98.2	57.8	60.4	64.3	70.9
Public Safety:										
Office of the Sheriff (11,19,26,28,36)	705.1	814.1	769.8	744.1	777.3	1,265.9	1,385.9	1,434.2	952.9	935.2
House of Correction (11,19,29)	402.3	409.9	386.6	452.2	482.7	-	-	-	486.0	512.3
District Attorney (1)	165.4	175.0	160.9	158.6	150.0	148.2	155.1	157.5	164.6	162.9
Emergency Management (28)	66.0	61.9	66.2	-	-	-	-	-	-	-
Medical Examiner	29.9	32.1	28.8	28.2	28.3	27.6	27.5	27.2	29.4	25.3
Total Public Safety	1,368.7	1,493.0	1,412.3	1,383.1	1,438.3	1,441.7	1,568.5	1,618.9	1,632.9	1,635.7
Public Works and Highways:										
Airports (5,7,18)	-	-	-	-	-	-	271.7	275.7	269.8	229.0
Transportation Service (6,18)	-	-	-	-	-	-	14.5	11.8	12.1	17.7
Architectural, Eng and Environ Svcs (18)	-	-	-	-	-	-	35.2	36.4	37.6	40.2
Highway Maintenance (18)	-	-	-	-	-	-	125.1	125.6	135.7	112.1
Fleet Management (7,18)	-	-	-	-	-	-	34.6	38.0	43.3	53.1
Facilities Management (18)	-	-	-	-	-	-	85.0	133.1	150.1	159.2
Director's Office (15,18)	-	-	-	-	-	-	13.2	13.0	11.3	3.3
Total Public Works and Highways	-	-	-	-	-	-	579.3	633.6	659.9	614.6
Department of Transportation:										
Airports (18)	284.3	289.7	284.3	288.3	289.1	290.5	-	-	-	-
Highway Maintenance (18)	135.6	148.4	138.4	135.3	136.6	128.1	-	-	-	-
Fleet Management (18)	34.3	35.3	35.1	34.1	34.1	35.0	-	-	-	-
Director's Office (18)	8.0	8.1	7.0	6.0	7.0	7.0	-	-	-	-
Total Department of Transportation	462.2	481.5	464.8	463.7	466.8	460.6	-	-	-	-

COUNTY OF MILWAUKEE, WISCONSIN

County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	<u>1, 32-35</u>	<u>1 & 31</u>	<u>1, 25-30</u>	<u>1, 20-24</u>	<u>1 & 19</u>	<u>1, 14-18</u>	<u>1 & 13</u>	<u>1, 8-12</u>	<u>1, 4-7</u>	<u>1-3</u>
<u>Budgeted Number of Employees:</u>										
Health and Human Services:										
Behavioral Health Division (12,23,24,30)	542.8	571.3	607.1	577.1	801.0	837.4	843.7	827.7	858.8	890.9
County Health Programs (12)	-	-	-	-	-	-	-	-	34.5	49.2
Department on Aging (3,13)	76.4	84.4	75.7	76.0	73.0	77.2	77.0	79.6	83.3	89.4
Department of Family Care (3,13,31)	-	72.7	73.2	72.2	64.6	64.4	79.1	90.1	91.4	60.4
Department of Health and Human Services (2,23,28,30)	315.1	300.9	293.1	448.8	315.6	313.8	663.1	672.1	682.3	745.6
Total Health and Human Services	<u>934.3</u>	<u>1,029.3</u>	<u>1,049.1</u>	<u>1,174.1</u>	<u>1,254.2</u>	<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>
Parks, Recreation and Culture:										
Parks Division	439.2	381.8	371.3	363.6	391.1	431.3	487.2	509.5	547.5	542.2
Zoological Department	252.0	259.5	254.4	252.7	254.7	254.3	257.5	256.1	251.8	246.3
University Extension	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Parks, Recreation and Culture	<u>692.0</u>	<u>642.1</u>	<u>626.5</u>	<u>617.1</u>	<u>646.6</u>	<u>686.4</u>	<u>745.5</u>	<u>766.4</u>	<u>800.1</u>	<u>789.3</u>
Totals - Budgeted - All Operating										
Departments	<u>4,392.6</u>	<u>4,591.6</u>	<u>4,461.7</u>	<u>4,600.9</u>	<u>4,761.5</u>	<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>
% Increase (Decrease) from Previous Year	<u>(4.33)%</u>	<u>2.91 %</u>	<u>(3.03)%</u>	<u>(3.37)%</u>	<u>(1.35)%</u>	<u>(9.56)%</u>	<u>(2.21)%</u>	<u>(3.41)%</u>	<u>(1.02)%</u>	<u>(0.59)%</u>
Actual Employees Under Budgeted										
Employees	<u>396.6</u>	<u>545.6</u>	<u>333.7</u>	<u>424.9</u>	<u>369.5</u>	<u>436.5</u>	<u>607.4</u>	<u>447.1</u>	<u>431.5</u>	<u>291.5</u>

Department Notes:

1. FTE Counts for the District Attorney include Deputy District Attorneys and Senior Assistant District Attorneys whose positions transferred to the State of Wisconsin on January 1, 1990 but chose to retain County pension benefits. The FTE counts are: 2017 - 4, 2016 - 5, 2015 - 6, 2014 - 6, 2013 - 7, 2012 - 7, 2011 - 8, 2010 - 12, 2009 - 15.8, and 2008 - 15.8.
2. The 2008 Budget transferred the Home/Home Repair Voucher Program to the Department of Health and Human Services (Housing) from the DAS - Economic Development.
3. The 2008 Budget listed the Care Management Organization (later known as the Department of Family Care) separately from the Department of Aging.
4. The 2009 Budget dissolved the DAS-Economic Development and transferred the Block Grant Program to the Department of Health and Human Services (Housing), Real Estate Service and the Development Office to the Director's Office.
5. The 2009 Budget included a major staffing change and additional positions were created for airfield safety and security as well as airfield maintenance.
6. The 2009 Budget continues the ongoing restructuring of Transportation Services by reducing positions.
7. The 2009 Budget restructured the maintenance operations in Fleet Management. Positions were transferred to the Airport or were abolished.
8. The 201 Budget abolished the mainframe functions positions in DAS-Information Management Services. These positions were outsourced to a private entity.
9. The 2010 Budget transferred Human Resources field staff to the departments in which they worked.
10. The 2010 Budget separated the Ethics Board and the Personnel Review Board.

COUNTY OF MILWAUKEE, WISCONSIN

County Employees by Function (Actual to Budgeted) For the Last Ten Years Ended December 31

Department Notes (cont'd):

11. The 2010 Budget consolidated the Office of the Sheriff and the House of Corrections; the consolidation started in 2009 when the Office of the Sheriff took over responsibility for the House of Corrections.
12. The 2010 Budget transferred the County Health Programs to the Behavioral Health Division.
13. The 2011 Budget separated the Department of Family Care from the Department on Aging.
14. The 2012 Budget transferred a funded position to Courts - Pre-Trial Services from Combined Court Related Operations.
15. The 2012 Budget created the Office of the Comptroller to comply with 2011 Wisconsin Act 62 which required a separate, independent department with an elected Comptroller. Positions were transferred from County Board - Audit Department and Dept. of Admin. Services - Fiscal Affairs.
16. The 2012 Budget reestablished the Dept. of Admin. Services - Economic Development and returned Real Estate Services and the Development Office from the Director's Office.
17. The 2012 Budget created the Department of Human Resources which was a merger of Employee Benefits and Human Resources.
18. The 2012 Budget abolished Public Works and Highways and created the Department of Transportation. A Dept. of Admin. Services - Facilities Management was created by merging the Facilities Management and Architectural, Engineering and Environmental Services from the Department of Public Works and Highways. Transportation Services merged with Airport.
19. The 2013 Budget reestablished the House of Corrections separate from the Office of the Sheriff.
20. The 2014 Budget contained several position changes to comply with 2013 Wisconsin Act 14 which provided a tax levy cap related to the structure and duties of the County Board. Positions were transferred to the newly created County Executive - Intergovernmental Relations, support positions were transferred to County Clerk, and Research Services positions were transferred to the Office of the Comptroller.
21. The 2014 Budget merged the Dept. of Labor Relations with the Dept. of Human Resources.
22. The 2014 Budget transferred all payroll positions from individual departments to the Office of the Comptroller.
23. The 2014 Budget transferred the Community Services Branch, Alcohol and Other Drug Abuse, Wraparound, and Emergency Medical Services to the Department of Health and Human Services from the Behavioral Health Division.
24. The 2014 Budget abolished positions in the Behavioral Health Division due to the closing of the Center for Independence and Development.
25. The 2015 Budget merged the General Fund divisions (Community Business Development Partners, Economic Development, Facilities Management, Fiscal Affairs, Persons with Disabilities and Procurement) of the Dept. of Admin. Services into a single agency.
26. The 2015 Budget transferred the Courthouse Security function to the Office of the Sheriff from the Dept. of Admin. Services - Fiscal Affairs.
27. The 2015 Budget merged the Civil Service Commission with the Personnel Review Board.
28. The 2015 Budget created the Department of Emergency Management. Positions were transferred out of Dept. of Admin. Services - Information Management Services (Radio), Office of the Sheriff (Communications) and the Department of Health and Human Services (EMS).
29. The 2015 Budget abolished positions in the House of Corrections.
30. The 2015 Budget returned the Community Services Branch, Alcohol and Other Drug Abuse program and Wraparound to the Behavioral Health Division from the Department of Health and Human Services.
31. The 2016 Budget included employees for the Department of Family Care. These positions were abolished in September 2016 due to the privatization of My Choice Family Care on August 31, 2016.
32. The 2017 Budget includes employees providing service to My Choice Family Care through a temporary Memorandum of Understanding.
33. The 2017 Budget created the Office on African American Affairs.
34. The 2017 Budget abolished the Election Commission and transferred the function to the County Clerk due to a change in State Statute.
35. The 2017 Budget did not eliminate positions in the Office of the Sheriff. The decrease is due to a reduction in overtime hours due to new hires and an anticipated reduction of command staff through attrition.

Sources:

County of Milwaukee, Wisconsin Payroll System
County of Milwaukee, Wisconsin Adopted Operating Budgets

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>LEGISLATIVE, EXECUTIVE AND STAFF</u>										
<u>Procurement:</u>										
Purchase Orders	4,686	2,958	1,890	2,008	1,789	1,623	1,404	1,824	1,457	1,541
Formal bids	54	89	18	22	17	6	35	33	83	47
Informal Bids and Quotes	-	-	14	24	28	40	32	44	270	159
Requests for Proposals	19	31	23	5	3	6	-	1	3	1
General Awards	2,353	2,313	1,432	1,499	1,364	1,245	1,340	991	1,101	1,334
<u>Human Resources:</u>										
Tuition Loans Processed	-	-	14	29	35	52	46	63	57	65
Tuition Reimbursement	301	-	-	-	-	-	-	-	-	-
On-Line Applications Processed	23,049	19,982	21,581	27,526	18,935	14,982	26,461	26,356	40,000	7,278
Job Requisitions Requested	373	419	542	493	505	475	504	414	405	269
Certification Requests Processed	412	439	487	478	450	475	504	414	405	269
Current Positions Studied for Proper Classification	33	83	291	1,131	1,493	74	32	32	64	-
New Positions Studied for Proper Classification	99	19	75	15	38	52	31	25	9	-
<u>COURTS AND JUDICIARY</u>										
<u>Register in Probate:</u>										
Civil Commitments - Adults	1,516	1,761	2,474	3,003	3,700	4,659	5,280	5,673	5,419	5,278
Civil Commitments - Juvenile	685	687	985	1,008	982	1,157	1,121	972	639	472
Guardianship / Conservatorship	311	276	284	261	308	319	299	278	1,019	265
Protective Placement	373	363	334	324	294	226	326	290	287	342
Annual Review of Protective Placement	1,341	1,391	1,226	1,259	1,288	1,389	1,499	1,462	1,599	1,529
Informal Administration	974	897	964	879	990	931	975	1,092	1,068	1,161
Formal Administration	112	80	89	90	111	90	142	147	138	137
Trusts	22	29	68	29	46	30	27	39	36	42
Special Administration, Summary Proceedings	310	332	371	333	410	388	386	315	238	233
Descent/Life Estate	2	5	-	-	-	4	5	6	6	6
Adult Adoption	28	21	19	11	25	10	17	8	13	18
Wills Deposited for Safekeeping	123	125	67	85	165	75	83	150	90	94
Temporary Guardianships	157	159	103	82	62	53	69	63	13	20
Ancillary Proceedings	12	10	3	14	4	4	-	3	2	3
<u>GENERAL GOVERNMENTAL SERVICES</u>										
<u>Election Commission:</u>										
Elections	2	4	2	4	2	4	2	4	2	4
Special Elections	1	-	4	2	8	-	7	2	2	-
Recount Elections	-	1	-	-	-	-	1	2	-	-
State/County/Municipal / School Board Referendums	2	4	5	13	1	14	4	1	3	12

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Election Commission (cont'd)</u>										
Campaign Finance Statements	90	144	101	97	150	199	194	182	160	167
Nomination Papers Received	1	36	3	7	8	45	13	11	-	37
Election Ballot Set-up / Proofing	3	4	4	4	8	6	5	6	4	4
Challenges to Nomination Papers/Recall Petitions	-	3	-	-	-	4	-	-	-	2
Recall Elections / Petitions / Hearings	-	-	-	-	-	2	2	-	-	-
Elections Requiring Braille Ballots	2	4	2	6	2	6	4	3	3	4
Election Commission Meetings	2	-	3	20	14	6	3	3	4	1
<u>Treasurer:</u>										
Checks Issued	71,197	69,752	70,409	73,988	74,648	78,045	77,880	78,045	95,722	97,950
Lost Checks/Stop Payments	479	640	270	357	271	373	370	373	567	247
Property Tax Receipts Issued	6,493	6,611	5,415	6,662	7,143	7,348	6,401	7,348	6,758	5,865
Delinquent Tax Notices Processed	7,655	7,637	11,469	3,762	5,979	3,564	1,556	3,564	11,233	4,950
Tax Forms Furnished	351,150	190,000	331,500	280,200	439,516	901,850	589,724	901,850	726,466	958,872
<u>Register of Deeds:</u>										
With Transfer Fee	16,435	15,855	14,021	12,842	12,806	10,563	9,123	10,134	12,063	12,237
Without Transfer Fee	9,228	9,028	7,643	7,686	8,370	8,491	8,096	7,845	7,968	8,619
Total Transfer Fees	\$ 11,759,852	\$ 10,706,366	\$ 9,584,634	\$ 7,622,493	\$ 7,146,392	\$ 6,743,946	\$ 5,035,715	\$ 5,556,137	\$ 6,455,932	\$ 8,699,611
Average Real Estate Sale Price	\$ 239,282	\$ 223,746	\$ 289,880	\$ 211,421	\$ 186,017	\$ 212,817	\$ 183,993	\$ 192,240	\$ 178,393	\$ 236,977
Foreclosures (Lis Pendens)	2,258	2,415	3,061	3,328	4,086	6,285	6,152	7,167	7,472	6,811
Wisc Commerce Department										
Stipulations	464	627	511	732	1,032	1,088	755	757	1,249	865
Total Mortgages	42,632	26,692	25,817	22,712	30,539	32,604	27,184	30,978	40,667	39,505
Assignments	7,228	6,480	6,891	6,851	10,207	11,656	7,649	8,015	9,781	9,914
Partial Release	592	438	686	559	518	562	1,263	780	889	1,150
Release	29,914	30,432	30,528	26,824	36,769	38,128	33,027	35,677	45,564	44,146
Land Contracts	167	181	207	172	210	170	185	122	138	134
Sheriff Deeds	1,209	1,445	1,702	2,257	3,037	3,457	3,168	3,053	2,879	3,086
Joint Tenancy Survivorship	1,395	1,412	1,511	1,528	1,508	1,534	1,452	1,431	1,518	1,557
Federal Tax Liens	1,472	1,536	1,648	1,700	1,697	1,988	2,628	3,225	2,674	3,002
Financing Statements	750	868	824	844	799	1,044	920	880	1,153	1,085
Military Discharge	8	12	21	14	16	24	18	40	7	20
Electronic Recording	75,192	73,439	67,957	56,033	66,256	67,107	48,745	43,816	41,938	20,690
E-Docs % of Total Documents	73.81 %	69.05 %	65.77 %	59.41 %	52.92 %	51.03 %	42.71 %	35.66 %	28.30 %	14.46 %
Total Records	104,358	107,410	105,305	98,929	125,206	131,502	114,141	123,084	148,186	143,085
Births	14,734	14,977	14,841	15,094	15,107	15,144	15,209	15,615	16,141	16,578
Marriages	4,652	4,779	4,983	4,880	4,377	4,454	4,641	4,247	4,236	4,388
Domestic Partnerships	41	30	7	50	46	55	56	67	201	-
Deaths	9,799	9,725	9,389	9,294	9,966	9,246	9,817	9,266	9,293	9,527
Copies Issued - Paid	74,733	98,662	95,209	97,047	98,758	94,690	91,399	91,564	86,307	90,382
Copies issued - Free	229	193	149	192	170	228	523	207	298	286

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Register of Deeds (cont'd)										
Subdivision Plats No.1	1	1	1	28	1	2	3	1	2	5
Subdivision Plats Lots	73	12	12	18	6	16	45	7	29	107
Condominium Plats No	38	14	6	12	15	16	14	15	22	26
Condominium Plats Units	8	28	12	53	30	25	21	86	665	484
Copies and Images - Revenue	\$ 426,610	\$ 356,252	\$ 374,504	\$ 435,251	\$ 463,255	\$ 536,157	\$ 376,957	\$ 406,563	\$ 399,243	\$ 342,147
Recorded Documents - Revenue	\$ 1,565,195	\$ 1,614,800	\$ 1,592,285	\$ 1,512,955	\$ 1,903,590	\$ 1,996,870	\$ 1,730,490	\$ 1,541,419	\$ 1,535,486	\$ 1,428,209
Vital Statistics - Revenue	\$ 324,770	\$ 418,584	\$ 408,345	\$ 405,584	\$ 411,201	\$ 398,096	\$ 387,479	\$ 395,530	\$ 397,965	\$ 405,345
County Share Transfer Fees - Revenues	\$ 2,354,526	\$ 2,158,641	\$ 1,916,927	\$ 1,611,600	\$ 1,429,278	\$ 1,348,789	\$ 992,767	\$ 1,112,513	\$ 1,291,186	\$ 1,739,976
County Clerk:										
Marriage Licenses Issued	5,175	5,355	5,306	5,295	4,684	4,842	4,618	4,607	4,652	4,752
Domestic Partnerships										
Declarations Issued	41	28	7	43	64	53	55	74	217	-
Domestic Partnership Terminations Processed	3	4	6	3	10	5	5	1	-	-
Marriage License/Domestic Partnership Waivers	412	360	435	643	354	334	276	255	207	179
Duplicate Marriage License / Domestic Partnerships	38	34	49	82	81	89	64	75	76	48
Civil Marriage Ceremonies Performed	1,498	1,380	1,331	1,490	1,093	1,076	1,000	1,012	954	953
County Board Files Maintained	848	743	795	954	962	1,018	875	472	482	485
County Ordinances Published	16	28	19	18	14	24	21	10	18	17
County Board Proceedings Published	14	12	15	13	15	12	15	1,128	1,084	940
Contractor Lien Notices / Vendor Tax Levies Processed	26	7	12	14	29	21	48	56	45	43
Contractor Qualification Statements Approved	-	38	89	107	93	125	127	117	107	130
Claims Processed	270	304	214	233	226	260	281	314	315	346
Summons and Complaints Processed	104	171	165	143	182	189	180	184	158	126
Construction Bid Notices Processed	93	97	93	94	89	112	84	104	86	52
Legal Documents Assigned to Central Files	-	-	58	14	55	50	111	93	51	33
Lobbying Registrations Processed	33	59	49	58	50	52	54	52	46	44
Passport Applications Processed	1,908	2,044	1,836	1,385	1,247	962	778	778	683	578
Passport Photos Taken	1,452	1,524	1,182	738	735	570	352	367	314	282
Oaths of Office Administered	55	48	52	67	145	146	67	65	49	48
DNR Licenses Sold	64	195	251	384	387	410	325	222	331	-
Documents Notarized	5,816	5,850	5,722	5,818	5,256	5,369	5,053	4,876	5,173	4,752
Milwaukee County Transit System Tickets Sold	2,136	2,767	1,746	1,514	2,063	3,419	3,545	3,880	2,512	3,174

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Office of the Comptroller:</u>										
Accounts Reconciled	721	781	781	744	744	768	723	732	740	743
<u>PUBLIC SAFETY</u>										
<u>Medical Examiner:</u>										
Autopsies	1,458	1,399	1,348	1,318	1,294	1,280	1,158	1,056	1,050	948
Death Certificates	1,894	1,813	1,703	1,656	1,635	1,639	1,526	1,623	1,644	1,736
Cremation Permits	4,889	4,679	4,364	4,219	4,035	3,834	3,457	3,591	3,393	3,390
Autopsy Referrals	459	348	360	367	305	312	172	67	-	-
Death Investigated	7,003	6,675	6,266	6,089	5,975	5,098	5,389	5,380	5,181	5,242
<u>District Attorney:</u>										
Felony Cases Filed	5,680	5,532	5,514	5,550	5,695	6,140	6,109	6,194	5,845	6,437
Misdemeanor Cases Filed	4,437	4,078	4,489	5,179	5,510	6,713	762	7,590	6,646	7,648
Criminal Traffic Cases Filed	2,233	2,460	2,490	2,577	2,724	2,792	2,796	3,446	5,534	6,397
CHIPS Cases Filed	1,179	1,035	1,132	1,266	1,343	1,127	1,597	1,500	1,533	1,820
Juvenile Delinquency Cases Filed	1,224	1,282	1,253	1,343	1,476	1,725	1,632	1,555	1,818	2,188
Termination of Parental Rights Cases Filed	312	380	359	266	346	278	312	281	346	395
<u>Sheriff:</u>										
Traffic Citations	31,831	28,178	21,738	21,353	27,752	35,597	37,710	33,064	35,725	34,737
Auto Accidents Reported and Investigated	4,989	4,796	4,898	4,516	4,740	3,970	4,602	4,275	3,965	6,197
Background Checks (Criminal Investigations Division)	462	504	456	436	385	698	493	287	469	388
Criminal Complaints Issued	3,813	3,659	1,133	977	1,190	1,626	3,017	4,032	3,944	1,379
Writs of Restitution (Evictions)	3,887	3,733	3,674	3,773	3,174	3,261	3,078	2,821	2,807	2,783
Writs of Assistance (Foreclosures)	285	373	509	706	899	947	792	736	806	1,119
Temporary Restraining Orders Received	4,912	4,613	4,580	4,402	4,557	4,649	5,216	5,651	5,536	4,791
911 Phone Calls	92,888	100,198	105,716	111,221	215,283	323,903	378,196	551,280	539,509	3,174
Bookings	31,939	31,221	33,500	32,302	34,541	37,225	42,617	39,887	38,426	3,482
Number of Bailiff Posts	99	90	74	78	81	84	79	79	78	79
Open Records Requests	3,797	3,185	2,912	5,717	5,544	7,052	7,333	3,347	4,333	4,928
Civil Process Papers Served	13,624	13,848	14,264	18,278	20,107	21,437	21,592	22,418	22,851	19,952
<u>House of Correction:</u>										
Avg Daily Population -										
Milwaukee County Jail										
Overflow	411	434	455	461	575	409	401	696	889	618
Huber/Work Release Inmates	290	190	198	203	794	202	177	172	504	596
Probation and Parolees	69	72	67	103	269	129	98	118	132	306
Municipal Commitments (Ave Daily Number)	39	42	41	38	208	26	40	64	67	66

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>House of Correction (cont'd)</u>										
Sentenced Inmates	663	778	884	876	984	1,102	964	1,004	579	592
County Correctional Facility										
Central	934	965	945	935	881	817	874	909	898	896
Total Inmate Population (can be in more than one category above)	2,137	2,293	2,352	2,274	2,505	2,516	2,554	2,963	3,069	3,074
Electronic Surveillance	108	122	135	177	208	26	185	198	223	171
<u>PUBLIC WORKS AND HIGHWAYS</u>										
County Trunk Highways										
Maintained (Lane Miles)	397	399	403	403	343	343	343	343	343	343
State Trunk Highways										
Maintained (Lane Miles)	785	785	785	779	772	639	639	635	664	634
Expressways Maintained (Lane Miles)	1,129	1,126	1,112	1,109	1,104	1,116	1,116	1,150	1,141	1,141
<u>HEALTH AND HUMAN SERVICES</u>										
<u>Emergency Medical System:</u>										
Dispatches	71,962	78,936	75,585	65,105	62,291	54,478	52,087	49,491	45,920	45,353
Doctor Calls	1,214	1,420	1,380	1,364	1,656	1,325	1,235	1,398	1,320	1,426
Medical Transports	24,496	26,753	28,053	27,080	26,310	25,344	22,743	21,073	20,577	21,737
Reports	41,078	45,806	46,167	43,041	41,012	39,788	33,720	31,814	30,756	31,233
<u>Aging Programs and Services:</u>										
<u>Senior Meals Program:</u>										
Congregate	242,167	256,384	252,274	264,536	281,763	289,059	264,144	325,354	346,811	373,022
Home Delivered	369,071	356,529	344,956	308,288	313,243	308,070	251,254	248,838	259,151	246,650
Volunteer Hours	47,452	49,520	50,469	54,180	60,303	66,270	65,958	74,409	74,631	82,272
Specialized Transportation										
Services One-Way Rides	89,910	103,462	110,204	-	122,765	120,379	119,378	123,222	125,297	105,308
Participants - Senior Centers / Senior Home Delivery	6,569	6,045	6,493	6,695	8,960	9,103	8,449	6,610	6,740	6,696
Participants - Wellness Works Program	1,398	572	1,676	2,471	2,916	2,467	2,836	2,124	1,274	1,144
Benefit Specialist / Legal Services (In Hours)	11,885	10,945	9,295	10,461	9,385	13,695	13,389	13,058	14,256	11,679
Employment Training and Placement Svcs (Hours)	2,564	2,790	2,147	125	135	88	95	85	95	59
Information and Assistance										
Contact Calls 24 Hours	1,266	707	588	882	781	757	615	520	622	517
Information Inquiries	26,003	29,209	30,962	26,150	24,163	22,925	24,825	26,605	47,399	58,743
Long Term Care Referrals / Applications Processed	2,738	2,367	7,789	6,754	6,494	5,571	5,536	5,872	10,120	6,198
Functional Screens Performed	3,362	3,148	3,242	3,580	3,368	3,161	2,812	3,178	3,188	3,056

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Care and Management										
Organization (CMO):										
Family Care New Enrollees	-	1,320	1,691	1,780	1,812	1,447	1,510	1,895	1,616	1,198
Family Care Continual Enrollees	-	7,396	6,958	6,478	6,666	6,459	6,375	5,864	5,657	5,400
Family Care Dis-enrolled Clients	-	1,168	1,725	1,564	1,553	1,482	1,329	1,368	1,239	1,227
Economic Support Division:										
Interim Disability Assistance Program	1,751	1,675	1,241	947	1,083	1,165	1,237	1,187	1,417	1,495
Home Energy Assistance - Total households applied	64,638	68,057	63,472	64,562	62,191	61,363	64,103	63,843	54,374	48,635
Crisis Assistance - Total households applied	-	-	-	-	21,440	20,836	17,482	22,137	19,564	13,550
Crisis Assistance - Total households estimated	12,441	12,524	21,580	21,951	-	-	-	-	-	-
Delinquency and Court Services Division:										
Detention Center:										
Staffed Capacity of Juvenile Delinquents	109	109	109	109	109	109	109	109	109	109
Average Daily Population	107	110	85	91	96	89	88	87	95	106
Detention Admissions (Annual)	1,518	1,876	1,879	2,158	2,518	2,855	2,773	2,753	2,912	3,143
Health Assessments/MH Screens in Detention	3,094	4,932	4,852	4,126	4,849	4,397	4,040	4,024	4,576	4,810
Court Intake and Probation Supervision:										
Annual Delinquency / JIPS Referrals	1,893	1,975	1,862	1,981	2,175	2,485	2,514	24,730	2,741	3,425
Average Monthly Intake / Probation / Diversion Cases	1,245	1,210	1,315	1,345	1,428	1,581	1,678	1,823	2,265	3,059
POSIT / Drug / Alcohol Screens	419	608	704	3,920	-	2,573	2,530	2,680	2,634	1,819
AODA Assessments	89	110	95	-	199	209	229	304	363	374
Victim Notifications	2,179	2,266	1,943	156	2,042	2,224	2,380	2,245	2,714	3,318
Diversion Restitution Payments Processed	13	9	19	2,011	19	29	24	36	23	12
Administrative Review Panels	-	-	990	19	12	70	88	189	206	254
Warrants Issued	804	728	185	66	751	839	686	681	721	776
Probation Orientation	-	-	-	805	183	618	610	548	650	741
Avg Monthly Youth - Delinquency and Courts Svcs	1,409	1,210	1,315	1,345	1,482	1,581	1,678	1,823	2,265	3,059

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Delinquency and Court Services Division (cont'd)</u>										
Juveniles Served by Dept. of Corrections:										
Juvenile Commitments (Annual)	67	70	110	139	130	150	166	153	206	213
Average Daily Youth under Dept. of Corrections	61	80	132	148	140	160	151	186	235	272
Juveniles Served in Community Programs:										
Temporary Shelter Care	240	466	453	619	784	862	780	749	780	888
Level II Monitoring	969	1,091	957	854	868	910	820	775	878	1,006
First Time Juvenile Offenders Program	166	232	118	158	187	243	251	276	376	394
Probation Network Services	458	373	359	540	533	365	357	387	485	516
Sex Offender Program	-	-	-	45	45	42	41	47	73	83
Day Treatment Program	109	89	76	140	138	187	174	169	168	159
Foster Care	2	2	2	2	1	2	3	3	2	3
Group Home Care	10	6	28	60	77	69	73	96	106	94
RADS	-	-	-	-	-	-	1	15	15	-
Wraparound	424	524	570	577	630	627	682	719	706	705
Serious Chronic Offender Program	253	225	128	241	272	140	118	106	102	91
Firearm Project Program	-	-	44	-	-	58	91	108	108	105
Sibling/Graduate Engagement	129	97	55	88	89	91	101	109	99	73
Focus Program	42	66	72	69	59	72	71	76	83	80
ACE - Alternatives to Corrections through Education	-	-	60	-	-	-	-	1	1	-
Milwaukee County Accountability Program	85	67	39	36	28	13	-	-	-	-
Reentry Coordination and Services	85	116	80	87	68	63	55	27	-	-
<u>Disabilities Services Division:</u>										
Adults Served by Service Bureau	790	702	771	890	306	285	348	2,039	2,518	2,511
Children Served by Service Bureau	12,001	11,885	15,061	7,744	9,692	9,831	10,603	5,223	4,798	4,374
Resource Center Services	35,380	30,282	30,118	35,573	35,186	33,866	20,839	24,487	15,156	17,456
Court Related Services	939	1,062	684	771	719	802	813	730	1,550	1,736
Special Needs - Safe Haven (Persons / Year)	44	85	82	64	78	81	66	63	64	54
Special Needs - Shelter Plus Care (Persons/Year)	709	603	543	454	484	538	558	553	537	520
HOME / Home Repair - Number of New Loans	20	33	22	28	33	11	35	43	75	58

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Behavioral Health Division:										
Inpatient Services Branch:										
Acute Adult Inpatient:										
Average Daily Census	43	46	47	47	59	67	80	84	89	98
Patients Served	518	545	731	882	1,009	1,124	1,361	1,696	1,734	1,880
Admissions	656	683	961	1,093	1,456	1,650	1,846	2,254	2,336	2,528
Patient Days	15,648	16,688	17,209	16,991	21,363	24,586	29,098	30,805	32,573	35,917
Average Length of Stay	23	23	18	16	15	16	15	15	15	14
CAIS Inpatient:										
Average Daily Census	9	8	10	9	8	6	8	10	9	11
Patients Served	517	453	611	683	606	798	950	1,241	1,103	1,171
Admissions	709	617	919	953	829	1,152	1,343	1,601	1,551	1,584
Patient Days	3,146	2,984	3,601	3,305	2,930	2,311	3,077	3,781	3,440	3,851
Average Length of Stay	4	5	4	3	4	2	2	2	2	3
Nursing Home Services - Rehabilitation Centers:										
Average Daily Census	-	-	15	36	111	130	131	132	131	139
Patients Served	-	-	15	100	110	157	165	150	153	163
Admissions	-	-	-	1	3	23	31	16	16	30
Patient Days	-	-	3,044	26,037	40,350	47,489	47,719	48,098	47,894	48,587
Community Services:										
Community Support Program:										
Patients Served	1,498	1,447	1,290	1,090	1,353	333	356	361	372	391
Admissions	296	251	224	137	133	14	35	29	10	22
Contacts (Visits)	357,484	329,985	294,753	157,031	345,159	46,957	47,453	46,657	48,515	49,810
Targeted Case Management:										
Patients Served	2,121	1,862	1,738	1,509	1,439	159	219	276	293	295
Admissions	783	548	364	344	364	-	11	42	61	52
Contacts (Visits)	192,851	149,977	129,158	88,407	165,105	623	8,299	8,965	9,429	9,477
Adult Day Treatment:										
Average Daily Census	6	10	12	10	11	17	14	13	25	18
Patients Served	42	42	56	39	63	64	62	67	80	100
Admissions	42	31	36	40	42	44	46	46	64	80
Appointments (hrs.)	7,215	6,480	9,567	13,274	-	14,576	13,008	12,031	16,061	17,133
Visits	2,720	2,442	2,558	2,926	10,328	4,497	3,582	3,479	4,468	4,623
Crisis Services:										
Psychiatric Crisis Services - Admissions										
	8,001	8,286	10,153	10,633	11,464	12,644	13,169	13,438	12,894	12,509
Access Clinic:										
Patients Served	516	617	579	1,489	6,310	2,406	1,652	1,680	1,785	1,973
Admissions	521	606	549	1,199	1,412	2,325	1,426	1,479	1,530	1,842
Appointments	944	1,182	1,249	4,064	6,310	6,674	5,573	5,233	5,681	6,498

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Behavioral Health Division</u>										
<u>(cont'd)</u>										
Crisis Response (Mobile):										
Patients Served	2,066	1,875	1,902	2,090	1,716	1,403	1,371	1,287	1,158	1,211
Admissions	2,898	2,762	2,498	2,090	382	1,716	1,570	1,472	1,274	1,370
Appointments	2,827	2,467	2,362	2,010	2,211	1,517	1,405	1,473	1,392	1,405
Crisis Respite:										
Patients Served	261	242	241	329	1,716	1,403	1,371	1,287	1,158	1,211
Admissions	312	296	309	386	382	1,716	1,570	1,472	1,274	1,370
Alcohol and Other Drug										
Abuse Services:										
Methadone Detox	-	-	-	159	232	143	148	74	183	199
Inpatient Care (Detox)	6,483	6,316	5,409	5,556	1,918	3,162	2,813	3,360	3,542	3,477
Intake Assessments	4,854	4,760	6,256	4,443	3,973	6,334	4,860	5,153	4,727	4,235
Outpatient	796	853	836	2,084	2,574	3,734	3,331	3,171	3,112	2,717
Day Treatment	67	78	68	243	458	557	688	683	903	729
Day Treatment - Residential	769	716	673	591	490	656	711	708	727	774
Community Living Support Services	926	1,053	2,276	2,526	-	6,604	6,069	6,341	5,709	4,407
Recovery House Plus OP/PT	78	76	89	169	162	360	321	334	197	144
Wraparound Milwaukee:										
Average Census	1,205	1,227	1,179	967	1,212	1,059	945	942	905	841
Patients Served	3,404	3,495	3,458	3,347	2,627	3,246	3,400	3,521	3,492	2,904
Admissions	841	869	945	1,029	993	1,171	874	898	829	874
Patient Contacts	12,358	13,649	12,124	10,895	9,975	9,490	9,239	9,115	7,395	6,171
Hospital Diversions	2,202	2,189	1,364	809	754	961	1,404	1,511	1,236	1,244
<u>PARKS, RECREATION, AND CULTURE</u>										
<u>Zoo:</u>										
Zoo Attendance - Adults	344,966	346,759	369,036	380,478	372,548	387,308	367,234	379,418	383,982	434,754
Zoo Attendance - Junior	168,570	150,688	171,087	163,298	173,960	159,736	168,637	185,729	186,930	206,743
Zoo Attendance - Free	686,367	831,914	838,881	723,580	686,391	785,351	697,348	701,168	720,330	672,786
Zoo Attendance - Total	1,199,903	1,329,361	1,379,004	1,267,356	1,232,899	1,332,395	1,233,219	1,266,315	1,291,242	1,314,283
<u>Parks:</u>										
Facilities Rentals:										
Picnic with/without Shelters	3,243	2,583	2,548	3,217	3,202	3,178	3,029	2,960	3,089	2,910
Buildings	2,234	2,287	2,283	2,109	2,204	1,872	1,744	2,085	1,998	2,033
Lodges	90	65	67	92	90	83	53	45	27	102
Pools Rentals	54	56	44	70	56	40	39	49	41	61
Marina Slip Rentals	624	620	649	641	638	635	664	659	644	677
Special Event Permits	920	949	873	634	571	360	339	272	267	259
Rounds of Golf	261,609	283,275	297,475	273,443	278,353	314,715	288,953	315,455	302,262	302,067
Pool Attendance	211,334	264,846	219,062	206,336	261,371	352,134	321,749	348,547	251,447	204,199

COUNTY OF MILWAUKEE, WISCONSIN

Operating Indicators by Function For the Last Ten Years Ended December 31

BUSINESS-TYPE ACTIVITIES	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Transit / Para Transit:</u>										
Buses Assigned	401	401	401	405	396	415	416	415	483	483
Max Buses Operated	332	337	343	331	333	333	341	333	394	392
Bus Miles Traveled	18,219,946	18,579,208	18,437,783	17,457,798	17,244,868	17,369,735	17,107,116	17,369,735	17,958,867	18,098,521
Bus Hours Driven	1,387,358	1,407,840	1,396,012	1,345,689	1,328,033	1,331,216	1,298,644	1,331,216	1,346,998	1,345,685
Revenue - Passengers	\$ 20,415,104	\$ 18,901,527	\$ 22,887,923	\$ 33,222,519	\$ 36,451,283	\$ 37,372,333	\$ 38,075,651	\$ 37,372,333	\$ 39,405,363	\$ 43,165,472
Transit Plus Ridership	526,411	530,989	523,406	557,272	544,357	572,146	876,494	572,146	1,170,456	1,121,848
<u>Airports:</u>										
Passengers Served	6,904,670	6,757,357	6,549,353	6,554,152	6,521,027	7,515,070	9,522,456	9,848,377	7,946,562	7,956,968
Carriers - Commercial	8	8	8	7	8	8	9	10	12	12
Runways	5	5	5	5	5	5	5	5	5	5
Acreage	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386
Daily Departures/Arrivals	264	270	265	269	282	320	431	479	422	451
Aircraft Operations	111,215	113,530	111,501	113,248	119,549	133,366	173,017	191,553	169,693	183,278
Revenue Landing Weight (in 1,000 lbs.)	\$ 4,639,744	\$ 4,629,896	\$ 4,429,448	\$ 4,389,521	\$ 4,522,926	\$ 5,024,172	\$ 6,237,622	\$ 6,550,879	\$ 5,552,988	\$ 5,871,753
Air Freight (in 1,000 lbs.)	162,782	158,859	146,993	143,884	148,876	156,582	165,583	171,123	147,390	183,478

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>LEGISLATIVE, EXECUTIVE AND STAFF</u>										
<u>County Board:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	-	-	-	-	1	1	-	-	-	-
<u>Office for Persons with Disabilities:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	-	-	1	1	1	1	1	1	1	1
<u>Information Management Services:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	1	2	2	2	2	2	3	3	3	3
<u>General (1):</u>										
Buildings (11)	-	-	4	4	4	4	4	4	4	4
Correctional Services Buildings (11)	1	1	-	-	-	-	-	-	-	-
County Services Buildings (11)	2	2	-	-	-	-	-	-	-	-
<u>Facilities Management (1.2):</u>										
Buildings (12)	-	-	7	6	6	6	-	-	-	-
Electrical Substation (12)	-	-	2	2	2	2	-	-	-	-
Electrical Distribution (12, 30)	1	2	-	-	-	-	-	-	-	-
Guard Station (13)	1	1	-	-	-	-	-	-	-	-
Maintenance Buildings (12)	4	4	-	-	-	-	-	-	-	-
Loaders and Attachments	1	1	3	3	2	3	-	-	-	-
Mowers and Attachments	14	16	16	13	9	7	-	-	-	-
Pump House (12)	-	-	1	1	1	1	-	-	-	-
Snow Plows and Attachments	9	10	11	10	11	12	-	-	-	-
Spreaders and Attachments	5	5	5	5	5	5	-	-	-	-
Storage Buildings (13)	3	3	-	-	-	-	-	-	-	-
Sweepers, Cleaners and Attachments	3	3	3	3	3	3	-	-	-	-
Tanks (31)	2	-	-	-	-	-	-	-	-	-
Tractors	2	1	1	1	1	2	-	-	-	-
Trucks-over 13,000 lb. gross vehicle weight	2	2	2	2	2	2	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	30	35	39	34	34	34	-	-	-	-
Water Supply Storage Tanks (12)	5	5	-	-	-	-	-	-	-	-
Water Towers and Reservoirs (12)	-	-	6	6	5	5	-	-	-	-
<u>PUBLIC SAFETY</u>										
<u>Medical Examiner:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	3	3	3	3	3	3	3	5	5	5
County Services Buildings (11)	1	1	-	-	-	-	-	-	-	-
<u>District Attorney:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	19	18	19	17	12	11	16	19	19	19
<u>Office of Emergency Management (10):</u>										
Ambulances	1	1	2	-	-	-	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	4	4	4	-	-	-	-	-	-	-
Trailer	1	1	-	-	-	-	-	-	-	-
<u>Sheriff (10):</u>										
Ambulances	1	2	-	3	2	2	2	1	1	1
Animal Holding Building (14)	1	1	-	-	-	-	-	-	-	-
Bomb Trucks	2	2	2	2	1	1	1	1	1	1
Generator	-	-	-	1	1	1	1	1	1	1
Hangar (14)	1	1	-	-	-	-	-	-	-	-
Jet Skis	2	2	-	-	-	-	-	-	-	-
Sheriff Service Building (14)	1	1	-	-	-	-	-	-	-	-
Squad Cars	70	72	72	77	86	84	93	80	71	69
Vehicles - Cars, Vans, SUVs, Pickup Trucks	89	91	92	92	91	99	99	98	99	103

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>PUBLIC SAFETY (cont'd)</u>										
<u>House of Corrections:</u>										
Barn - (note silos below, 6)	-	-	-	-	-	1	1	1	1	1
Buildings (15)	-	-	7	10	11	12	12	12	12	12
Chicken Coop (6)	-	-	-	-	-	1	1	1	1	1
Correctional Dormitory Buildings (15)	3	3	-	-	-	-	-	-	-	-
Correctional Services Buildings (15, 32)	4	3	-	-	-	-	-	-	-	-
Creamery (6)	-	-	-	-	-	1	1	1	1	1
Fuel Storage Tanks (15)	1	-	2	2	2	2	2	2	2	2
Garages (15)	1	-	1	1	1	2	2	2	2	2
Greenhouses	-	-	-	-	-	1	1	1	1	1
Guard Station (15)	1	1	-	-	-	-	-	-	-	-
Kennels (6)	1	-	-	-	-	1	1	1	1	1
Loaders and Attachments	2	3	2	2	2	2	2	2	2	2
Maintenance Buildings (15)	2	2	-	-	-	-	-	-	-	-
Miscellaneous Equipment	2	4	5	5	3	3	3	3	3	3
Mowers and Attachments	3	3	3	3	3	3	3	3	3	3
Pump Houses (15)	1	-	1	2	2	2	2	2	2	2
Silos - (attached to Barn listed above, 6)	-	-	-	-	-	4	4	4	4	4
Snow Plows	4	3	-	-	-	-	-	-	-	-
Spreaders	1	1	-	1	1	1	1	1	1	1
Storage Buildings (15, 32)	16	4	-	-	-	-	-	-	-	-
Tanks (15, 31)	5	2	-	-	-	-	-	-	-	-
Toll Booths and Sheriff Check-In (13)	-	-	1	2	2	2	2	2	2	2
Tractors	4	4	5	5	6	6	6	6	6	6
Trailers	1	-	-	-	1	1	1	1	1	1
Vehicles - Cars, Vans, SUVs, Pickup Trucks	34	39	39	39	36	35	40	40	43	44
Warehouses, Storage Bldgs, & Sheds (15)	-	-	3	4	4	12	12	12	12	12
Water Towers (9)	-	-	-	1	1	1	1	1	1	1
<u>PUBLIC WORKS AND HIGHWAYS (2)</u>										
Aerial Lifts and Buckets	8	8	7	6	8	7	9	6	6	6
Air Compressors	10	12	12	12	11	11	11	11	11	11
Asphalting Equipment	12	16	14	14	13	13	16	16	15	16
Brine Making Machine	1	1	-	-	-	-	-	-	-	-
Buildings (16)	-	-	1	1	1	1	9	9	9	9
Cranes and Attachments	10	9	9	9	6	6	5	5	5	5
Fleet Services Building (16)	1	1	-	-	-	-	-	-	-	-
Fork Lifts and Attachments	10	9	9	9	9	9	8	8	8	9
Garages (16)	-	-	7	7	7	7	7	7	7	7
Liquid Calcium Applicators	36	37	37	40	41	49	54	63	64	49
Loaders and Attachments	15	13	12	12	12	11	17	20	24	24
Maintenance Buildings (16)	3	3	-	-	-	-	-	-	-	-
Mowers and Attachments	36	33	30	27	27	27	40	39	41	39
Other Miscellaneous Road Working Equipment	32	41	40	41	41	17	16	16	16	13
Scooters	1	1	1	-	-	-	-	-	-	-
Snow Plows and Attachments (42)	153	180	179	174	175	187	186	213	193	204
Spreaders and Attachments	79	72	73	74	76	91	99	133	113	115
Storage Buildings (16,18)	17	17	-	-	-	-	-	-	-	-
Sweepers, Cleaners and Attachments	13	17	16	15	15	16	21	20	21	23
Tanks (31)	12	-	-	-	-	-	-	-	-	-
Tractors	12	12	12	13	13	12	18	17	18	21
Trailers	13	14	11	10	10	-	-	-	-	-
Trucks-over 13,000 lb. gross vehicle weight	106	105	97	93	93	100	119	113	125	102
Vehicles - Cars, Vans, SUVs, Pickup Trucks	53	52	36	29	35	29	72	140	86	81
Warehouses, Storage Buildings and Sheds (17)	-	-	15	14	14	14	14	14	14	14
Water Pumps and Tanks	3	7	7	6	7	8	8	8	8	9

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>HEALTH & HUMAN SERVICES:</u>										
Buildings (4,19)	-	-	12	12	13	13	8	8	8	7
Community Services Buildings (19)	8	8	-	-	-	-	-	-	-	-
Correctional Services Building (19)	1	1	-	-	-	-	-	-	-	-
County Services Buildings (19)	7	7	-	-	-	-	-	-	-	-
Medical - Hospital (19)	1	1	-	-	-	-	-	-	-	-
Not in Use Buildings (19, 33))	3	4	-	-	-	-	-	-	-	-
Recreational Centers (19)	-	-	2	2	2	2	2	2	2	2
Senior Centers (19)	-	-	6	5	6	6	6	6	6	6
Sheds (13,19)	-	-	4	3	3	3	3	3	3	3
Storage Buildings (19)	2	2	-	-	-	-	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	22	18	13	19	22	24	29	33	34	34
Wading Pools (34)	2	1	1	1	1	1	1	1	1	1
Wheelchair Accessible Vans	-	-	-	-	-	-	1	1	1	1
<u>PARKS, RECREATION AND CULTURE</u>										
<u>Parks:</u>										
Air Compressors	4	4	4	2	1	-	-	-	-	-
Asphalting Equipment	2	2	2	2	3	-	-	-	-	-
Band Shells and Amphitheater (20)	-	-	4	4	3	3	3	3	3	3
Barns (6,20)	-	-	1	1	1	-	-	-	-	-
Barns and Silos (6,20)	-	-	6	6	6	5	5	5	5	5
Bathhouse / Pavilions (20)	-	-	28	29	29	27	27	27	27	27
Bathhouses (20)	-	-	15	15	15	15	15	15	15	16
Boat Launches (22)	4	4	1	1	1	1	3	3	3	3
Boathouses (20)	-	-	3	3	3	3	4	3	3	3
Booths (20)	-	-	14	14	14	14	14	14	14	14
Buildings (8,20))	-	-	119	134	133	132	131	131	128	128
Chicken Coop (6)	-	-	-	1	1	-	-	-	-	-
Comfort Stations (20)	-	-	28	28	28	27	27	27	27	27
Community Centers (20)	-	-	3	3	2	3	3	3	3	3
Community Services Buildings (35)	1	-	-	-	-	-	-	-	-	-
Concession Buildings (20)	11	11	-	-	-	-	-	-	-	-
Concession Stands (20)	-	-	7	7	7	4	4	4	4	4
Creamery (6,20)	-	-	1	1	1	-	-	-	-	-
Dam and Dam Dugouts (20)	-	-	2	2	2	2	2	2	2	2
Fork Lifts and Attachments	1	1	1	-	-	-	-	-	-	-
Gazebos (20)	-	-	4	4	4	3	3	3	3	2
Golf Clubhouses (20)	-	-	13	13	13	14	15	15	15	15
Golf Courses	15	15	15	15	15	15	15	15	15	15
Golf Dome (20)	-	-	1	1	1	1	1	1	1	1
Greenhouses (20)	-	-	1	1	1	1	-	-	-	-
Harvesters	8	8	8	8	8	8	7	7	7	7
Hoppers (21)	-	-	5	5	5	5	5	5	5	5
Houses and Lodges (20)	-	-	11	11	11	11	11	11	11	11
HTF Services Buildings (35)	2	-	-	-	-	-	-	-	-	-
Indoor Baseball Facilities (20)	-	-	1	1	1	1	1	1	1	1
Jet Ski	1	1	-	-	-	-	-	-	-	-
Kennels (6,20)	-	-	1	1	1	-	-	-	-	-
Lighthouse (20)	-	-	1	1	1	1	1	1	1	1
Loaders and Attachments	18	18	15	15	20	21	24	25	27	27
Maintenance Buildings (20,35)	43	45	-	-	-	-	-	-	-	-
Miscellaneous Equipment	42	38	37	41	38	41	51	54	54	56
Mowers and Attachments (7)	524	457	452	450	134	107	72	78	58	61
Museum / Art Centers (20)	19	19	-	-	-	-	-	-	-	-
Nature Preserves and Gardens (20)	-	-	4	4	4	4	4	4	4	4
Not in Use Buildings (35)	7	-	-	-	-	-	-	-	-	-
Park Services Buildings (20, 35)	4	5	-	-	-	-	-	-	-	-
Parking Structures (20, 36)	-	1	-	-	-	-	-	-	-	-

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Parks (cont'd)</u>										
Parking Structures & Garages (20)	-	-	7	9	8	8	8	8	8	8
Parks and Parkways (3)	158	158	157	156	157	156	147	147	147	147
Pavilions (20)	-	-	33	32	32	30	30	30	30	30
Public Shelters (20, 35)	35	37	-	-	-	-	-	-	-	-
Pump Houses (20)	-	-	13	13	12	11	11	11	11	9
Recreation Buildings (20, 35)	133	134	4	4	4	4	4	4	4	4
Restroom / Concession Buildings (20)	3	3	-	-	-	-	-	-	-	-
Restroom / Maintenance Buildings (20)	5	5	-	-	-	-	-	-	-	-
Restroom / Public Shelters (20, 35)	18	17	-	-	-	-	-	-	-	-
Restroom Buildings (20, 35)	31	35	-	-	-	-	-	-	-	-
Scooters	10	10	12	14	14	14	17	17	20	20
Self Dumping cart (20)	6	6	-	-	-	-	-	-	-	-
Shelters (20)	-	-	34	34	34	32	32	32	32	32
Show Stages (20)	5	5	-	-	-	-	-	-	-	-
Ski Chalet (20)	-	-	1	1	1	1	1	1	1	1
Snow Plows, Equipment and Attachments	124	119	118	118	131	130	129	113	109	118
Splash Pads (20, 37)	6	5	-	-	-	-	-	-	-	-
Spreaders and Attachments	68	66	66	65	65	67	67	58	50	50
Storage Buildings (20, 35)	145	148	-	-	-	-	-	-	-	-
Storage Containers (20)	-	-	5	5	5	5	5	5	5	5
Storage Sheds (20)	-	-	105	105	103	106	107	107	107	107
Sweepers	5	5	5	5	6	6	6	6	6	7
Swimming Pools (20)	13	13	13	14	14	15	15	15	15	18
Tanks (31)	50	-	-	-	-	-	-	-	-	-
Ticket Booths (20, 38)	6	5	-	-	-	-	-	-	-	-
Tractors	4	4	4	3	3	4	18	16	18	16
Trailers	10	8	10	10	10	10	8	8	8	8
Trucks-over 13,000 lb. gross vehicle weight	24	25	27	29	28	29	29	24	28	32
Vehicles - Cars, Vans, SUVs, Pickup Trucks	152	140	133	135	136	136	138	147	142	149
Wading Pools (20, 39)	32	33	35	36	36	36	36	36	36	38
Walkway Bridge (22)	167	167	1	1	1	1	1	1	1	1
Warehouses (6,20)	-	-	1	1	1	-	-	-	-	-
Water Playgrounds & Splash Pads (20)	-	-	5	5	5	5	5	5	5	5
Weed Sprayers and Attachments	25	23	23	24	24	24	24	24	24	23
<u>Zoo</u>										
Animal Dens (23)	-	-	4	4	4	4	4	4	4	4
Animal Exhibits (23)	-	-	7	6	6	6	6	6	6	6
Animal Exhibits Buildings (23)	19	19	-	-	-	-	-	-	-	-
Animal Exhibits Yards (23)	2	2	-	-	-	-	-	-	-	-
Animal Holding Buildings (23)	23	23	-	-	-	-	-	-	-	-
Animal Islands (23)	-	-	1	1	1	1	1	1	1	1
Animal Medical Hospital (23)	1	1	-	-	-	-	-	-	-	-
Animal Overlooks (23)	-	-	2	2	2	2	2	2	2	2
Animal Petting Rings (23)	1	1	1	1	1	1	1	1	1	1
Aviaries and Pheasantries (23)	-	-	5	5	5	5	5	5	5	5
Barns (23)	-	-	12	12	12	12	12	12	12	12
Bleachers (23)	3	3	-	-	-	-	-	-	-	-
Boat Landings (23)	-	-	1	1	1	1	1	1	1	1
Booths (23)	-	-	16	16	16	16	16	16	16	16
Buildings (23)	-	-	36	35	36	36	36	36	36	36
Carousels	1	1	1	1	1	1	1	1	1	1
Catch Basin Cleaner	1	1	1	1	1	1	1	1	1	1
Chick Hatchery (24)	-	-	1	1	1	1	1	1	1	1
Clubhouse (23)	-	-	1	1	1	1	1	1	1	1
Comfort / Concession Stations (23)	-	-	8	8	8	8	8	8	8	8
Concession Buildings (23)	7	7	-	-	-	-	-	-	-	-
Electrical Distribution (23)	1	1	1	1	1	1	1	1	1	1

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Zoo (cont'd)</u>										
Entrance Kiosks (24)	-	-	3	3	3	3	3	3	3	3
Exterior Animal Pools	1	1	1	1	1	1	1	1	1	1
Farm Entry Structures (23)	-	-	1	1	1	1	1	1	1	1
Garages (23)	-	-	1	1	1	1	1	1	1	1
Gazebos (23)	-	-	3	3	3	3	3	3	3	3
Loaders and Attachments	3	2	3	3	2	2	4	3	3	3
Maintenance Buildings (23)	3	3	-	-	-	-	-	-	-	-
Mowers and Attachments	6	6	4	2	-	-	-	-	-	-
Observation Decks	3	3	2	2	2	2	2	2	2	2
Parking Lot	1	1	1	1	1	1	1	1	1	1
Photovoltaic Solar Systems (24)	-	-	1	1	2	2	2	2	2	2
Pools (23)	-	-	1	1	1	1	1	1	1	1
Public Shelters (23)	6	6	-	-	-	-	-	-	-	-
Pump Houses (23)	-	-	2	2	2	2	2	2	2	2
Restroom / Concession Building (23)	6	6	-	-	-	-	-	-	-	-
Roadway Sweeper	1	1	1	1	1	1	1	1	1	1
Sheds (23)	-	-	7	7	7	7	7	7	7	7
Shelters (23)	-	-	4	4	4	4	4	4	4	4
Snow Plows	9	9	9	10	7	7	8	8	6	5
Spreaders and Attachments	4	3	3	3	3	3	3	3	3	4
Stages (23)	4	4	2	2	2	2	2	2	2	2
Standalone Bleachers (23)	-	-	2	2	2	2	2	2	2	2
Storage Buildings (23)	22	22	-	-	-	-	-	-	-	-
Storage Containers (23)	-	-	7	7	7	7	7	7	7	7
Tanks (31)	2	-	-	-	-	-	-	-	-	-
Theaters with Bleachers (23)	-	-	2	2	2	2	2	2	2	2
Ticket Booths (23)	17	17	-	-	-	-	-	-	-	-
Train Depot and Crossing Shacks (23)	5	5	4	4	4	4	4	4	4	4
Train Locomotive Engines	4	4	4	4	4	4	4	4	4	4
Trucks-over 13,000 lb. gross vehicle weight	2	2	2	2	2	2	2	2	3	3
Vehicles - Cars, Vans, SUVs, Pickup Trucks	24	24	22	22	21	22	18	22	28	29
Wishing Well (24)	-	-	1	1	1	1	1	1	1	1
Zoo Services Buildings (23)	13	13	-	-	-	-	-	-	-	-
<u>BUSINESS - TYPE ACTIVITIES</u>										
<u>Transit / Para Transit:</u>										
Buildings (25)	-	-	16	16	16	16	16	16	16	16
Bus Waiting Stations (25, 40)	-	1	3	3	3	3	3	3	4	4
Maintenance Buildings (25)	7	7	-	-	-	-	-	-	-	-
Restroom Buildings (25)	2	2	-	-	-	-	-	-	-	-
Sheds (26)	-	-	1	1	1	1	1	1	1	1
Shelters (26)	-	-	2	11	-	2	2	2	2	2
Storage Buildings (25)	5	5	-	-	-	-	-	-	-	-
Tanks (31)	20	-	-	-	-	-	-	-	-	-
Transit Services Building (25)	4	4	-	-	-	-	-	-	-	-
<u>Airports:</u>										
Air Traffic Control Towers (27)	-	-	2	2	2	2	2	2	2	2
Airport Services Building (27, 41)	23	34	-	-	-	-	-	-	-	-
Buildings - (5,27)	-	-	73	73	72	73	73	46	46	45
Bus / Lot Shelters (27)	-	-	8	8	8	8	8	8	8	8
Cargo Carriers (27)	-	-	3	3	3	3	3	3	3	3
Combo Units	12	12	12	12	12	12	12	12	12	2
Crash and Rescue Facility (27)	-	-	1	1	1	1	1	1	1	1
Electrical Distribution (27, 41)	2	5	-	-	-	-	-	-	-	-
Entrance / Exit Helix (27)	-	-	2	2	2	2	2	2	2	2
Fire Trucks	5	5	5	5	5	5	5	5	5	6

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function
For the Last Ten Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Airports (cont'd)										
Fuel Distribution (27)	1	1	1	1	1	1	1	1	1	1
Ground Run-up Enclosures	-	-	-	-	-	-	-	-	2	2
Guard Shack and Check Station	-	-	-	-	-	-	-	-	2	2
Guard Stations (27, 41))	15	4	-	-	-	-	-	-	-	-
Hangars (27, 41)	15	26	16	16	12	16	16	25	25	25
Kennels (28)	-	-	1	1	1	1	1	2	2	2
Liquid Calcium Applicators	4	4	4	4	4	4	4	4	4	4
Loaders and Attachments	19	21	21	21	21	21	22	22	22	24
Maintenance Buildings (27, 41)	30	28	-	-	-	-	-	-	-	-
Manufacturing Buildings (41)	3	-	-	-	-	-	-	-	-	-
Miscellaneous Equipment	34	33	34	34	32	33	20	15	11	9
Mowers and Attachments	17	35	33	33	32	28	26	26	25	24
Office Buildings (41)	16	-	-	-	-	-	-	-	-	-
Parking Structure	1	1	1	1	1	1	1	1	1	1
Public Shelters (27, 41)	16	11	-	-	-	-	-	-	-	-
Pump Houses (27)	-	-	2	2	4	2	2	2	2	2
Recreation Building (41)	1	-	-	-	-	-	-	-	-	-
Remote Transmitter (27)	-	-	1	1	1	1	1	1	1	1
Restroom Buildings (29)	1	1	-	-	-	-	-	-	-	-
Runway Brooms, Sweepers and Attachments	8	16	14	15	14	13	11	10	10	11
Shelters (41)	4	-	-	-	-	-	-	-	-	-
Snow Plows and Attachments	31	50	52	53	53	51	52	54	50	44
Spreaders, Deicers, Salters and Attachments	2	18	18	18	18	18	18	19	19	19
Storage Buildings (27, 41)	56	39	-	-	-	-	-	-	-	-
Surface Friction Tester	1	1	1	1	1	1	1	1	1	1
Tanks (31)	16	-	-	-	-	-	-	-	-	-
Taxi Stop Boxes (27)	-	-	1	1	1	1	1	1	1	1
Teller Boxes (27)	-	-	3	3	3	3	3	3	3	3
Terminals - Passengers (27)	5	5	5	5	5	5	5	5	5	5
Ticket Booths (27)	15	15	-	-	-	-	-	-	-	-
Toll Booths (27)	-	-	12	12	12	12	12	12	12	12
Tractors	9	8	7	7	7	7	7	7	8	9
Trailers	6	3	3	3	4	4	2	1	1	1
Trucks-over 13,000 lb. gross vehicle weight	12	36	35	36	36	36	32	32	34	32
Vehicles - Cars, Vans, SUVs, Pickup Trucks	91	76	76	77	71	69	70	63	50	47
Warehouses, Storage Bldgs & Sheds (5,27))	-	-	53	53	52	52	52	19	19	19

Notes:

- (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, 2008-2011 data is being presented as per previous statistical sections in Public Works. The actual inventory numbers still reside in Public Works data.
- (3) 2011 - Parks & Parkways --- increase due to updated data from Department.
- (4) 2011 - Reclass of CATC Buildings from 1 to 6 separate buildings and reclass of City Campus from 1 to 4 buildings and recognition that Gamex buildings were sold to UWM.
- (5) 2011 - due to buildings available for use from the 440th Air Force Reserve Station. Acquisition made in 2010
- (6) 2013 - Reclass of farm items from House of Correction to Parks.
- (7) 2014 - Mowers and Attachments increased for Parks due to new purchases from bonds issuance.
- (8) 2015 - All Landscape Services buildings and Grant Park Life Station are destroyed.
- (9) 2015 - Water Tower was destroyed.
- (10) 2015 - Office of Emergency Management became a separate department. Previously, EMS was a part of Human Services and Sheriff departments.
- (11) 2016 - Reclassified within the department and 1 transferred to Public Safety - Medical Examiner.
- (12) 2016 - Reclassified within the department and 5 sold.

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

Notes (cont'd)

- (13) 2016 - 2 new and 2 transferred from DHHS.
- (14) 2016 - 1 new, 1 transferred from Airport and 1 previously excluded.
- (15) 2016 - Reclassified within the department.
- (16) 2016 - Reclassified within the department, 1 transferred to Airport and 1 demolished.
- (17) 2016 - 15 demolished.
- (18) 2016 - Reclassified within the department, 7 transferred from Airport, and 8 new.
- (19) 2016 - Reclassified within the department, 2 transferred to Facilities Management, and 1 transferred from Parks.
- (20) 2016 - Reclassified within the department, 6 demolished, 1 sold, and 3 previously excluded.
- (21) 2016 - 5 previously excluded.
- (22) 2016 - Reclassified within the department.
- (23) 2016 - Reclassified within the department, 17 new and 22 demolished.
- (24) 2016 - All buildings were demolished.
- (25) 2016 - Reclassified within the department.
- (26) 2016 - All buildings were demolished.
- (27) 2016 - Reclassified within the department.
- (28) 2016 - 1 kennel demolished.
- (29) 2016 - 1 new restroom building.
- (30) 2017 - 1 electrical distribution demolished.
- (31) 2017 - new tanks for multiple departments.
- (32) 2017 - reclassified within the department plus 13 new storage buildings and 1 demolished.
- (33) 2017 - 1 building was sold.
- (34) 2017 - 1 new wading pool.
- (35) 2017 - reclassified within the department.
- (36) 2017 - 1 parking structure sold.
- (37) 2017 - 1 new splash pad.
- (38) 2017 - 1 new ticket booth.
- (39) 2017 - 1 demolished wading pool.
- (40) 2017 - 1 demolished bus waiting station.
- (41) 2017 - reclassified with the department plus one building demolished.
- (42) 2017 - 18 snow plows disposed.